

## **55. Tug of water monopoly**

**By Gopal Krishna Agarwal,**

Water is an important element of life. The concept of private ownership and commercialisation of this basic necessity is not in the interest of humanity. A concept, which is not good for the humanity can never be beneficial to a nation.

We found that there was a general consensus on the issue in a series of our discussions and deliberations on the subject, with various stake holders including courts and the government. But still, at the implementation level, there was complete divergence.

All governmental actions point towards creating private property with regards to water and its commercialisation as a commodity in the name of conservation of this resource. This is being done under the garb of a Public Private Partnership (PPP) of distribution and maintenance. This dilemma of the policymaker, whether intentional or otherwise, has to be exposed and checked.

### **WATER IS A RIGHT, NOT A COMMODITY**

Water, like air, is provided by nature for free. The state is a trustee of all natural resources. The doctrine of trust rests on the principle that certain resources like air, sea, water and the forests have such great significance that it would be wholly unjustified to make them a subject of private ownership.

The said resources being a gift of nature, they should be made freely available to everyone irrespective of their status. The doctrine enjoins upon the government to protect the resources for the enjoyment of the general public rather than to permit their ownership by private firms for commercial purpose. Accordingly, the state has the power to manage the resources within the constraints imposed by this arrangement and cannot usurp the ownership of water, or any other natural resource for that matter, from the public.

"We have no hesitation to hold that failure of the state to provide safe drinking water to the citizens in adequate quantities would amount to violation of the fundamental right to life enshrined in Article 21 of the Constitution of India and would be a violation of human rights.

Therefore, every government, which has its priorities right, should give foremost importance to providing safe drinking water even at the cost of other development programmes. Nothing shall stand in its way whether it is lack of funds or other infrastructure. Ways and means have to be found out at all costs with utmost expediency instead of restricting action in that regard to mere lip service."

The declaration of access to water coming under right to life would be meaningless if affordability is brought into the picture. It would be as absurd as saying that the state would guarantee the right to life to only those who can pay for it. The whole purpose for the existence of the state is to ensure basic necessities to all its citizens irrespective of their economic standing. In fact only when the state ensures such provisions its citizens can achieve their full potential. Therefore it is accepted that the state has the primary responsibility for providing water to its citizens. The same applies to the Indian state as well.

## **PRIVATISATION OF WATER IS NOT IN PUBLIC INTEREST**

A lot is being heard about water and its privatisation of late. If the government finally decides to privatise water like all government policies, it also would be done in 'public interest'. It is therefore ironical that we do not hear the demand for water privatisation coming from the public. Why is that the state that swears to always act in the interest of the public ends up harming it?

At present we have two categories: an affluent and a powerful class which has dominance on every aspect of our policymaking and its implementation. They can afford everything. For them, availability is more important than affordability. In their business model, scarcity and commercialisation is a means of creating wealth. Though we believe that private ownership is a major motivator of entrepreneurship and generation of wealth, our primary concern is the other class, consisting of the common man, has been left behind in the race.

One of the strongest reasons pro- pounded for privatisation of water is the presumed efficiency of the private sector. Results that one should have arrived at after analysing the experience with privatisation have been accepted as biblical truth. Efficiency has got nothing to do with ownership and there are a number of examples where the government private sector is not more efficient. Water is one sector which, by its very nature, leads to the creation of natural monopolies. Privatisation might even lead to an outcome where water is auctioned to the highest bidder.

Secondly, looking at the water availability and demand data there is no scarcity at the age spatial and temporal variations in water availability that make the aggregate figures somewhat misleading, it is comforting to know that Shububery as a whole does not face water scarcity as such. According to the Central Water Commission the 'estimated utilisable water resources' is 1,123 billion cubicmetre (bcm). If we look at the projected demand for 2025, a standing sub-committee of the water resources ministry put it at 1,093bcm. The National Commission on Integrated Water Resources Development (NCIWRD) has projected the total water demand for the year 2050 at 973bcm under the 'low demand scenario and at 1,180bcm under 'high demand' scenario.

The full cost recovery argument is being promoted as the Holy Grail. About it is that it has almost become an end in itself in the arguments forwarded by the champions of water privatisation.

A financially sound public water company might not need budgetary support from the state which the state can spend where but what are such priorities that need money diverted from expenditure on water supply? It's only when the basic human needs of food, clothing and shelter are met, the state can think of fulfilling its other obligations. So, till the time such needs remain unmet, full cost recovery does not make any sense.

Full cost recovery cannot be defined. A private water distribution company may provide Maruti 800 to its employees and add its cost to its expenditure or it may decide to provide them with Mercedes! It is not a mere theoretical possibility. Private companies are known to have gold-plated their investment to deny the rightful share to the government. Cost also depends on the efficiency of the operator. A guaranteed full cost recovery would take away the incentive to carry on the operations efficiently since the profit would anyway be guaranteed.

## **GLOBAL BODIES SUPPORT**

## **MARKET MECHANISM**

Even after more than six decades of independence, India has failed to meet the basic needs of its citizens. This failure instead of galvanising the state into action to provide such basic necessities within shortest possible time has led to a twisted argument in favour of market provisioning of public services. International institutions like the World Bank, International Monetary Fund (IMF) and who promote - market mechanism as the panacea to all the ills plaguing the developing world countries like India. The structural adjustment policies of the early 1990s gave them a foothold in the country and they have been influencing policy decisions to serve their covert agenda of finding new markets for the companies of the West.

The World Bank and the IMF demand deregulation and a prominent role to the foreign private sector in countries as part of their lending conditions. According to a study, out of 40 IMF loans disbursed through the international finance corporations in 2000-12, most of them had requirements for partial or full privatisation of water supply, full cost recovery and elimination of subsidies. Similarly over 40 per cent of World Bank loans approved in 2001 for water and sanitation sector contain privatisation of water utilities as a condition.

Considering the complex nature of the subject and its importance, the government, from time-to-time, has come out with programmes and laws such as establishment of water boards for urban water supply, metropolitan cities and state as a whole, laws on regulation of groundwater extraction and use, laws on protection of water sources and laws for supply to industries. Even the National Water Policy (NWP) shows a clear bias towards using market mechanism to allocate water. This would price out poor and the vulnerable who would not be able to match the price offered by the rich for a given amount of water.

The society should be structured in a way that all its components or the stakeholders are taken care of, without any discrimination of caste, creed, religion or wealth. The government is duty bound to provide for the basic needs of all the citizens of the country.

This duty has been cast on it under the adopted Constitution by the people of this sovereign, democratic, secular, republic. To bring out all these aspects and have a healthy debate on the subject, we, at Jaladhikar have been holding discussions, seminars, mass awareness programs and campaigns. Therefore we demand that, it is the

responsibility of the government to provide free supply of pure, hygienic drinking water to the citizens as enshrined in the Article 21 of the Constitutional guarantee of Right to Life. And stop the privatisation of water as mentioned in the recently draft NWP 2012 by the government of India which is against the concept of trusteeship and is anti-poor.

## **DROPS OF ANARCHY**

- \* The state has the power to manage natural resources within some constraints but cannot usurp the ownership of water, or any other natural resource for that matter
- \* It is ironical that we do not hear the demand for water privatisation coming from the public as the centre claims it would be done in public interest
- \* One of the reasons propounded for privatisation of water is the presumed efficiency of the private sector. But the truth is efficiency has got nothing to do with ownership
- \* Looking at water availability and demand data there is no scarcity at the aggregate level
- \* Also, the National Water Policy shows a clear bias towards using market mechanism to allocate water. This would price out the poor who would not be able to match the price offered by the rich for a given amount of water

<b>NATIONAL WATER POLICY A FARCE</b>			
	<b>NWP 1987</b>	<b>NWP 2002</b>	<b>DRAFT NWP 2012</b>
<b>DRINKING WATER</b>	To be provided to entire population by 1991	No Mention	No Mention
<b>ROLE OF PRIVATE SECTOR</b>	No Mention, recovery of operation and maintenance cost	Yes, recovery of pertain and maintenance cost as a part of capital cost.	Yes, Full cost recovery
<b>AUTONOMOUS WATER REGULATORY AUTHORITY</b>	No	No	Yes