Chapter – 4
Provisioning for Drinking Water- Involvement of Private Sector and Civil Society Organisations: Some Cases

Chapter three discussed the shifts in the role of the State and its policies while provisioning for drinking water to the people. From a service provider the role of State has shifted to a facilitator. In the emerging scenario, the role of private sector is emphasised in terms of finance and service efficiency. The present chapter deals with the involvement of private sector and the civil society organisations in water provisioning to the people. The chapter is divided into two sections. The primary thrust in the first section is the involvement of private sector in the water service delivery on the face a shrinking State for social welfare services. It analyses the debates on the neoliberal context which prescribed for a smaller State eventually leading to privatisation debate of social welfare services such as water supply. The second deals with the important role played by the civil society organisations in ensuring people’s access to drinking water. Taking example from few cases it shows how civic movements at times have prevented commercial exploitation of water.

The State-centric model of development, it appeared could not yield the desired results with a centralized planning and development. It gave a wide scope for the nexus between the industrial elites, the politicians and the bureaucracy which had increased considerably giving a big space for unfair means to misutilize the resources. Through permits and licences, businessmen, politicians and the bureaucrats are drawn close to each other. The businessmen wanted a licence; politician is the granting authority and the civil servant has to process the case favouring business. In effect, this network of the politicians, bureaucracy and industrial elites seem to have taken control of State-centric model of development.¹

Consequently, a number of reform measures are initiated to cut down the role of State. Therefore, a policy shift was from the omnipotent role of the State to that of a facilitator. The period 1991-92 is cited as turning point for Indian economy as the
acceptance of Structural Adjustment Programme (SAP) meant policies for de-regulation, liberalization, and privatization. In effect many changes are seen in the ways urban areas are governed, which impacted people’s access to drinking water.

While the process of private sector participation in power sector began in early 1990’s, pace was little slow in the water sector which could gain momentum in course of time. Following the structural adjustment programmes in India since 1991, the eighth five year plan (1992-97) made a significant departure from the past in water sector and the approach towards water management is of course marked by shift to private provider. The water supply manual of Central Public Health Engineering and Environmental Organisation\(^2\) (CPHEEO) bears it out.

“No doubt water is still the free gift of nature but it is so in as it is where it is condition. When it is desired that water, as it is available in nature, should be made safe for drinking and be transported to the points of consumption, it becomes a commodity i.e it acquires economic value. A water works must therefore be treated as an industry and be built and operated as a commercial enterprise, with professional approach where the aim is not only to meet the debt servicing and operational costs, but also to earn a fair return on the investments made, so that future expansion of the water works can be financed at least partly and the undertaking can attract funding from outside sources. It is in this context that the financing of water works, water pricing policy, and overall financial management of water supply undertakings have been receiving serious attention of the planners and administrators and national and state levels.”\(^3\)

Cost recovery has become a principle for considering investments in the drinking water sector. Subsequently it facilitated the private sector participation in water delivery. Private sector involvement in water sector impacted different sections of people differently. In the Indian social structure while water is easy resource to some for some it is a scarce. The social construction of power structure has made water artificially scarce for one section of the society. While the elite group of politically powerful, socially dominant and economically rich have accumulated the primary access to water, what is left is made available to the majority people. While a small group controls the larger part of the resource, the majority is left out of distribution. It became a competitive resource. The gap got accentuated with the neo-liberal policies of the State.
4.1 The neo-liberal context

The emerging neo-liberalist tradition in the West especially during the period of Ronald Reagan in the US and Margaret Thatcher in England and subsequently in the circles of the World Bank, the International Monetary Fund (IMF), and other donor agencies advocated individual’s economic and political freedom. By implication it was against State’s imposition and limitations on the rights of the individuals in all respects. It restricted the functions of State to maintenance of law and order, essentially the character of a police State. The neo-liberalists who were at the dominant circles of the World Bank and the IMF and other donor agencies influenced policy to move forward from promoting economic liberalization to make good governance a condition for development assistance. In the water sector also the IMF and the World Bank had made privatisation a condition for water project loans. For example, out of the 276 loans that the World Bank granted for water projects between 1990 and 2002, 84 directly intended to encourage privatisation.

In the wake of the neo-liberal wave that swept the world in the late 1980’s, the private sector was regarded as the most effective means of supplying water to people as it could afford to provide the necessary capital. The distribution of drinking water became a major industry, delivered by private global companies. The 1992 Dublin conference is a breakthrough for market solutions to the water crisis around the world. The conference declaration suggested that if water is free, people do not regard it as valuable, and so waste it. The conference declared, “Water has an economic value in all its competing uses and should be recognized as an economic good.” Further it stated in the declaration that, it is vital to recognise the basic right of all human beings to have access to clean water at an affordable price. The wasteful and environmentally damaging use of water resource was due to the inability to recognise the economic value of water. Therefore managing water as an economic good is an important way of achieving efficiency and equitable distribution. Such assertion gave wide scope for the neo-liberal policy makers to argue in favour of pricing water to recover costs. Operation and Maintenance (O&M) costs should therefore be covered by the payments made by ‘consumers’ and not by State subsidies. Along with this
goes the advocacy of privatization of water services. This approach is strongly advocated by International Financial Institutions (IFIs).\(^8\)

### 4.2 The privatisation debate

The recent debates on privatisation of resources such as drinking water emphasised the advantages it brings through market allocation and private ownership vis-a-vis bureaucratic control and allocation. The debate around water privatisation is part of the prevailing economic philosophy. In case of consumer or industrial goods such as soap, steel, fertilizer, machinery, the argument is that it is not the business of the State to produce or market these things and that they should be left to the market forces (subject to regulation). If there are State-owned enterprises producing these goods they should be privatized, and their ownership transferred to private hands. By analogy, the same argument is extended to water.\(^9\) There appears to be a consensus among the administrators, and several independent researchers who argue that ensuring efficiency and accountability in the functioning of public service delivery agencies and bringing in private participation alone is an answer for the present crisis in the water front.\(^10\) This is strengthened by the World Bank’s claims that the private sector participation (PSP) may lead to improvements in water supply, provide additional management skills and improve management incentives. Government agencies in fact can concentrate on policy decisions.\(^11\)

From the late 1980s onwards, local authorities are expected to provide people with good quality and quantity water have to cope with cuts in fiscal transfer from national and state governments. When the municipalities failed to supply water to the people, private sector participation is seen as the solution. The private sector is expected to provide new capital, and extend services to all. Therefore liberalisation in this sector led to new approaches to water supply. The shift is while earlier getting water supply was a need, contemporary challenges is ability to pay for the water we consume.\(^12\)

It was further stressed that, water supply to people would normally be demand based rather than supply based which the people willing to maintain, operate and finance. This indicates that those having purchasing capacity will have easy access to
drinking water and it’s a dream for the people having no purchasing capacity. The features of privatization are also reflected in the National Water Policy-2002, which encouraged private sector participation in planning, development and management of water projects. The management, operations and financing the water supply, which is traditionally seen as a primary responsibility of the government, is termed as the *old view*. And consequently, a *new view* emerged, on policies for water resource supply on an efficient, equitable and sustainable basis, where water is primarily treated as having an economic value.\(^{13}\)

There are many different ways to promote equity, efficiency and sustainability in the water sector. The protagonists of privatisation argue that pricing water can help maintain the sustainability of the resource itself. When the price of water reflects its true cost, the resource will be put to its most valuable uses. Therefore, perhaps the best way to utilize water is to put a price on water, and construct appropriate tariff structures to meet different social, political and economic goals in different situations.\(^{14}\) However, since government cannot go for full privatisation for various reasons, roping in the private sector as a partner has become easier.

### 4.3 Private sector participation

The process of privatization of water sector in India can be witnessed through two ways. Outright privatization of water systems by management contracts, (where the private companies became owners of the entire water supply infrastructure). And secondly through the water sector reforms which are prominently in the form of private sector participation in different aspects of water supply such as distribution, metering, bill collection, plucking leakages etc.

The Working Group on Public-Private-Partnership (PPP), with representations from select Ministries and the Planning Commission, was first set up in the Prime Minister’s Office (PMO) in January 2002. Subsequently, the Committee of Secretaries (COS) in its meeting held on September 9, 2003 under the chairmanship of the Cabinet Secretary, decided to constitute two Sub-Groups, namely (a) PPP Sub-Group on Social Sector, and (b) PPP Sub-Group on Infrastructure under the chairmanship of Secretary, Planning Commission.\(^{15}\) In accordance with the report of
the Working Group on Social Sector, the Ministry of Urban Development circulated guidelines for Sector Reform and Public-Private-Partnership to all states for improving urban water supply through securing private sector participation.

### 4.3.1 Forms of PPP in urban water sector

Under a PPP regime, generally government enters into a contract with the private parties. The guidelines of the Ministry of Urban Development include model contracts developed by the Government of India. In the Indian context broadly, they are classified under three heads, (i) service contract (ii) management (operations and maintenance) contract and (iii) capital projects, with operations and maintenance contract.\(^\text{16}\) Therefore, PPP can take a variety of forms where both the private and the public sector share responsibilities while simultaneously taking the risks (see table 4.1). In all kinds of contracts under a PPP regime, the ownership of asset mostly remains with the public sector while other aspects like investment, infrastructure building, operation and maintenance (O&M) and other service delivery related functions are contracted out to the private sector.

#### Table 4.1: Different forms of public-private partnerships

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Form of contract</th>
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<tbody>
<tr>
<td>1</td>
<td>Service contracts</td>
</tr>
<tr>
<td></td>
<td>Management support</td>
</tr>
<tr>
<td></td>
<td>Operation &amp; management</td>
</tr>
<tr>
<td>2</td>
<td>Management contracts</td>
</tr>
<tr>
<td></td>
<td>Lease</td>
</tr>
<tr>
<td></td>
<td>Concession</td>
</tr>
<tr>
<td>3</td>
<td>Capital Projects contracts</td>
</tr>
<tr>
<td></td>
<td>Build-Develop-Operate (BDO)</td>
</tr>
<tr>
<td></td>
<td>Build Operate Transfer (BOT)</td>
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<tr>
<td></td>
<td>Build Own Operate (BOO)</td>
</tr>
</tbody>
</table>

*Source: Thomsen (2005)*

The above table (table 4.1) outlines the three model contracts developed by the Government of India. Under each contracts there are different components. In a management contract, the responsibility for operation and maintenance (O&M) of the water delivery is transferred to the private party, while the public sector retains the responsibility for capital investment and expansion of the system.\(^\text{17}\) In a lease contract, the private party collects the tariffs, pays a lease fee and retains the surplus amount. However, the responsibility for financing investment and building new
infrastructures remains with the public sector.\(^\text{18}\) In a *concession contract*, the private player manages the entire water utility and makes investments in maintenance and expansion of the system, while the ownership of assets is retained with the public sector. Normally, such contracts run for longer period such as thirty to forty years. The case of Buenos Aires in Argentina and Nelspruit in South Africa are instances of such contracts.\(^\text{19}\)

The other types of engaging the private sectors under PPP for water delivery are build operate transfer (BOT) contract. In such cases, ownership remains with the public sector and the private party is given the responsibility of designing, financing, and managing the facility over a period of time as agreed upon so as to allow the private firm to recover the costs it incurred. The build own operate (BOO) contract gives the private sector the ownership right while simultaneously operating the system.\(^\text{20}\) In India in terms of main types of PPP contracts, almost all contracts have been of the BOT/BOOT type or its close variants.\(^\text{21}\)

The funding pattern for PPP projects also differs in different contexts. While in some cases there is public funding with private service delivery and management in some other, funding is public as well as private but service deliver and management rests with the private sector. In another instance though there is funding from both public and private, the management and service delivery also is shared by both under a joint management. Finally in another case, there is private funding with private service delivery and management.

**4.4 Some PPP cases in India in water sector**

**4.4.1 Tirupur, Tamil Nadu**

The public private partnership in Tirupur shows, when there is demand from commercial establishments the water needs of the common people is overlooked. Tirupur municipality near Coimbatore in Tamil Nadu awarded a 30 years concessions contract to built-own-operate and transfers the water supply system. The project was conceived in the mid-1990s through the efforts of Tirupur Exporters Association to improve the area’s infrastructure to remain competitive in the knitwear industry. Accordingly New Tirupur Area Development Corporation Limited (NTADCL) was
formed as a company to implement the project. The first phase of the project was completed and commissioned in 2005. The services include: (1) Bulk water supply to industries in and around Tirupur town, (2) Domestic water supply to Tirupur municipality and enroute/wayside villages, (3) Domestic sewerage system for Tirupur municipality. The PPP in Tirupur was primarily conceived and developed to supply water to the knitwear industries in Tirupur. Even though under the agreement, the company is supposed to supply bulk water to the Tirupur municipality, however a large section of the poor in Tirupur buy water for their basic needs, through a tanker or from those who have a piped water supply. In addition, the timing for supply of water is erratic in slum areas making access to water difficult for sections of the people.22

4.4.2 Bangalore operation and management

In September 2000, the Bangalore Water Supply and Sewerage Board (BWSSB) signed agreements with Vivendi Water and Northumbrian Water Group (NWG), a subsidiary of Suez Lyonnaise des Eaux towards operating India’s first delegated water management. It was proposed that each company would be given a 5 year contract for a city zone, each of population 1 million. In their pilot zone, each company would be responsible for all of the services of the Board, including water supply and waste water management, revenue improvement measures, billing and collection, and customer relations. The companies were expected to reduce leakage and improve distribution, and it was suggested that successful completion of the pilots would lead to 25-year contracts. However, political opposition and allegations of corruption in the awarding of the contracts resulted in uncertainty over the project. Northumbrian Water, which changed its name to Ondeo Water services, exited in January 2003, citing political instability and uncertainty as reasons for its withdrawal.23

4.4.3 Leak reduction in Bangalore

An example of contracting out services to the private sector can be seen in a pilot project from June 2003 in Bangalore. Larsen and Toubro (L&T) and Thames Water-UK in a 70:30 joint venture received a Rs. 500 million contract from the Bangalore Water Supply and Sewerage Board (BWSSB) for a project designed to
reduce leakage and unaccounted water through district metering, replacing consumer meters, and re-laying of supply lines. The project is funded by the Japan Bank for International Cooperation (JBIC). Competitive bidding is used to select a contractor for a pilot area of 35,000 house water connections. In 18 months the two companies have to cut unaccounted for water for these connections from 31 percent to under 15 percent, and then operate and maintain the area for 18 more months, at which stage the BWSSB will take over management. On successful completion of the pilot project, the BWSSB proposed a global tender to expand the project to cover 400,000 household connections.

4.4.4 The Sonia-Vihar water treatment plant in Delhi

In 2001, after an international call for tenders, the Delhi Jal Board (DJB) (the Delhi Government water supply department) awarded a 10-year Build-Operate-Transfer (BOT) contract to Ondeo Degremont, a subsidiary of the French company Suez Lyonnaise des Eaux. The contract covered the construction and maintenance of a 635 million litres per day water treatment plant, intended to supply 3 million Delhi residents with drinking water, at a cost of Rs 1.8 billion (approximately 50 million dollars). The plant itself has been completed and is now waiting for the water supply to reach the plant. It was scheduled to become operational in June 2004. Water for the plant was supposed to be supplied from the upper Ganga canal of the Tehri Dam project, treated in the plant, and then distributed by the DJB.

The Bharatiya Janata Party (BJP), Delhi unit, however stated that the project was a government plan to privatise water in Delhi through the backdoor, and would result in huge price increases once privatization was completed. These claims were denied by the Delhi Jal Board. However absence of information on the contract is not giving scope to the researcher.

In several other cases such as in Maharashtra, four cities- Pune, Nagpur, Sangli and Thane involved private sector in different aspects of water supply like; distribution, billing and collection, water treatment, conducting repairs, upgradation of infrastructure and O&M. In Hyderabad, Andhra Pradesh, the Hyderabad Metropolitan Water Supply and Sewerage Board (HMWS&SB) has leased out (in
some areas) certain responsibilities like, installation of water meters, bill collection, etc. to the private sector. However, the issue of concern is the prescription of HMWS&SB to make use of a specific company’s meter which the HMWS&SB says is very effective. On the other hand, the users in the city says those meter are hyper sensitive and even works if air passes. In such situation one wonder, what is the interest of a water board to prescribe a certain brand of water meter to the users?  

PPP model has increasingly being used in India in the present context to meet the new challenges to water management. As compared to other countries, the rationale for PPPs in India is seen as a source of investment. Besides these cases, following are some instances which show the increasing popularity of PPP model for drinking water delivery in India (see table 4.2 and 4.3 for more details).

**Table 4.2: PPP experiences in India**

<table>
<thead>
<tr>
<th>Sl No</th>
<th>City</th>
<th>Type of Contract</th>
<th>Expected Performance Improvement</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gulbarga, Belgaum and Hubli-Dharwad (Karnataka)</td>
<td>Management Contract (4 yr) in a demonstration zone</td>
<td>Continuous water supply, NRW reduction, increase in customer connections, improvement in billing efficiency</td>
<td>Contract awarded and work in progress</td>
</tr>
<tr>
<td>2</td>
<td>Jamshedpur</td>
<td>Management contract (3 yr)</td>
<td>Continuous water supply on pilot areas Operational efficiency improvement 100% coverage by 2007 Revenue improvement Customer service</td>
<td>Operations commenced</td>
</tr>
<tr>
<td>3</td>
<td>Alandur (Tamil Nadu)</td>
<td>BOT contract (14 yr)</td>
<td>Setting up STP, pumping stations and network</td>
<td>Construction completed operations ongoing successfully mobilized upfront connection cost full cost recovery through tariffs</td>
</tr>
</tbody>
</table>

*Source: Information collected from the respective municipalities or corporations and newspaper reports.*
<table>
<thead>
<tr>
<th>City</th>
<th>Nature PPP</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyderabad</td>
<td>BOT for Krishna Bulk Water Supply</td>
<td>Initiated in 1995 Abandoned</td>
</tr>
<tr>
<td>Cochin</td>
<td>Industrial water supply project (Pre-feasibility conducted in 1996)</td>
<td>Bidding process was not initiated</td>
</tr>
<tr>
<td>Bangalore</td>
<td>BOT Project for Cauvery Bulk Water Supply. ROT (Rehabilitation-Operate-Transfer) of existing system</td>
<td>Initiated in 1997 and abandoned</td>
</tr>
<tr>
<td>Chennai</td>
<td>BOT Project for Water Treatment Plant.</td>
<td>Initiated in 1997 and abandoned</td>
</tr>
<tr>
<td>Goa</td>
<td>BOT for source development and water treatment plant</td>
<td>Initiated in 1997 and abandoned in 1998</td>
</tr>
<tr>
<td>Pune</td>
<td>Build-Finance-Transfer (BFT) for water and sewerage system for construction, finance, operations and billing and collection</td>
<td>Initiated in 1997 and cancelled in 1998</td>
</tr>
<tr>
<td>Nagpur</td>
<td>BOT for water treatment plant, transmission and distribution system</td>
<td>Initiated in 1998 and abandoned in 1998</td>
</tr>
<tr>
<td>Kolhapur</td>
<td>BOT for water</td>
<td>Initiated in 1997 and abandoned in 1997</td>
</tr>
<tr>
<td>Surat</td>
<td>Initiated as long term concession for water and wastewater in 1998</td>
<td>Abandoned</td>
</tr>
<tr>
<td>Haldia</td>
<td>BOT for water source development</td>
<td>Initiated in 1998 and abandoned</td>
</tr>
<tr>
<td>Kakinada in AP</td>
<td>Initiative by Northumbrian Lyonnaise International for operations and maintenance with appropriate investments</td>
<td>Initiated in 1998 and abandoned</td>
</tr>
<tr>
<td>Delhi</td>
<td>BOT project for water treatment plant</td>
<td>Discussion initiated in 1998 and no action</td>
</tr>
</tbody>
</table>

While there are few instances such as Tirupur, Jamshedpur and Hubli-Dharwad where PPP in water sector are working (as indicated in Table 4.2), majority of the cases of PPP are abandoned or action not initiated after the feasibility study (Table 4.3). It can be argued here that there are apprehensions on the private sector participation in water sector. The PPP cases discussed above gives enough hints that the PPP model of water delivery in the absence of any regulatory mechanism is not taken as model cases. These instances of PPP and its outcome are not very encouraging. There is also general distrust towards such move by the government. The general thinking is such private sector participation eventually leads to privatisation of water. Therefore the argument is a basic service like water delivery cannot be left to the private sector owing to the quality and social equity risk associated. If PSP is to be at all useful in urban water supply sector, then firstly, the state will have to create credible regulatory mechanism. Without such credible mechanism to ensure quality, equity and sustainability, PSP will only prove disastrous for the people. In addition to PSP, there are other forms of market mechanisms those are actively made use of for provisioning water.

### 4.5 Water markets

Structural adjustment is a policy package that can be called as a modified version of the *free trade* agenda. Structural adjustment programme requires the debtor government to open its market for international markets. The key structural adjustment measures include, privatizing government owned enterprises and government provided services, cutting public expenditures, orienting economies for export promotion, trade and investment liberalization, higher interests rates, eliminating subsidies on consumer items such as food, fuel and medicines and increase in tax rates. The primary objective of these measures is to shrink the role of the State and give greater role for the market forces to play.

One of the important features of IMF stabilization programme was the promotion of the market mechanism by reducing the scope of the government interventions. Concretely this meant that there would be internally price control and discouraging of subsidies and externally trade restrictions were all to be removed. The reforms initiated were thus market oriented. It was being said that, economies to be
successful, should be market oriented. The market was expected to replace the State. In such a situation water markets gained prominence. As it is already discussed, water in the new policy environment is treated as a commodity; the growing role of market in water allocation became a spontaneous process. Water is allocated to the highest paid user. In a regime of water markets, water is expected to be transferred from less efficient uses such as irrigation which has less value to more efficient use in urban areas having higher returns. The market solution to inter-sectoral water allocation with appropriate compensation by the buyers to the sellers is considered to be mutually beneficial and agreeable to all concerned.

The easy availability and supply of packaged water in urban areas, burgeoning bottled-water plants and private water tankers are all manifestations of water markets. For instance, private water markets exists in one form or the other, they contribute five per cent of the total water supply in Chennai. They supply bulk of untreated water as well as mineral/purified water in Chennai. The buyers of this water are mostly that of urban middle and upper class and catering less to urban poor class, as they find it too expensive. Private companies are widely involved in supplying water through tankers, supplying bottles water, providing piped water supply, rooftop rain water harvesting and recycling rain water in urban region, like in Rajkot, Kolkata and Mumbai. They become necessary and possible only because of the failure of public systems in terms of the duration, regularity and dependability of supply and the quality of the water provided. Another response to the projections of future water needs is that the answer may be found in water markets.

4.6 MNCs and packaged water

The depletion and deterioration of water resources has taken place with the rise in the power of transnational corporations driving the local communities and indigenous people over their share of water. The market forces have taken hold and there is a big private sector with many multinationals and transnational corporations operating in the country in water sector. They are operating both in terms of water supply, distribution and maintenance, and bottled water business. It is estimated that, the bottled water business in India is worth Rs. 12,000 crores. As a direct result of the concerns related to the quality of water supplied, the bottled water industry is
expanding at a very high rate, though there too, there is no monitoring of the quality of water supplied.\textsuperscript{37} The growing bottled water industry in India adds a problematic dimension to the already strained availability of water to communities for their basic survival needs. It would appear that water as commerce has replaced the State’s obligation to ensure availability to the community of basic minimum quantities of affordable water. Thus, the scarcity of water is transformed by the multinational companies and donor agencies into a market opportunity for water corporations.\textsuperscript{38}

The policies pushed by the donor agencies with an underlying objective of converting potable drinking water from fundamental right to a mere commodity. In such a regime water cannot be claimed but can be bought or sold in the market. The rationale behind this is, trading in water rights promotes water use efficiency as markets allocate water to the highest valued use.\textsuperscript{39} Therefore, resource use efficiency scarcity argument is advanced to make water a commodity. A consensus has slowly been build that there is water scarcity and in the interest of water use and efficiency, water needs to be both priced and traded.\textsuperscript{40}

4.7 Creating scarcity

There is also a debate on the scarcity of water; scarcity that is denying people drinking water. However, strictly speaking scarcity appeared to have been artificially created in order to pave the way for business in water. When the State has the sole responsibility of supplying water there is scarcity and so a section of the society is deprived of their basic right. However, one wonder and the move is questionable, that water availability to all will be ensured by the private sector. The argument is, if State does not have enough water to meet the demands of its citizens, how a private entity or a company can ensure its availability to the people.

Therefore the problem does not seem to be with the physical availability of water rather the policies perused by the State in this regard. There are also instances when the State leased out water bodies like rivers to the multinational companies and gave permission to tap groundwater enormously, to be exploited to their own ends. In such cases, people in the surrounding areas of the river are barred from using the river water and hence water is scarce to them. Further the industrial unit which has got
permission to draw groundwater for business purpose put in place deep bore holes resulting the groundwater table fall sharply. In this case water becomes scarce to the people as they do not have resource to put a bore hole that is deeper than the private company’s. Such move by the State artificially creates a situation where water becomes scarce to the people living in the surroundings. One wonder when the State does not have enough water to provide its people for drinking on the other hand, it has leased out water bodies to the private parties.

4.7.1 The Sheonath river in Chhattisgarh

The leasing out of a river stretch to a private company shows the callous attitude of the government towards people’s needs and livelihoods. Such move by the government made water artificially scarce for the people in the adjoining areas and the downstream. The state owned Chhattisgarh State Industrial Development Corporation (CSIDC) entered into a contract with the private company Radius Water, a division of Kailash Engineering, for a period of 22 years under which the private company was permitted exclusive rights to a length of 23.5 km of the Sheonath River. Under the build-own-operate-transfer agreement, the company was permitted to build barrages over the allotted stretch for diverting water to a reservoir. Initially people were not aware of the contract. However the private company denied permission to the local fishermen to operate near the barrage and the local farmers were denied permission to pump water to their agricultural fields as well as sink bore wells. The company had the backing from the district administration. Subsequently in the downstream, people found water levels in their wells and bore wells going down substantially. On the other hand, the water from the barrage was supposed be sold by the private company to the state-owned corporation which in turn would sell it to the ultimate users in the nearby industrial township. The agreement invited strong protests compelling the government to announce its cancellation.

In other cases, the setting up of bottling plants by the multi-national soft drinks companies and their ability to corner prime groundwater sources have generated much of the scarcities in the rural as well as in the urban areas. The recent case involving the settling up of a bottling plant by Coca Cola in Kerala is one such instance.
4.7.2 The Coca Cola plant in Plachimada, Kerala

The Plachimada struggle against soft drinks MNC Coca Cola highlights the issue of community needs being pushed to the background on the face of priority to the commercial interests. In March 2000 the Perumatty Gram Panchayat in Palakkad District in Kerala, granted a licence to the soft drinks MNC Coca Cola to set up its bottling plant at the village Plachimada on a total area of 35 acres. Coca Cola began extracting 561,000 litres of groundwater through six bore wells and two dug wells. Within two years there were numerous complaints from the communities residing around the area of the plant of acute drinking water scarcity and environmental problems. As a result of continuous struggle by the local people, the panchayat decided to cancel the licence on May 15, 2003. The company challenged this decision by the panchayat, and the State government put the cancellation on hold. Further the state government directed the panchayat to constitute an expert committee to examine the soil and groundwater samples to ascertain the truth of the complaints. Not convinced by this decision of the state government, the panchayat petitioned the High Court of Kerala. A single judge accepted the contention that water was a public wealth and its excessive extraction by a private actor could not be permitted by the state which is the public trustee of the precious community resource. Coca Cola was restrained from extracting further groundwater through the wells on its land. On appeal by the company, a bench of two judges of the High Court reversed the single judge and directed the panchayat to renew the licence. This it did after receiving the report of an expert committee constituted by it. The panchayat has taken the case to the Supreme Court where it is pending. Since 2004, the company was forced to stop production due to non-compliance of state pollution control regulations and other environmental regulation violations.\textsuperscript{43}

A simplistic proposition might be to say that the privatization of a service is acceptable subject to regulation, but that we must be wary of privatizing the resource itself. The prime motive of the private corporate sector is profit. If considerations of profitability come into conflict with other considerations, profitability will prevail. So the appropriate role and reach of markets cannot be predetermined on the basis of some overgeneralisations either in favour of placing everything under the market, or
of denying everything to the market.\textsuperscript{44} Further a market-based approach to the management of water resources has serious socio-economic implications. Such an approach towards an inevitable necessity of life has serious implications on the equity and sustainability of it. Moreover there are important issues of equity, social justice and sustainability, which are not the concerns of the market forces.\textsuperscript{45} Therefore the market approach to water delivery, it is argued has led to the inequality in access to safe water.\textsuperscript{46} Thus, access to water is denied to many because of the policies pursued by the State itself.\textsuperscript{47} In the process privatization of water had adverse effects on the poor. The growth rate of the market intervention is predicated upon the rolling back of the State from its main responsibility i.e. to provide safe drinking water to the people.\textsuperscript{48} The present level of deprivation of poor is a consequence of the failure to be inclusive while planning for water. In addition a substantial portion of the benefits provided by the public agencies are consumed by middle and upper income households. However, it appears with the onset of the neo-liberal policies of the government the issue appeared to have been hijacked by market forces. Therefore, there is a greater level of apprehension that increased privatisation of basic services would reduce their availability to poor.

There is now a wide spread dissatisfaction with the neoliberal orthodoxy across the world, manifested in the increasingly frequent civil unrest in developing countries and the anti-globalisation demonstrations in developed countries.\textsuperscript{49} In this context the role of civil society organisations is lauded based on certain successful involvement of civil society organisations in protecting people’s access to drinking water.

**4.8 Civil society organisations and water provisioning**

With the onset of reforms in governance the role of civil society became prominent in the development discourse. One of the major causes for the emergence and strengthening of the civil society can be attributed to the implementation of the economic reform programmes by the World Bank and IMF and other donor governments in the eighties. The reform package was introduced in response to the perceived failure of the State-led development model. The reform process introduced during the 1980’s supported a limited State, which gave impetus to the civil society
organizations to grow faster in contrast to the State. The donors saw in downsizing the role of the State and expanding the role of the market a means of achieving faster economic growth. Further, they saw the best way to implement the programme for reduced role of the State was simultaneously strengthening the civil society. This was the policy programme spelt out in the Washington Consensus, which categorically states that, “the size and role of the State should be severely reduced.”

As a result of these reform programmes, it was envisaged that the State had to withdraw from many of its responsibilities. This created a vacuum, which according to the donor agencies had to be filled up by the civil society organisations.

The State-centric model of development had its own excesses, with the dominance of State institutions pervading the lives of people and in excluding them from decision-making process which gave wide scope for corruption and the nexus between political executives and the industrial elites widened. This in turn led to various social movements in the subsequent decades, which questioned the legitimacy of the State institutions’ ability to implement policies. The second half of the 20th century witnessed a loss of faith in the institution of the State, which led to a revival of interests in social institutions. Taking cue from the active participation of civil society in the social movements it was felt that there was a need to link the issue of strengthening of civil society vis-à-vis the State.

For the purpose of the present study, civil society can be defined as free associations outside the State apparatus consisting of the set of institutions and organizations situated between the State and household. It is the space between the State and the family where people associate themselves aside from the market and autonomous of the State. Specifically, this refers to the diverse citizen associations and non-governmental organizations that unite to promote causes or issues of mutual interest and to influence decision-making processes. In the development discourse, it is also viewed as the third sector, where the other two sectors are the State led public sector and the private sector with profit and business orientations. It is viewed as third sector because, “there are many private institutions that exist between State and market and serve public purposes which includes voluntary associations, charities,
non-profit foundations and nongovernmental organizations that do not fit to the State – market dichotomy.”

Civil society organisations have sought to promote greater consultation and popular involvement in the policy formulation process especially by disadvantaged groups, which have traditionally been denied access to political power. The civil society organisations could also play a major role in order to influence any policy decisions of the State and influence a particular policy.

According to the World Bank, participation is a key to sound projects and greater sustainability. The Bank defines participation as “the process through which stakeholders influence and share control over development initiatives, and the decisions and resources that affect them.” At the core of the participation agenda is the idea that those affected by development should form partnerships with aid-organizations in order to define and implement policies. There are two important aspects of participation. First, encouraging the States to take the views of those previously excluded from the policy-making process into account: that is, the poor, the vulnerable, and minorities in the society. The key assumption behind the participation agenda is that consulting civil society groups will make the development process more effective, as it will enable the donors and governments to find out what the poor and minorities need. Second, is the Bank’s extension of the management and administration of development to actors other than the State: that is, civil society organizations such as, transnational NGOs. It is being viewed that, rapid growth and expansion of NGO’s in developing countries as evidence of the increasing demand for participation and genuine representation. By this active participation, services such as drinking water are directly provided to the poor and thus the weak public provisions of services and goods including drinking water through the State can be transcended.

4.8.1 Civic protests in Plachimada, Kerala and Sheonath, Chhattisgarh

The case of Plachimada, Kerala and Sheonath, Chhattisgarh highlights the important role played by civic organisations in protecting people’s access to water in the face of commercial exploitation. Civic protests in both the cases eventually led to prevention of commercial exploitation of water.
The case of Plachimada, Kerala discussed earlier in the present chapter involves, among others, the issues regarding the extent to which community level decision making bodies can influence the activities of corporations and private actors. The issue at stake is the violation of the right to a common property resource-water and the consequent resistance of local communities against such a violation. Water as a common property resource was managed by the members of the community. Consequently with the rise of modern governance system, CPR was transferred to the state or government to be held in trust for the people. However the emergence of neo-liberal system limited the role of government as a result the social welfare function of the government such as water supply is transferred to the private sector thereby making water a saleable commodity in the market. In the case of Plachimada, while the state government of Kerala claims scarcity is not due to the company, the local government i.e. the panchayat has no regulatory power over the company. In the end people are the sufferers. The Coca Cola Virudha Samara Samiti (Anti Coca-Cola Struggle Committee) in Plachimada which has spearheaded the campaign against Coca-Cola with the determined efforts and persistence struggle of its member made the company to stop operation. The founder leader of the Samiti Ms. Mailamma was convinced that water is a birth right and a private company cannot take away their right. It is the responsibility of the government to take decision for the common people. When the government fails to act, it is the people who have to fight for their rights. 58

In the case of Sheonath river also it was people’s persistence struggle which made the government to look afresh at the deal. A huge rally took place on November 1, 2003 under the banner of the Sheonath Nadi Mukti Andolan (Save Sheonath River Moment). Members of the youth federation went to 50 villages to conduct awareness campaigns. The state government of Chhattisgarh ultimately decided to scrap the deal owing to intense pressure from citizens and media groups. 59 It is therefore envisaged that when people from lower strata of the society participate in the decision making process, the decision would have more influence leading to strengthening and promotion of good governance. A participatory approach and decentralized decision-making to water management and distribution would make it sustainable for the future.
4.8.2 Forum for a better Hyderabad

The consistent pressure from a coalition of civil society organisations in Hyderabad has made the government responsible for a sustainable development. The Forum for a Better Hyderabad is a coalition of NGOs in Hyderabad. It is primarily engaged in public awareness on many of the environmental and other issues faced in the twin cities such as urban development, development of slums, protection of lakes and water bodies in and around Hyderabad. The Forum has succeeded in stalling many cases of encroachments and pollution of different water bodies in Hyderabad especially Himayat sagar and Osman sagar lakes which are two important sources of drinking water to the city of Hyderabad. In such cases it has drawn attention of the state government, the Hyderabad Municipal Corporation and other public authorities to stop such acts by any private bodies. Notably the Forum in many cases has approached the Andhra Pradesh High Court for specific directions through Public Interest Litigations (PIL). In an important case, the Forum filed a PIL in the Andhra Pradesh High Court praying for strict implementation of the existing Government Order (GO)-111 regarding Osman Sagar and Himayat Sagar.\(^6\) The persistent pressure from the Forum through memorandum to the state government, chief minister of Andhra Pradesh and other related officials finally paid off. The then chief minister of Andhra Pradesh Dr Y S Rajasekhar Reddy directed the officials of the Municipal Administration & Urban development ministry to strictly follow the guidelines and order issued in GO -111.\(^6\) The forum has also made a positive impact in the lives of the people in Hyderabad through awareness campaign. The Forum is in a consistent awareness campaign in the twin cities for various issues those are affecting the citizens such as water pricing and tariffs.\(^6\)

While the above are few individual cases where different Community Based Organizations (CBOs) are trying to secure water for the people in the absence of an effective state mechanism to deal with their problem. There are several such organisations present all over the country which are successful in mobilizing people’s participation, such as the Tarun Bhagat Sangh in Rajasthan, Shradha in Himachal Pradesh, and Service Centre in West Bengal. They are at the helm of people’s
participation in water resource management for sustainable use to the future. Therefore participation of the community members in the management of water is seen as the most important means to make water sustainable in future. The new approach emerging from the third sector is “communitisation of water rather than privatisation of water.”

There is a growing debate on the concept of civil society and the role it plays in relation to the State. According to one view, civil society would substitute the State since diverse civil society organisations can perform the functions, which the State could not. In their view the State is not efficient enough in service delivery and especially in performing its basic welfare functions like health, education, providing basic necessities like drinking water to its citizens, generating employment and so on.

Therefore it is envisaged that the civil society organisations would directly work with government in shaping, financing and delivery of drinking water and public services and hence become a partner with the State institutions in designing and providing numerous services to the people. By becoming partners with the public institutions and working effectively it would enhance the quality and effectiveness of public service such as drinking water. Consequently civil society organisations are increasingly getting involved in social welfare functions such as drinking water provisioning which the State was doing earlier.

Civil society organisations particularly the non-governmental organisations become substitute to governments when they involve in the direct delivery of services to meet emergency or humanitarian relief in crises. A civil society organisation also takes over State functions, at times, when the State machinery fails to deliver services and goods to its citizens in times of utter needs. The reason for this enhanced role of civil society organisations in the development process is their efficiency and effectiveness in meeting the needs of people. The civil society organisations possess development capacities and capabilities which the State and government lack, and are thus accepted as a necessary part of the development process on this basis.

The increasing role of civil society has become a challenge to the State and its institutions. For example, in the case of India, there are numerous self-help groups,
which are parts of the civil society organisations, are emerging to serve the needs of their members and communities. On the other hand, civil society organisations are also engaged in the delivery of services like drinking water, education and health care, sanitation and so on. All these functions by the civil society organisations, undermines the State institutions where people rely more and more on such organisations than the State.

Some proponents of civil society say that, instead of substituting the State, the role of civil society organisation is in exercising pressure on the State to make its functioning active, efficient and transparent thereby essentially playing the role of a pressure group. For example, in the case of India, civil society organisations have pressured the State to broaden the scope of its public policy to include the interests of marginalized and depressed section. Civil society organisations which are working in the area of environment, gender, health, education, and others have brought the affected people to the forefront and pressurised the government to recognise their opinion.

The community level participation in water supply and management is often ignored by the international development community. But, a consensus has strongly been built that public participation is a necessary input for both efficiency and equity because private ownership and operation often neglect social goals. In a centralized system of planning and plan execution, everything is planned at the central level without involving the local people. The decisions are made without considering the local context; the real problem faced at the local level and thus it becomes a limited success or sometimes a failure. A participatory approach and decentralized decision-making to water management and distribution would make it equitable and more sustainable for the future. The new coalition of energized and organized communities created will find innovative solutions to the problems at the local level.

4.8.3 The initiative of Satya Sai Trust in Anantapur, Andhra Pradesh

The initiative of Satya Sai Trust in Anantapur shows the important role played by a voluntary agency in the absence of effective state initiative to provide drinking water to the people. Anantapur District in Andhra Pradesh, is arid and drought-prone.
Ground water is scarce and has an unacceptable level of fluoridation that causes bone deformities and dental disorders. For decades, the villagers of this District faced continual hardship in getting good drinking water. However in 1994 Sri Sathya Sai Central Trust under Satya Sai Baba took a new initiative to provide drinking water to the people. The Trust had completed drinking water projects for 730 villages in Anantapur district at a cost of Rs. 300 crores benefiting 12-lakh people. After the Project was completed, the Sri Sathya Sai Central Trust operated the entire water works for over a year. The project was formally handed over to the Government of Andhra Pradesh in October 1997.69

The Trust also took over projects in several other districts. Projects in 179 villages in Medak district at a cost of Rs. 27 crores benefiting 4.5-lakh people and another 141 villages in Mahbubnagar district at a cost of Rs. 26 crores quenching the thirst of 3.5 lakh people were completed by the Trust. In total, the Trust’s drinking water projects is benefitting about two million people in five districts of Andhra Pradesh at a total cost of about Rs. 500 crores.70 The project of Sri Saty Sai Trust at Anantapur was also lauded by the Planning Commission in the ninth five year plan. The plan stated, “Sri Satya Sai Trust of Puttaparthi has set an unparallel example of private initiative in implementing on their own, without any State’s budgetary support, a massive water supply project ... fluoride /salinity-affected villages and a few towns in Anantapur district of Andhra Pradesh in a time frame of about 18 months.”71

Further, the Sathya Sai Baba announced a project to solve Chennai’s water shortage, investing Rs. 200 crores in 2002. The project was completed by the end of 2003, independent of any government involvement except for supervision.72 This helped Chennai to get additional water to meet the increasing demand. This is a case when the civil society organizations made positive changes in the lives of people. However the CSOs are not immune to influence by external funding agencies which at times have adverse impact.

4.9 Strengthening Civil Society and Donors’ Influence

It must be recognised that the civil society organisations have been nurtured and developed with funding from external donor agencies in a big way. While such a
process has resulted in the undermining of the State and its capacity to deliver services, it has also given access to the donor agencies and countries to interfere in the development process of the country and in domestic affairs encompassing social and economic and political spheres. Indirectly, it has established a dependent relationship between civil society organisations and themselves and in return has started to influence policies of the government. Through funding they promote programmes and strengthen the capacity of individual organizations – which include, parliamentary lobbying, public education campaign, funding for research and other activities promoting for market oriented economic policies. This has particularly a very adverse impact on the policies on drinking water. People, officials, law makers are oriented towards a particular line of thinking which suits their interests.

Most of the current anti-poverty programmes advocate the involvement of the local bodies, private agencies, non-governmental organisations, voluntary organisations and the communities. The government funding to these programmes constitutes a part of the total funds and the rest are to be generated either through institutional financing or through private financing or to be generated from the communities. This automatically creates the situation wherein the institutions or the people having substantial funding to such programmes enjoys significant say in the decision making process. It is these people or the institutions who actually decides the details of such projects or the location of it.

What is of concern is that these sectors are largely unregulated and remain informal in nature. Additionally, the market-based institutions become disadvantageous in providing services to the disadvantages sections of society, and in safeguarding the environment. Recent emergence of bottled water across the country is a case in point. The buyers of these products are mostly that of urban middle and upper class. Moreover, the private sector exploits groundwater sources creating environmental hazards and therefore negative externalities within the city limit and in the suburbs. Despite these concerns, the entry of these players, if regulated, could bring in some improvement to the status of the sector. The poor performance of water supply agencies has been used for encouragement of Private sector participation in
urban water supply. If the public system provided an adequate, reliable and safe supply, the demand for tankers or for bottled water may disappear.

Throughout the world, the trend is shifting towards partnership with the community in the decision-making process, in recognition of the centrality of the citizen. In India, this requires changing the mindsets of the three primary types of stakeholders: the government, the experts and the citizens themselves, and establishing institutional arrangements for such partnerships to succeed.\textsuperscript{74} It is now amply clear that, the State provisioning of drinking water to the citizens have not yielded the desired results; on the other hand, private provisioning also leads to inequitable access to drinking water. Market solutions to the problem of access to drinking water may not be viable options in all situations and conditions. The growing importance of private entrepreneurship in urban areas has been a result of select localities having higher income and affordability of such services, opting for high quality amenities. Besides, there are an increasing number of non-governmental and community based organisations that have emerged are trying to improve the quality of basic service delivery such as drinking water in the poorer areas by mobilising the community and government machinery at the state and local level. Contrary to this, the people in the upper strata of the society have much larger capacity and affordability to organise themselves having better access to State institutions providing these facilities. The local bodies, in contrast are more interested to serve the groups that are politically and economically influential. Therefore, involvement of private sector and voluntary agencies sometimes could contribute to the increasing inequality in the distribution of basic services.

State institutions can be strengthened through people’s participation for better water service delivery. A stronger State and its decentralized institutions strengthened through people’s participation from planning to implementation to the decision-making level would make water accessibility easier and sustainable. This kind of arrangement would empower the people to decide for themselves and what kind of solutions they need for the problem they face at the local context, making it sustainable in the long run.
The present chapter dealt with the role of market and civil society in provisioning drinking water to the citizen. The neo-liberal reform has been the context where the debate on market delivering drinking water has emerged but with a price is discussed in the chapter. It is also highlighted in the chapter that scarcity is sometimes created with the State playing an active role in it. Towards the end of the discussion it is pointed out that market provisioning differentiate people according to the economic capability. The role of civil society is highlighted in this context where State is unable to provide people with drinking water and a market approach creates a division among them. The next chapter deals with the people’s access to drinking water in Hyderabad and the role played by State, market and civil society organisations.

2 The Central Public Health and Environmental Engineering Organisation (CPHEEO), created in 1953, is the technical wing of the MUD, which advises the Ministry in all technical matters and collaborates with the state agencies about water supply and sanitation activities. CPHEEO plays a critical role in giving technical sanction to externally funded and special programmes and those parts funded by the Life Insurance Corporation (LIC) of India. CPHEEO also plays a central role in setting design standards and norm for urban water supply.
5 Ibid.
10 Greater inputs in this point however came from the numerous seminars, conferences that the researcher has been attending on water issues. The primary understanding on this point however came while association with the Administrative Staff College of India (ASCI), Hyderabad. The staff college being a prime organization in the training of senior level bureaucracy across states in India, during such training programmes the researcher observed how the officials and professionals dealing with water supply are oriented towards private participation in water sector.
12 Op cit, No-6, p.70.
16 Ibid, p.56.
17 Op cit, No-6, p.177.
19 Op cit, No-6, p.70.
24 District metering in water supply refers to fixing of bulk meter in a larger area termed as a district, comprising of several individual house service connection with individual meter. This is done in order to find out the exact amount of water loss while distribution.
26 See for details www.delhijalboard.nic.in
28 While interacting with the people in Hyderabad and with the HMWS&SB officials, the researcher was made aware of the metering issue at Adikmet during 2007.
Assessment of Water Supply Options for Urban India – Large Dams have no Case, SANDARP, New Delhi, 1999, p.15.

Vandana Shiva, Water Wars: Privatisation, Pollution and Profit, India Research press, New Delhi, 2002, P.


Amartya Sen, Development as freedom, Oxford University press, New Delhi, p. 123-4.


Rooven, 2002.


The social movements basically include democracy movements in Eastern Europe, movements for environmental protection, and women’s rights movements in the developing countries during the late 1980s. In the context of Africa, three urban based groups are important, the self-employed peasants, artisans and vendors, the unionised working class and the middle class consisting of entrepreneurs, administrators and professional. For further details see, Mark Robinson, “Strengthening Civil Society in Africa: the Role of Foreign Political Aid”, IDS Bulletin, Vol-26, No-2, 1995, pp. 70-72.


http://www.ids.ac.uk/ids/civsoc/home.html


Interview with Ms. Mailamma, founder leader The Coca Cola Virudha Samara Samiti, Hyderabad, October 05, 2005.

Op cit, No. 41, p. 611-12.

“No Amendment to GO 111, Rules CM”, *The Times of India*, Hyderabad, October 27, 2008.

A complete list of memorandum to Andhra Pradesh government, press briefings, PILs filed by the Forum in the Andhra Pradesh High Court and several other documents can be accessed from the Forum for a Better Hyderabad’s website [http://www.hyderabadgreens.org](http://www.hyderabadgreens.org).


Op cit, No. 55, p-53.


