

# THE GAME CHANGERS

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## Public-Private Partnership is the Way Forward

### PPP - The Way Forward for Better Functionality of ULBs and Municipal Corporations

Water supply and sanitation services in India are managed by the state or local governments. But for most Indians, safe and reliable supply of drinking water and improved sanitation facilities is still out of reach. Intermittent water supply, insufficient pressure, questionable quality of water, unaccounted water and illegal connections plague most utilities.

#### One word that describes me best

Dreamer

#### One part of my job which I enjoy most

Meeting people

#### One person who has inspired me most

My Father, Mr. P C Sethi

#### One quality I look for in a new recruit

Commitment

#### My favourite books / authors

The Secret

#### One thing which I would have wished to do differently in my business

I want to create more Leaders. I believe there should be a pool of at least 25 Future Managing Directors in the organization at any time. I wish I had started the search earlier and provided them the necessary tools to become Leaders.

#### One movie which I have enjoyed most

3 Idiots

#### One key achievement for India in past 12 months in my opinion

Economic stability

#### One piece of advice for EverythingAboutWater

More focus on water sustainability initiatives and more in depth project level success stories

Pollution control norms require proper treatment and disposal of municipal wastewater, sewage and effluent. While the overall service delivery levels have been assessed to be largely inadequate, large infrastructural gaps in water supply and sanitation lead to high levels of inefficiencies.

### PPPs to Plug Huge Infrastructure Gaps

It is estimated that around one fifth of Indian population has access to piped drinking water and improved sanitation facilities. Even with just half (150 million) of the urban population being directly connected to the distribution networks, operational inefficiencies still exist. It is believed that approximately half of the water pumped into the system is not available for consumption as it is lost during transmission. Although on an average,

only a quarter of all connections in the country are metered, poor collection practices by the utilities have resulted in low cost recovery between 20-30% of operation and maintenance (O& M) cost. The fact remains that the cost of production of these services has been assessed to be very high, against the low level of recoveries, resulting in limited fund availability with the utility service providers even for routine maintenance. This eventually causes poor infrastructure coverage, poor access and low quality of services. With large Government funds allocated to water & sanitation, privatization has been seen as one of the primary approach to infuse capital into the urban water sector for better management of water & wastewater.

## Finance - A Major Deterrent

Improvement in the service delivery levels implies significant investments for upgradation in physical infrastructure and scaling up of operational efficiencies in the system. Various government agencies in the country are now exploring the option of PPP for both the development of infrastructure and operation and maintenance of the same. Government reforms, operational efficiency and larger funding allocation in privatizing water utilities and sanitation segments are the fundamental reform that will change the face of water industry in India.

Government has aided PPP projects through initiatives such as JNNURM and UIDSSMT, but lack of acceleration in projects allocation and model concession agreements have slowed down the progress. Although, domestic players leverage their funding needs on multilateral agencies like World Bank, ADB, JBIC and DFID, apex bodies such as IIFCL need to play a wider role in water PPP projects which requires appropriate exposure. Likewise, there should be centralized funding agency and large scale resource capital framework for PPP water projects.

## PPP Structure and Project Selection

One of the fundamental issues that a private operator faces while contemplating PPPs is the type of project and structure. Key parameters determining the choice is the extent and type of risks which are associated with the project and the allocation of these risks between the private developer and the state agencies. There must be an exhaustive list of risks associated with the project and location details need to be prepared, deliberated upon and its allocation duly considered in determining the suitability of various PPP structure and project selection options.

## SPML's Experience in Integrated Water Distribution Management through PPP

**Latur Water Supply Scheme:** India's first integrated source to tap project for Maharashtra Jeevan Pradhikaran primarily involves taking over the existing assets from source to tap and providing continuous pressurized water supply system on daily basis with augmentation to 24x7 in future and rehabilitating, operation & maintenance of assets for 10 years until 2018. The scope of work includes implementing modern distribution management

### Strategic Initiatives Leading To Healthy PPPs:

<b>NR</b>	:	Significant NRW reduction needs to take place in water PPPs.
<b>Bill Collection</b>	:	PPPs required for improvement in collection rates & better metering practices
<b>Labor Productivity</b>	:	Required to achieve through staffing reductions and skilled manpower
<b>Overall Efficiency</b>	:	Improvement in overall efficiency remains doubtful but long term lease and management contracts are bound to show significant improvement
<b>Tariff Levels</b>	:	Require reduction to guarantee value for money proposition, effective branding in the long run and increase in PPP initiatives
<b>Service Levels</b>	:	Overcoming operational & financial inefficiencies leading to better service levels

and reducing loss of revenue, increase piped water supply coverage through new connections, adding up of newly developed areas, implementation of state-of-the-art information technology including SCADA, management reporting and audit process, effective utility management, cost benefits and sustainable methodologies. The project has already resulted in increasing the frequency of water supplies to 3 days a week from once a week.

**Bhiwandi Water Supply Infra:** The project awarded in 2008-09 for a concession period of 30 Years by Bhiwandi Nizampur Municipal Corporation is slated to benefit more than a million people with equitable water supply. The scope of work under Source 1 (Atkhipilli, Kanwadi river) includes construction of KT Weirs and head works, laying of 13 km of raw water transmission mains, revamping the existing WTP at Padgaon and construction of MBR. The Source 2 (Warna River) work includes construction of dams at Warna river, construction of hydraulic power plant & water treatment plant, laying of 18 kms of pure water transmission main and construction of MBR.

**Bhiwandi Water Supply Management:** The project awarded in 2008-09 for a concession period of 30 years by Bhiwandi Nizampur Municipal Corporation expects to provide 24 x 7 water supply through integrated information system, operation & maintenance, demand management and network asset management system, conduct hydraulic modeling, install meters with data loggers, undertake customer surveys & relation programs and evolve rehabilitation plan. Additionally, the scope of work includes setting up customer care centre, billing & collection systems, monitoring & maintaining the quality of water and managing a consumer base of around 2.25 Lac meter connections.

SPML being a leading player in water and waste water management with over three decades of experience in completing more than 400 projects has emerged as a preferred, trusted and reliable partner to develop the water system for all municipalities and water agencies. We are committed to improve the water management system in the country and have done it in Latur within a short period. The other cities in India also require a model like Latur to improve the water supply and management. Since, the consumer is willing to pay for quality services; the PPP format in water sector seems promising.