

Dynamic Strategies and Static Issues in Water Governance: A Case of Water Privatization in India

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Abstract

Water, traditionally identified as a Common Property Resource (CPR), has been subjected to consecutive regime changes in its governance like all other CPRs. In ancient societies water was considered as everybody's property and was open to all. The community held water resources as commons in medieval societies and access to it has identified, as a commonly shared public need. Later, in the management of water well defined state property regimes have emerged in independent countries and state was regarded as the custodian of water. In the era of globalization when state retreat from many socio-economic functions it resorted to privatization of water in the name of economy and efficiency. This paper centers on the fundamental issues in water governance with special reference to the present management scenario of privatization.

Keywords: Water Governance, Privatization, Commonly Shared Public Need

Introduction

Water is perceived in a number of ways by common people as well as scholars; as commons, as a commodity, as a basic right and as a sacred resource or divinity. Traditionally water is perceived as a Common Property Resource means, 'a class of resource for which exclusion is difficult and joint use involves subtractability'. Water is one of the basic necessities, thus a fundamental human right without which life cannot sustain. In ancient Indian context water is considered as a sacred resource, an object that is divine and part of natural environment sustaining it and sustained by it (Iyer, 2003). Contemporary western view held water as a commodity to merchandise and not as a free natural good on the perception that if water is considered as a commodity, water market and prices would be established, as such sustainability would taken care of, equitable distribution would be ensured and conflicts would automatically be resolved by market forces.

At present 120 crores of people spread across fourty countries do not have access to safe water and 240 crores of people lack adequate sanitation services. Over the next twenty years, the world's population will increase from the present 6.4 billion to an estimated 7.2 billion whereas the average supply of water per person is expected to fall by one third. According to United Nations by 2025 as many as 500 crores of people will be facing water shortage. Because global consumption of water is doubling every 20 years and it is expected that by 2025 the demand for freshwater will rise more than 50 percent of the present need. Water scarcity is estimated to cause annual global loss of 350 million tones

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of food production by 2025. Population growth, climate change, over use/misuse of water and pollution of the available water sources are the principal causes of the crisis. Thus in the international discourses on water resource management, water scarcity has taken as a starting point for policy agendas, since 1970s.

The United Nations Conference on Human Environment held in Stockholmⁱ in 1972 and the United Nations Water Conference held in Mardel Plataⁱⁱ in 1977 were identified as the first major steps towards this direction. While the Stockholm and Mar del Plata conferences were primarily concerned with the task of providing clear drinking water and sanitation, the rest of the international conferences from Dublin Conference in 1992 to the Kyoto Forum 2003 were steps in developing the privatization agenda. The agencies promoted this agenda are the three interrelated organizations - the World Water Council, the World Water Forum and the Global Water Partnership with strong representation of multi-national water companies and aid agencies with pronounced privatization bias. The Dublin Conference of 1992 was a significant move in evolving the privatization agenda. Principle, 4 of the Dublin Statement proclaims that, "Water has an economic value in all its competing uses and should be recognized as an economic good". This conference recognized the past failures in realizing the economic value of water, which in their opinion ultimately lead to the wasteful practices (Singh, 2004).

Water Privatization

The advocacy of privatization in relation to water sector has its origin in the economic process of globalization and related dynamics of liberalization and privatization. The privatization agenda has found its way into several national policies across the globe since globalization. The state is surrounded by new actors like World Bank and Multinational Corporations to whom the decision-making power of the state is shifted. Market-oriented policies have developed by the state in order to cope with the Structural Adjustment Programmes (SAPs) as part of the neo-liberal economic policies. The state is trying to readjust to this new situation by commercializing the common properties, deregulating the industrial monopolies and privatizing the service sectors. (Finger and Allouche, 2002).

Privatization of water involves destatisation of water, that is, to free it from the political-bureaucratic control of the state on the dictum that private is efficient, profitable, transparent, flexible, adaptable and innovative. Water distribution services, traditionally by municipal governments in most countries are taken over by corporations either national or multinational. Unlike the earlier contract operators of civic authorities these are hugely powerful entities, with enormous financial backing of international financial agencies like World Bank, International Monetary Fund, Asian Development Bank, etc. As such the scale of operations has undergone an order of magnitude change; these MNCs are in a position to establish control over whole sections in the water sector. (MAK, 2002).

In the last ten years there have been several new developments in the privatization of water. The emergence of bottled drinking water is an important facet of commoditization

of water. While hydropower has been privatized for over ten years, privatization of irrigation is still to start in a full-fledged manner. On the other hand, privatization of water supply in cities and towns is very much a reality and several cases at various stages of development and implementation are really seen in the different parts of the world (MAK, 2002). Through this privatization process, water is turned into a commodity, priced, and sold in the market usually on the basis of ability to pay. (Barlow and Clarke, 2003)

Models of Water Privatization

Since water is such a vital part of the economy and infrastructure, it is not surprising that there has been an enormous push for the privatization of water services. As a result many parts of the world, the water sector have seen large-scale privatization. Water privatization means transferring of water management services to private companies. The state can earmark a certain quantum of water from a specified source and ask the private party, who is then a contractor or licensee, to distribute it in a certain area. It may include ownership, control, collection, purification and distribution of water as well as treatment and disposal of wastewater and sewerage services in an area. Traditionally the local self-government institutions such as the panchayats, municipalities or corporations have provided these services with subsidies (Sampath et.al, 2004). Privatization is possible in two ways, i.e., privatization of the existing water supply and sanitation services or privatization of the water distribution systems in a newly developed cities, townships, etc. It is felt that the former is difficult because the water tariff rates are very low and for achieving the full cost recovery plus profit the private companies have to increase the tariff which will evoke resistance among the consumers (Iyer, 2004).

There are several models of water privatization that are currently in trend in different parts of the world. Private firms can be brought into the operation and/or development of water services in different ways, which vary by their scope, extent of responsibilities and the contracting authority (Finger and Allouche, 2002). Depending on the degree of privatization these models can be broadly categorized into:

- 1. Service Contract:** In this kind of partial privatization the public authority retains overall responsibility for the operation and maintenance of the system and contracts out specific components like meter reading, billing and maintenance, for one to three years to a private company. Usually the private company refrains from investment attaching no financial risks to it and also no direct legal relationship with the consumer (e.g. Mexico City).
- 2. Lease Contract:** As the name suggests, the civic authority leases out or appoints a private company for managing the facility. This is another way of service contract where the ownership remains in the public; private company is usually not responsible for new investments or expansion. (e.g. Abidjan in the initial phases) (Finger and Allouche, 2002).
- 3. Management Contract:** In management contract, responsibility for operation and maintenance transfers to a private company for five or ten years with a definite fee pay by the government authority to the company. The company does not take the

4. risks, as the public sector retains responsibility for investment and expansion. The public sector may also choose to keep control of billing and revenue collection (Holland, 2005).
5. **Build, Operate, Own and Transfer (BOOT):** In this popular model the infrastructure development of water treatment plant transfers to a private party under long-term contracts. The private operator is required to finance, construct, operate and maintain the facility for the specified period and then turned over to the municipality or the contract can be renewed (Sampath et. al, 2004). The public authority assumes the related risks in water distribution while, the investor bills and retains user charges for the contract period. An example of BOOT model is Rasmara Scheme of Sheonath river in Chhattisgarh in India.
6. **Divestiture:** In this model, the government or public authority awards full ownership of a water source to a private party for a specific period under a renewable contract. The private sector firm is then expected to take the risks and recoup investments or profits. This model cedes tremendous power over water to private firms. A company or group of companies monopolizes ground water or surface water over an extensive area and they take water without any restriction. Competition is limited through the process of bids on the divestiture.
7. **Joint Venture:** The local governments can share ownership with private stakeholders in a joint venture. In this system the company itself may either own the assets or be given a franchise by the local government either through a lease contract or through concession arrangements. The option is popular in Central and Eastern Europe (Finger and Allouche, 2002).
8. **Concession:** Concession is a long term contract in which the private company takes full charge of the system, takes responsibility for water delivery and is also responsible for the expansion, new investments, recovery of bills etc. (e.g. Buenos Aires).
9. **Public-Private Partnerships:** A typical P3 involves a joint venture between a transnational water company and the local government in which former contracts to design, build and operate water treatment and supplies for a predetermined time period. As a popular model it implies public participation, democracy and accountability. In the decade that has gone by, over \$25 billion worth of investment has been made in P3s across the world, over 95 percent of this in developing countries alone (sharma, 2003).
10. **Consortium:** A consortium works by several companies and interested parties joining together to run a utility in water distribution. In this way, they do not compete with each other (e.g. Cochambaba in Bolivia) (Holland, 2005).
11. **Privatization through Appropriation:** This model of privatization is not on the basis of a contract entered between a governmental authority and a private firm. Instead in this model an individual or a private company took control over a source of water through overexploitation and thereby violates the rights of others. The case of Plachimada in Kerala is an instance in this regard.
12. **Decentralization:** Decentralization as a concept is very close to privatization is in fact an underlying framework within which privatization should be located. It is the devolution of power and transfer of responsibility from the central government to

13. sub-ordinate or quasi- government organizations or to the private sector. The World Bank distinguishes between four different forms of decentralization, i.e. political, administrative, fiscal, and market decentralization, the last being more or less equivalent to privatization.
14. **Deregulation:** Deregulation is another alternative suggested by World Bank to global water issues like privatization. It reduces the legal constraints on private participation in service provision or allows competition among private suppliers. In recent years privatization and deregulation have become more attractive alternatives to governments in developing countries (Finger and Allouche, 2002).

Water Privatization in Developed and Developing Countries

The water industry was not subjected to heavy privatization such as the energy, telecommunication or pharmaceutical sectors until 1997. Privatized water was the exception in European Union (EU) (excluding Spain) with just France and Britain had the majority of the population receiving water and sanitation services by national private operators. Within the other nations of Europe, privatization has been basically restricted to the Czech Republic, Hungary and to a more limited extent, Poland. However, the present trend in Europe and in the rest of the world is towards a privatization of the water supply and sanitation services, so that major responsibility of the state is transferred to the private stakeholders. A steady shift towards privatization has occurred mainly in the Asia/Pacific Basin and in Latin America, while recently African countries and North America have opened their water delivery services to private investors (Cesano & Gustaffasson, 2000). Table 2.3 will clearly illustrate the proportion water privatization in Europe, America, Africa and Asia (Singh, 2004).

Table 2.3
Proportion of Water & Sanitation Services Privatized
(1997 and 2010 projected)

Region	% Privatized 1997	% Privatized 2010	Value of privatized market (US \$ billions)
Western Europe*	20	35	10
Central & East Europe	4	20	4
North America	5	15	9
Latin America	4	60	9
Africa	3	33	3
Asia	1	20	10

*Excluding France and UK, Source: Vivendi (1999)

Issue of Water Privatization in India

With an average rainfall of 1,170 mm, and an annual exploitable groundwater potential of 26.3 million hectare-meters, India is one of the wettest countries in the world. Though the

average rainfall is adequate, nearly three-quarters of the rain pours down in less than 120 days, from June to September. Besides, according to International Irrigation Management Institute (IIMI), the water table almost everywhere in India is falling and India is using its underground water resources at least twice as fast as they are being replenished. In the past decades, industrial and agricultural production has increased in India causing to increased water consumption for these sectors at a rate of 4.2 percent per year. The Indian experience suggests that availability of an improved water source as defined by human development indices is no guarantee of regular, reliable supply. There are growing challenges: unsustainable exploitation of millennia-old deep aquifers to cater to growing populations; pollution of surface waters by untreated sewage, pesticides, fertilizers, and industrial chemicals; inefficient agricultural use; and the impact of climate change (Sampath et. al, 2004).

As part of the global reforms in the water sector privatization has been sought in India as one of the solutions to address this looming crisis. As such the Indian government dutifully mentioned this in the National Water Policy of 2002. Article 13 of the Policy reads, 'Private sector participation should be encouraged in planning, development and management of water resources for diverse use, wherever possible'. Some of the states decided to reform their traditional style of water management through the policy guidelines are, Tamil Nadu, New Delhi, Chhattisgarh and Kerala (Singh, 2004).

The Sheonath River Privatization

Sheonath is the main river of Durg district, which originates from Panabaras Hill and flows towards northeast. This river flows in the middle of Durg district through Raipur, Bilaspur and Janjgir-Champa before merging with the Mahanadi at Shivrinarayan. River Kharun joins it on the midway. Sheonath is the main tributary of Mahanadi river. The Sheonath and Mahanadi rivers contain 58.48 percent of the state's water resources. Sheonath river collects 40 percent of total water catchments of Mahanadi. The total length of Sheonath river is 345 km. The length of Sheonath river in Durg district is 120 km. Sheonath has number of tributary rivers, namely Amner, Haanp, Maniyari, Arpa, Kharkara, Tandula, Kharman, Jamniya, and Khorsi in which Tandula river is the main one. Tandula river originates from hills situated in the north of Bhanupratappur in Kanker district. After covering a distance of 34 km this river joins Sukhanala. Tandula river joins Sheonath river in the southwest of Durg in a distance of approximately 13 km. The total length of this river is 96.6 km. A dam is constructed during the period 1905 to 1921 at the joining point of Sukhanala and Tandula river.

Sheonath river, flowing into the Mahanadi river, has been a source of livelihood to farmers and fishermen for centuries. It meanders through the verdant lands of Chhattisgarh and is important in terms of the drainage it offers. The name of the Chhattisgarh state comes from the 36 forts, of the Kalchuri dynasty, that were existent on the banks of Sheonath river in the then southern Kosal. 18 forts on either bank totally make 36, which in Hindi is called 'Chhattis' and 'Garh' means fort. Thus the area around the Sheonath river can be considered very important in the history of the state of Chhattisgarh. The Sheonath river in Chhattisgarh also has socio- religious

importance even in modern times. Devotees of Lord Parshwanath celebrate 'Snan Mahotsav' and 'Kaalash Jatra' during the Mahavishek on the banks of Sheonath river. They collect waters of 108 rivers of India and follow the rituals on the banks of this holy river in Chhattisgarh. The popular picnic spot, Dewarghata, is situated on the confluence of Sheonath river, Lilagarh river and Mahanadi river and attracts thousands of people every year.

In Durg district, Sheonath river flows through Borai, where a special industrial area has been established. Borai is a newly developed industrial hub, promoted by the Chhattisgarh State Industrial Development Corporation (CSIDC). The region is rich in natural minerals and lies at a reasonable distance from Raipur airport. As Bhilai steel plant is near, Borai industrial area gets surplus power at a reasonable cost. Most of the industries located here are water intensive by nature – distilleries, sponge iron units and thermal power plants. This issue is about the handing over of a stretch of Sheonath river near Borai to a private firm for supplying water to the Borai Industrial Area, lying between two districts head quarters, Durg and Rajnandgaon. Chhattisgarh is the first state where private companies have been given the right to supply water to industrial units.³¹⁶ The first step of privatization of water in Chhattisgarh was the contract made by CSIDC with sponj-iron factory for 22 years to construct an anicut (15 kilometer away from Raipur) for the supply of water. But due to protest the water distribution system was taken jointly (Das & Pangare, 2006).

Sheonath project or known as Rasmada scheme is not the only such projects in Chhattisgarh. There are four other projects where stretches of rivers have been awarded to private and government agencies. They are, Kharun river to Madhya Pradesh Audyogig Kendra Vikas Nigam Limited (MPAKVN), Kelu river to Jindal group, Sagri river to S. R. group. Besides the government of Chhattisgarh again thought of building new stop dams, anicuts on Sheonath river and its tributaries at a cost of Rs.200 crores. The objective of this project is to facilitate farmers to withdraw water for irrigation through their own pumps. Under this project construction of an anicut at Bhatgaon, Durg District was approved by the Water Resource Department. Besides the government is planning to build 17 anicuts in Durg district alone in order to solve the problem of water scarcity. The industrial department found that by stopping the flowing water of Kharoon river more than 10 industrial units could be given water. But it is found that the water levels in many rivers are decreasing. This will bring problems in irrigation.

The story of Sheonath river privatization goes back when the Rs.9 crore Sheontah river project was formalized on 5th October 1998, between MPAKVN and Radius Water Limited (RWL)ⁱⁱⁱ on a Build, Own, Operate and Transfer (BOOT) basis. This was to be effective from 4 October, 2000 to 4 October, 2020. The project, India's first river privatization experiment handed over to RWL by the then Madhya Pradesh government, pleading a lack of sufficient funds for the distribution of water to the newly developed industrial area at Borai. The contract signed for the construction of a barrage on the Sheonath river was to supply water up to 30 Million Liters per Day (MLD) to the Borai

Industrial Growth Centre (Sethi, 2006). As per the contract, MPAKVN should purchase water from RWL and sold it to the industrial units in Borai.

The Borai Industrial Growth Centre, situated on the banks of Sheonath, came up in 1989 and the water for it was to be drawn from the same river. However, since Sheonath is not a perennial river, the Madhya Pradesh Government had committed to release water to the industrial units, which it did from the Kharkhara reservoir between September and July. But to store the water for further use, it was necessary to build a barrage at a cost of Rs. 1.10 crores. Since the Government was not in a position to release funds, the project was put off. In 1992, pressure by the industrial units to revive the project forced the Madhya Pradesh government to set up the Madhya Pradesh Audyogik Kendra Vikas Nigam (now called the Chhattisgarh State Industrial Development Corporation Limited) as the nodal agency and to re-estimate the project. As the cost had escalated four times, to Rs.4.5 crores in the three years, the project was shelved once again.

Later the demand for water increased up to 3.75 MLD (Million Litres a Day), including 3.6 MLD from a single consumer, for which an agreement was also executed between the consumer and the nodal agency in 1996. A feasibility study was done once again and a technical sanction for Rs 7.5 crores was given by the M.P. Audyogik Kendra Vikas Nigam Limited. Since it did not have funds to undertake the work on its own, it asked the bulk consumer to share 50 per cent of the cost of the barrage construction and get water at a fixed rate for a long period and adjust their share against water bills. The consumer initially agreed to the proposal but backed out later. The nodal agency was under obligation to supply the agreed quantity of water to this bulk consumer and did not have sufficient means to implement the project with its own resources, hence involved the private sector for creation of infrastructural facilities. Finally, the agreement for 22 years was signed with Radius Water Limited for providing water.

As the new state Chhattisgarh was formed in November 2000 the contract was transferred from MPAKVN to Chhattisgarh State Industrial Development Corporation (CSIDC). The CSIDC is trying to make Borai as the hub for all water-based industries. By the contract RWL secured exclusive access to a 23.6 kilometer stretch of the river. The contract was for twenty years that can be extended further. The company got monopoly rights over the supply of water to all sectors of the Borai Industrial Growth Centre and RWL became a service partner of CSIDC. Moreover CSIDC was obliged to provide all land for the industrial units in Borai.

The RWL built a 4-meter high dam in Sheonath river near Borai through a technique called Flood Regulating Barrier System along a 3.5 kilometer stretch at a cost of Rs.4 crore. The anicut build by RWL starts just after the anicut build by the government in Mahmara village during 1957-58 to provide water to the cities. Water from this anicut is collected and pumped to filter plants and tubes and then supplies to cities. The water holding capacity of this anicut is about 100 million cubic feet which has now become half due to sedimentation. About 24 million-liter water per day is supplied to Durg city from this anicut. Usually water becomes scarce in summer season.

The total cost of Sheonath project is Rs.9 crore for producing 6 million liters per day. After the construction the barrage has a supplying capacity of 6 MLD, but CSIDC bought only 4 MLD due to lack of demand from the industrial area (Das & Pangare, 2006). The supply was started on November 2000 and CSIDC purchased water at a rate of Rs.12.60 per kilolitre initially. In reality only 2 MLD water is required. No enquiry was done in order to find it. The CSIDC entered into the contract on the assumption that new industries would come up with demands for more water. However the contract says, 'the company requires a minimum guaranteed purchase of 4 MLD water quantities by the corporation. In case the demand reduces below 4 MLD, the payable bill shall be for 4 MLD from the applicable first tier of tariff'. Earlier termination of the agreement is possible only by 'reimbursing all outstanding loans and credits of the project and by compensating the likely profit that the project company is expected to earn in the balance concession period'.

Borai has only two large and medium scale industries and their combined water requirement is between 1 and 1.5 MLD while the CSIDC paid for 4 MLD everyday as per the contract in order to ensure the profitability of RWL. For those years that it has worked, CSIDC gave money from its exchequer irrespective of it's loses because of lack of demand for water. There has never been a demand of 4 MLD water, as the growth of industry did not catch up the way it was expected. Thus everyday at a rate of Rs.12.60 per kilolitre a payment of Rs.50,400 were made to RWL. For a month this figure becomes Rs.15,12,000 and for a year Rs.1.81 crore, for at least 4 years. Besides in order to ensure the profitability of RWL the government has instructed the industrial financial branch of the State Bank of India, Bhilai that it should reserve the monthly minimum guaranteed amount to RWL and ensure that regular payment to RWL is being made. For this purpose they opened a joint escrow account. The cost of water is measured by RWL spread on intake well, pump house, electrical sub-system, store, staff quarters, main pipe, treatment plant, distribution line, etc.

The CSIDC sold water to the industrial units for Rs.10 per kilolitre. Thus it is clear that the company is at a loss. As per the contract a 12 percent increase can be made in the water rate as such for the past four years RWL has increased the tariff rate 3 times (October 2000 – Rs.12.60 – November 2004 – Rs.16.76. Table 4.2 will depict these facts). But CSIDC sold it to industries in low cost. In this system for the last four years RWL achieved 8 crore 52 lakhs, but CSIDC got only 2 crore 62 lakhs rupees from the industrial units. Thus it had a loss of 5 crore 90 lakh rupees.

Table 4.2 Tariff rate of water supplied to CSIDC

Year	Price escalation @ 10% per year (as per agreement in Rs.)	Rate @ per cubic meter (decided by RWL in Rs.)	Payment @ made by CSIDC as per 4 MLD guaranteed purchase (as per agreement in crores)	Actual water supplied by RWL @ 1.8 MLD	Rate @ per cubic meter (CSIDC charging from industries)	Revenue collection by CSIDC from industries by selling water which is supplied by RWL in crores)	Difference (D)-(G) = money of CSIDC
A	B	C	D	E	F	G	H
2001	--	12.60 Rs.	1.839 Cr.	657	10.00 Rs.	0.657 Cr.	1.182 Cr.
2002	1.26 Rs.	13.86 Rs.	2.023 Cr.	657	10.00 Rs.	0.657 Cr.	1.366 Cr.
2003	1.38 Rs.	15.24 Rs.	2.225 Cr.	657	10.00 Rs.	0.657 Cr.	1.568 Cr.
2004	1.52 Rs.	16.76 Rs.	2.446 Cr.	657	10.00 Rs.	0.657 Cr.	1.789 Cr.
Total			8.533 Cr.			2.628 Cr.	5.905 Cr.

Source: Water Resource Department, Chhattisgarh.

Until recent times the private firm continues to manage the barrage and supply water to industries. In case of the termination of contract the government is obliged to give a lump sum amount to the company as compensation. This may be the reason behind the continuation of the project in Durg. When Ajith Jogi was Chief Minister he tried to cancel the contract in a cabinet meeting held on 2nd April 2003, but the cancellation was not made into action. When the issue becomes controversial the State Public Accounts Committee (PAC) took up the matter. On 9th January 2003, PAC got permission from the Speaker for a probe. Even before this, it examined the agreement and inspected the area. The PAC was headed by Dr. Ramchandra Singh Deo in 2005-6 and in 2006-7 by Ravindra Choube. The committee in its report tabled in the state assembly on 16th March 2007 asked the government to cancel the deal and initiate criminal action against Radius Water Limited and the former managing directors of the Madhya Pradesh Audyogik Kendra Vikas Nigam Limited. The committee also asked CSIDC to take possession of all assets associated with the Rs.9-crore project and sought to scrap the build-own-operate-transfer project within one week after the report's submission. The PAC criticized the then managing director of MPAKVN for manipulation and forgery of documents. But the government has not yet initiated any action (Putul, 2007).

Impacts of Sheonath River Privatization

The privatization of Sheonath river had negative impacts on Durg people in a multitude of ways. For instance, after the construction the owner of RWL, Kailash Nath Soni, imported a motorboat from Hong Kong and made trips in the anicut through the water declaring that the water is his property where his eye reaches. He allowed the people to

take water as a privilege granted by him, only for 6 months, in a year. From January to June the company authorities never allowed the people to take water from the river, on the reason that water supply will reduce during the summer season. The storage area of the dam is 3.6 km. In this length RWL constructed spring fence around this area in order to prevent access to river. He held that the company has full authority over the river water and it is their privilege to give water to others.

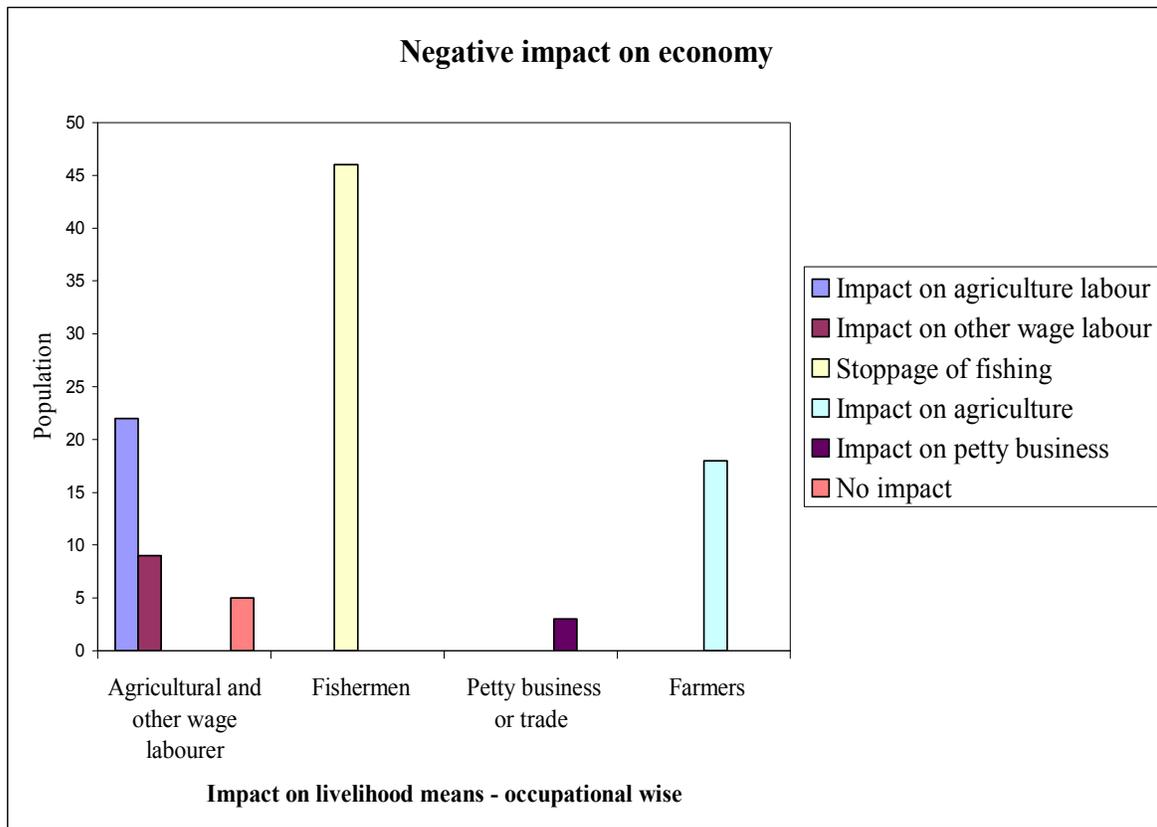
After the implementation of the agreement, many villages, both upstream and downstream – Durg, Mohlai, Mahmara, Samoud, Siloda, Jhola, Pulgav, Peeperchhadi, Bharni, Rasmara, Malood, Khapri, Tirga, Changeri, Belodi, Chikhlai, Nagpura, Jherni, Jewra Sisra, Patharia, - were affected adversely as their access to river water and its use was completely restricted. All the water was concentrated in the upper reaches because of the dam, causing the lower portion of the Sheonath to dry up. Initially, the locals, including Scheduled Castes and Scheduled Tribes were not aware about the contract, as the RWL was not provided any prior information. Later the RWL personnel informed the local fishermen that they were no longer permitted to fish in the 200m zone from the barrage for safety reasons. As such the nets of the fishermen were cut and confiscated by the company workers. The employees of Radius Water did not allow the farmers who owned land near the river to lift water from the river and forcibly took away their pumps.

The economy in Durg faced a near total collapse following the company activities. All sectors in the economy were affected detrimentally during the project period. Both the agricultural and daily wage laborers were victims of river privatization. In the case of agricultural laborers the decline in the area under cultivation has taken away much of their jobs. Given that the daily wage laborers were compelled to spend most of their time in collecting water from other sources, they have really little time to spend for daily work. All the fishermen in Durg mentioned about an absolute stoppage of fishing activity in the river. It should be noted that these detrimental impacts paved the way for stagnation in the region's domestic economy.

The privatization of Sheonath river is not the sole causal factor behind the collapse of Durg economy. Despite having close proximity to the Borai industrial area, industrial sector did not have any considerable contribution towards the economy of the selected villages in Durg. Lion's share of the village population directly depend on primary sector such as, agriculture, fishing and petty business. As happened in the case of a large number of developing societies across the world, the primary sector in Durg had adversely affected with the emergent global transformations such as climate change, fluctuating agricultural prices, etc. According to many of the respondents things had gone to such extent that the income from agriculture, fishing and petty trade did not become sufficient for meeting the day-to-day livelihood needs. The privatization of Sheonath river made the things much worse as the existent struggling economy gets deteriorated in a multitude of ways. The following figure prepared based on the response of the people will depict these facts.

This ban had the endorsement of district administration that also banned the installation of tube wells on the ground that it will reduce the inflow to river. Usually during summer season for one and half months CSIDC itself with the help of district administration stopped the intake of river water for irrigation. The most affected region is near to the Borai industrial area. Here the farmers lost their agriculture because of water scarcity and now they are searching for alternatives. The RWL held that taking water from the upstream area would reduce the quantum of water for supply to industrial units in Borai, as such villagers have been completely stopped from taking water from the river.

People from downstream villages reported that the groundwater table had plummeted and therefore affected the water level in their wells. This is because the anicut reduced the flow of river to the downstream. Farmers forced to stop their vegetable cultivation on the banks of the river in Rasmara and Mohlai villages. Fisher folk constituting large number of families in these villages has become jobless as fishing has been stopped by RWL. Thus the villagers were forced to abandon their jobs and consequently it affected their livelihoods and productivity.³³³ Besides RWL banned washing of cloths at the banks of river on the ground that it will increase pollution. Right to collect sand from the river was also banned by RWL as such the Panchayat lost its Rs.90,000 revenue per year. The RWL prevented all sorts of negotiation with the people and said that it needs permission from CSIDC.



Moreover the company asked to the corporation that it should collect an amount from farmers who used this water. The company once attempted to take legal action against the farmers for defamation. In this matter CSIDC found that 27 farmers used 2 million liters of water from the dam. This does not anyway affect the water supply of the dam. The RWL claimed that restriction above the dam for 200 meters is for security. They complained to the CSIDC that the villagers are taking water from the control area by using motor pumps. So the corporation has to recover the amount from villagers to the company. So a meter should be fixed to measure the amount of water. If this is not possible then the corporation should give compensation to the company. The RWL authorities claimed that if the farmers need water they have to pay the fees. As a response to these problems the local people initiated protest at various levels. Following the struggle the government took various measures to appease the people. On 27th February 2002 government lifted the ban. Following it the access of villagers to river water has been reinstated.

Conclusion

The case of Sheonath river privatization proved that regime change is of limited use in the globalization era. What matters are the control and effective regulative mechanisms for the functioning of private and public CPR management regimes. This is evident in the case study under private property regime with no regulatory mechanisms. Moreover the term water privatization does not refer to a homogeneous process. The nature of privatization varies according to the sources which are selected for privatization. As the case stud in Sheonath illustrates, the nature of water privatization is found to have diverse consequences. Similarly, the nature of privatization differs when comes to the arena of extraction and distribution. Given that water privatization is a multi-faceted process there is an urgent need to set up an institutional mechanism to regulate the functioning of private players in the water sector. This should not be a bureaucratic body, similar to the institutional bodies exists under the state governments. Apart from bureaucratic and scientific personnel, there should be members from all walks of life such as social activists, panchayath representatives, local civil society leaders and local party members.

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Endnotes

ⁱPrinciple 2 of the Stockholm Declaration on Human Environment states that, "the natural resources of the earth including the air, water, land, flora and fauna and especially representative samples of natural ecosystem must be safeguarded for the benefit of the present and future generations through careful planning or management, as appropriate". Salman and Lank Ford (2004), **The Human Right to Water**, World Bank, Washington D. C., p. 7.

ⁱⁱThe Mar del Plata Conference issued a Mar del Plata Action Plan that was designed to address the problem of water resources. The Action Plan consists of a number of recommendations and resolutions, pertaining to the crucial issues in water sector. The recommendations include assessment of water resources, water use and efficiency, pollution control, regional and international cooperation. *ibid*.

ⁱⁱⁱRWL is part of Kailash engineering Company, Raipur. Kailash Engineering Company was engaged in construction works under the name of Kailash Construction

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