



Corporatizing Water: India's Draft National Water Policy

SUMMARY

India's new draft national water policy promises "preemptive priority" for safe, clean drinking water and sanitation for all, including ecosystems, but without effective regulatory frameworks, safeguards and the clear recognition of water as a fundamental human right, corporate interests will continue to supersede marginalized, low-income communities and smallholder farmers.

A new consortium of business and international finance is systematically trying to influence how the world's water will be allocated in future. The consortium seeks to promote policies that will treat water primarily as an economic good to be bought and sold, rather than a fundamental right. Because the consortium works directly with governments, or its office-holders, its initiatives are proceeding without much public awareness or attention.

The latest example of this is India's Draft National Water Policy (NWP) circulated by the Ministry of Water Resources in January to water experts as part of its consultation procedures. It is now available for public comments until February 29, 2012.¹

At first glance it appears as if the policy takes a holistic approach to water resources management, with a clear recognition of India's water woes. It accords preemptive priority for safe and clean drinking water and sanitation for all, and prioritizes meeting water

requirements for ecosystems. Recycling and reuse of water is incentivized. The policy stresses water use efficiency improvements across sectors—in agriculture, industry and urban domestic sector, and improvements in rural water supply, waste water treatment and re-use of treated waste water.

However, a closer look at the policy shows some serious missing pieces. First and foremost, water is not articulated strongly enough as a fundamental human right. This is despite India voting in favor of the United Nations General Assembly Resolution on the Right to Water in 2010. In fact, while the draft water policy suggests that "water for such human needs should have a pre-emptive priority over all other uses," it does not give any clear guidelines stipulating either quantity and quality of water or other parameters that mandate specific service standards. Without any safeguards and legally binding mechanisms for ensuring that water supply systems are accountable and effective, there is very little chance

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that this preemptive prioritization will result in ensuring access to water for all in India.

We can learn a lesson from the previous National Water Policy (2002). The 2002 policy, too, had emphasized ecosystem needs, and stated that minimum flows will be maintained in rivers. However, in the absence of legally binding mechanisms or safeguards to protect the minimum flows over the last ten years, the situation has, if anything, worsened: Rivers have turned into sewers and aquifers depleted at a higher rate; wetlands and other water bodies have been encroached upon; riverbeds have been mined for sand, reducing the rate of water percolation into aquifers.

While India's new draft water policy proposes few institutional mechanisms to support the prioritization of basic human needs and ecosystem needs, it does suggest various institutional mechanisms to strengthen the current treatment of water as an economic good. This is in line with what John Briscoe, who was World Bank's senior water advisor for over a decade advocated for India. In fact, he not only advocated for an economic valuation of water but also effectively advocated that the state renege on its responsibilities to its people to supply water. For example, in *India's Water Economy: Bracing for a Turbulent Future* (2005), he argued that "[...]the role of the Indian water state must change from that of builder and controller to creator of an enabling environment, and facilitator of the actions of water users, large and small."² As if heeding this advice, the draft national water policy proposes a limited role for the state in public services. While other parts of the world are bringing water services back into the public realm due to negative experiences with privatization, India's proposed new policy is heading in the opposition direction by suggesting that the state should function simply as a regulator or facilitator, and that service delivery should be handed over to local communities or private sector, instead

of exploring how to make 24/7 delivery possible by strengthening the capacity of the public sector.

This push for privatization is not new. What is new is that these policies are justified in the name of dealing with water crisis and in the name of conservation.

The draft policy recommends "full cost recovery" of water used as the means for achieving efficient use of water. For example, as a means for reducing water use in agricultural sector, it proposes doing away with the irrigation subsidy. This totally disregards the possible impacts of this approach on local food security or rural livelihoods. While full cost recovery will in general help meet the costs of water delivery, it does not deter water use amongst those who can afford to pay. In that sense, full cost recovery works particularly against lower-income groups, and groups that use water for activities that have low economic returns, such as subsistence agriculture. Full cost recovery needs to be accompanied by protection of the right to water for basic needs, including that for basic livelihood strategies.

Moreover, in the area of water quality conservation, the important "polluter pays principle" has disappeared. It has been replaced with "incentives" for effluent treatment and reuse of water. While reclaiming wastewater is necessary to bridge the water deficit, in the absence of strong regulations to limit polluting activities, such incentives to polluters (to treat effluents), might work as a perverse incentive to pollute more. Such a tech-fix approach is symptomatic of the industrialized societies that squander away their resources. These are also opportunities for some of the worst water polluters to profiteer: Companies such as Dow Chemicals are developing patented water purification technology.

If these policies are unlikely to protect the basic right to water, it begs the question: Who are the advocates and beneficiaries of these policies?

According to the Ministry of Water Resources, national level consultations had been going on for almost two years, involving many water experts and NGOs. However, for it to be a real democratic, participatory process (proposed in the draft NWP as essential for successful implementation of the water management measures), involvement of Panchayati Raj Institutions (from village level onwards), should have been the cornerstone of this process. Instead their involvement was minimal. Rich public discussions that have been going on in this period are not reflected in the draft NWP either.³

According to Himanshu Thakkar, of the New Delhi-based South Asia Network on Dams, Rivers & People (SANDRP), who has been involved in the water sector for over two decades, "limited participation of communities in the process threatens to make the exercise almost entirely undemocratic and is likely to be hijacked by vested interests [...] Four regional consultations were organized with Panchayati Raj representatives [...] many of the important points raised in the Panchayati Raj Institution consultations do not find a mention in the Draft Policy." He finds the draft NWP far from satisfactory.⁴ Going by reports in the media, this seems to be a broadly shared public sentiment.⁵

So, who are the political power players behind India's draft water policy? A recent report, *National Water Resources Framework Study: Roadmaps for Reforms*, offers some clues.⁶ There are striking convergences between sections of this report and parts of the draft water policy. This report by the Council on Energy, Environment and Water (CEEW), was commissioned at the request of the Planning Commission of India to the 2030 Water Resources Group (WRG), towards the development of the India's 12th Five-Year plan (2012–2017).

CEEW is one of the Indian partners of the WRG, a high profile public-private partnership housed in the International Finance Corporation (of the World Bank Group). Financed by multilateral banks and bilateral aid organizations such as the U.S. Agency for International Development, the Inter-American Development Bank, the International Finance Corporation, and Asian Development Bank amongst others, the WRG is an offspring of the World Economic Forum (WEF) Water Initiative. Formed in 2008, the WRG's main members are McKinsey & Company and the World Bank Group (led by the International Finance Corporation) as well as a consortium of business partners, most of them in the food/ beverages/agribusiness sector and already part of the WEF Water Initiative.

Listed below are the Strategic Water partners of the WRG in its phase 2.

Strategic Water Partners

- Cargill Inc.
- CH2M HILL
- Cisco Systems Inc.
- Diageo Inc.
- Ecolab Inc.
- Halcrow Group Ltd
- Heineken International
- Hindustan Construction Company Ltd
- International Federation of Agricultural Producers
- McKinsey & Company
- Nalco Company
- Nestlé SA
- Novozymes A/S
- PepsiCo Inc.
- Rio Tinto Group
- SABMiller plc
- Standard Chartered Bank
- Syngenta AG
- The Coca-Cola Company
- The Dow Chemical Company
- Unilever
- World Wide Fund For Nature

WRG's 2009 report, *Charting our water futures: Economic Frameworks to inform decision making*, analyzed the global water supply-demand gap to 2030 and framed the problem in economic terms, and suggested allocation of water based on economic returns.⁷

From *Charting our water futures* it is clear that the WRG is systematically trying to influence how the world's water will be allocated in future. In this second phase WRG seeks to influence water policy in six countries: South Africa (targeting the minister of water and environmental resources), Mexico

(targeting the National Water Commission), China (target not decided), Jordan (targeting the minister of water and irrigation; minister of planning and international cooperation), Mongolia (targeting office of the president) and India. For India, its targets were more ambitious: the states of Karnataka and Maharashtra, and "potentially National Planning Commission."

In their efforts to make inroads to national and regional policymaking arenas, they seem fairly successful.⁸ In May 2011, the Water Partnership for South Africa was launched at the World Economic Forum on Africa.⁹ In Jordan the government has already formalized the Jordan Business Alliance on Water, which was formed by WRG/WEF water initiative. With the intent of influencing India's water policy in select states and at the national level, WRG started a collaboration with the Confederation of

Indian Industry (and its affiliate Indian Business Alliance for Water or IBAW) as well as CEEW in India a couple of years ago.

It is also clear from *Charting our Water Futures* that one of the main objectives of the WRG is to influence agricultural policies, especially crop choices

and agricultural water allocation. For example, in the case of Jordan, the WRG Phase 2 document on Country-level Engagement states that "Jordan's strategic economic choices, and choices that the country makes on agricultural crop mixes, export-orientation and employment focus will have significant implications for its growth aspirations and investment requirements." The document is much clearer in the case of Karnataka: "to help the government develop a water action plan for the transition from an agricultural to industrial economy." The concern is that such water sector reforms will become

yet another way to push already vulnerable peasant agriculturists further into poverty. Civil society groups in Karnataka are aware of and oppose the dangerous path their state is tempted to take. It will be up to the peoples' movements across the world to challenge the WRG's future plans locally and globally.

It is not going to be easy. For example, a quote ascribed to Ban Ki-moon suggests that the WRG is perceived by him as an answer to the problems in international water governance: "The problem is that we have no coordinated global management authority in the UN system or the world at large. The World Economic Forum's Effort to develop the economic and geopolitical forecast on water is essential. For the first time, all the different perspectives and expertise required to define the full dimension of the problem are brought together."¹⁰

In many ways India's draft national water policy epitomizes not only what is being advocated in the area of water governance, but also the problems with the initiatives being pursued around the world. Multi-nationals are no longer content with profiteering from their traditional areas of businesses: They want to play a larger role in allocation of world's natural resources, which have so far been in the public realm. The actual water users and their representatives are marginalized.

In the context of the climate crisis that India seeks to take into account through this national water policy, it is important to remember that a large number of water users, farmers and local communities have been making prudent decisions in the area of effective water management and adaptation. There is substantial practical knowledge that they can bring to the table that would completely change the way issues are looked at because of their hands-on experience of dealing with them day in and day out. Rules governing the use of water, an essential part of life itself, must be the result of careful consultation with all stakeholders, especially

the least powerful, and should not be driven by corporations and international finance. This is important not only in India, but for the future of water governance globally.

I thank Karen Hansen-Kuhn, Ben Lilliston, Shankar Narayanan and Himanshu Thakkar for their inputs.

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