

Political ecology of Water: Alternatives to privatization

Abstract:

Why alternatives to privatization of water are essential? To begin with this premise this paper aimed at studying the rapidly build strong (and frequently successful) resistance from the Water activists, social action groups and trade unions. This is also important when new privatization plans are revealed, why their demand for promoting 'water as human rights' and 'our water is not for sale' becomes slogan for protest to keep water public.

This paper is an attempt to understand; One, the progressive public water management in the Netherlands. Two, How this system with a centralized but public water supply tried to combine public ownership and responsibility with concentration and efficiency gains. Three, how this experience from The Netherlands could be beneficial for the developing country like India. This work is based on my extensive field study in The Netherlands and comparing with the prevailing situation in India.

Key Words: Drinking water Management, Privatization, Peoples Resistance, The Netherlands, India

Introduction

The increasing involvement of private-sector in infrastructure development in water sector was vigorously promoted by development agencies and international institutions in the 1990s and early 2000s. It was expected to inject both investment and efficiency into these sectors in developing countries, reviewing traditional public-sector systems suffering from under-investment and inefficiency. It was assumed that this extension of private-sector involvement would be economically successful and generally welcomed, except among those whose interests will be losing out as a result of the reform process.

During the 1990s, the conventional wisdom about the water sector—public ownership and integrated utilities—was challenged by a new model of private ownership and unbundled utilities. Debates about the viability, applicability, and feasibility of market-led water sector reforms continue today. Nonetheless, at the turn of the new century, countries around the world are taking tentative steps toward this new approach. These shifts in the water sector have not occurred in isolation. The new model is part of a broader thrust toward the promotion of markets, a growing role for private capital, and global economic integration. These theme place water sector reforms evenly within larger

processes of economic globalization and the debates about its merits and costs. Decisions made now about the institutional structure and functioning of the water sector will shape social and environmental outcomes for years to come. Big question still dominates whether market-led or not, reforms will best support sustainable development outcomes when they are explicitly designed to do so.

This paper is aimed to provide critical overview on the question of privatization of an essential public good. The paper attempts to illustrate the tensions existing between a neo-liberal and a more public-oriented policy agenda, on a technical level and also at the level of public debate. I will approach this question by closely understanding the progressive public water management in the Netherlands and how this experience can be practiced in Indian context. Though this work is in progress and will be immature to propose model or policy amendments to overcome with the existing changes in the sustainable water governance in India but on suggestive lines Dutch experience has potential ground to develop alternative system for India.

The Dutch case is interesting because it poses the question of legitimacy of economic policies that are usually presented to the public as common sense. The fact that there was a strong debate about it, and that sometimes governments have tried to resist to this neo-liberal paradigm by reasserting the role of the State and public authorities in the management of essential goods are clear indications that this common sense might not be that common after all.

Water in the 21st Century: Emerging Issues

Standing at the threshold of the 21st century, the urban water supply sector in developing countries faces major challenges. Continuing population growth and rising standards of living means that safe water is to be supplied to ever-increasing numbers of household in ever increasing quantities. This task will not be easy to accomplish. The depletion and deterioration in quality of fresh water resources, already a problem, will only increase in short term. Many water supply systems are in a deplorable state due to inappropriate choice of technology, poor quality of construction, and year of under-maintenance. Finally, water utilities are in a state of perpetual receivership and so cannot avail the capital they need to rehabilitate and upgrade infrastructure and expand service provision.

The continuous growth in the demand for drinking water services has posed decision makers with the challenge to discover new, and to adapt existing institutions. Institutional change in the drinking water sector is a hazardous enterprise for any policy maker in view of the public interest at stake, the externalities associated, and the ambiguous nature of the good. The most prominent institutional change for the Water Supply sector(WSS) is neo-liberalism. This change that started at the beginning of the 1990s entailed essentially a call for more competition and more private sector involvement. Neo-liberalism manifests itself in the water sector through three complementary forms: a shift in ownership of the water services supplier (privatisation), enhanced competition (liberalisation), and involvement of private parties through partnership arrangements (private sector involvement).

The water supply sector finds itself in the limelight nowadays. The increased visibility of the water sector has several reasons, which all can be largely traced to the increasing demand for the product that the sector generates: drinking water. The need for water is felt more harshly as populations continue to increase, putting the supply of sufficient quantity and quality of water in the centre of attention. Since the 1950s world population has doubled and water use has even tripled; yet the quantity of available fresh water remains equal to the amount one million years ago (Dalhuisen *et al.*, 1999). The demand for water is expected to continue to increase as the world's population will further grow from 6.5 billion today to 9.1 billion in 2050 (UN, 2007).

Over the last two decades the international water sector has witnessed major institutional changes. The large-scale adoption of the neo-liberal agenda by national, regional and local policy makers dramatically changed the institutional landscape of the Water Supply sector. The increased involvement of private parties and the stimulation of competition implicated a pronounced shift in the traditionally public and monopolistic character. This shift has spurred a body of research on the value and effects of the neo-liberal institutional changes. To-date, despite the large quantity of studies, the available empirical evidence is less robust than one would hope for, both in quality and in scope.

Water serves many uses, like for drinking and hygiene, but also to grow crops, to generate electricity, to navigate boats, and for recreational purposes. Hence, WSS services are only one part of the more general term 'water services'. The European Water Framework Directive (WFD) defines water services in the following manner (WFD, 2000: Article 2, point 38):

Water services are all services that provide, for households, public institutions or any economic activity: (a) abstraction, impoundment, storage, treatment and distribution of surface water or groundwater, (b) wastewater collection and treatment facilities which subsequently discharge into surface water.

Examining this definition, water services incorporate both the activity to use water for irrigation, water transfer, water for hydropower, and drinking water supply and sanitation. Moreover, according to the definition it does not matter whether individuals or third parties provide the service. Hence also self-supply by individuals is included. The term 'water supply services (WSS)' is more restrictive as it only concerns the supply of drinking water and the collection and treatment of wastewater by authorized WSS providers. Self-supply is excluded. WSS services relate to the 'small' cycle. Water is abstracted by an authorized provider from a river, an aquifer or in some cases even the sea. This water is treated and pumped into underground pipes, ending up at the premises of consumers where it flows out of their taps. The wastewater that comes from the shower pit, the latrine and sometimes from the drains in the street, flows into another underground piping system, ending up at a wastewater treatment plant. There, the materials that really harm the environment are removed before the wastewater is discharged into the environment. WSS providers, all over the world, have managed this cycle for more than 100 years, and the fundamentals of the processes remain largely untouched (Thomas and Ford, 2005).

Several authors suggest that the Water sector has characteristics that make it relatively unique compared to other sectors. Pargal (2003: 23) based on an econometric assessment of private investment flows and data from Latin America concludes that:

the water sector differs materially from [telecom, electricity and road]...: private investment in water is not significantly affected by the passage of reform legislation in the sector and public expenditure is very important and only mildly substitutable for private spending.

The unique character of the Water sector is often argued by pointing out the diverse characteristics of water. For example Savenije (2002) identified a long list of characteristics underlining the special position of water, being: water is essential, water is scarce, water is fugitive, water is a system, water is bulky, water is non substitutable, water is not freely tradable and water is complex. The combination of characteristics makes the provision of WSS services as a class of its own, and also with problems and solutions of its own. Individually these characteristics are applicable to many goods and sectors, but their combined applicability makes the Water sector unique from other sectors.

Both nationally and internationally water has been one of the main issues debated on the political agenda for past two decades. Previously, except in the case of natural disaster or floods or large scale development projects like construction of dam, water was usually regarded as technical or economic issues. As Riccardo Peterella (2001) points out it was a field for chemist, hydrologist, legal experts, engineers, technical and administrative personnel in charge of systems for the pumping ,collection, piping ,distribution, purification and protection of water supplies.

But a number of developments have changed this situation, now very easily we have seen heads of the state publically display their concern and take the stage in support of a world water policy. This shows the growing concern which has develop for a common vision and programme for cooperation and coordination in the national, international and global management of water. On the broadest and most rigorous empirical basis, the urgent need involves a system of water governance or regulation of the ownership, appropriation, distribution, management, protection, utilization and conservation of the principal source for every living form in the earth's ecosystem.

After the large-scale privatization and liberalization processes that have engulfed the energy, telecommunications, rail and postal sectors since the mid-1990's, the water market has increasingly been considered as a possible source of market openings and in real term could be remarked 'the last frontier in privatization around the world'. It is now attracting the attention of private sector because, although it is often treated as so basic to human life that it cannot be treated like any other commodity, it is becoming so scarce that it now commands high prices. Yet, this sector has, meanwhile, been subjected worldwide to enormous structural changes which has been marked, on

the one hand, by possibilities for the exploitation of new international markets, on the other, by internal economic and political pressures. In this context The Netherlands is a good example of a country that refuses to simply liberalize water and has passed a new law which prevents any privately owned company from providing drinking water services to the public. It passed the lower chamber on 9 December 2003 and the upper chamber on 7 September 2004, and comes into force on publication in the official record.

The Dublin Declaration approved at one of the most significant intergovernmental conferences held in Rio de Janeiro in June 1992, on water issues points out:

Water has an economic value in all its competing uses and should be recognized as an economic good within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price. Past failure to recognize the economic value of water has led to wasteful and environmentally damaging uses of the resource. Managing water as an economic good is an important way of achieving efficient and equitable use, and of encouraging conservation and protection of water resources.

Since then the management of water as an economic good has been promoted as a solution to the challenges facing urban water management in transition economies and developing countries. The spread of this new approach has been associated with pressure in favour of private sector participation. For example, the World Bank is particularly active in promoting privatization (Nickson, 1998). As a consequence, transnational corporations are enjoying significant opportunities for expansion. However, the assumption that private sector participation is the only possible catalyst for investment and rationalization can be challenged. Especially in transition and developing countries, private sector involvement in water supply often conflicts with public interest, and publicly owned enterprises active in water supply and sewerage are not necessarily less efficient and cost-effective than private companies (Hall, 1998).

This however raises a serious issue, why should the growing hold of industrial and financial interests in the ownership and management of water be a source of concern? The concern are justified, not only because the situation has changed rapidly since 1992, but also because of the two most

important country experiences of privatization thus far: namely, in the United Kingdom and France. What is so interesting about these two cases that they differ both in principle and in their operational forms.

The French system is based on the principle of delegated management of a public service to private companies. First of all, the price of water has constantly increased in recent years, and this has enabled the private companies to raise their profit levels quite significantly. The average rise was 50 percent and in some towns for example Grenoble the price tripled; in Paris the increase was 154 percent. Since privatization started to spread rapidly in 1994, the water industry has become a sector with an especially high profit of return on capital. The experience of privatization in the United Kingdom strengthens the relevance and validity of these questions. Expropriation of a common social heritage by a small number of persons which consist of the shareholder of the private companies is particularly striking in Britain, where the profits have been so high that Tony Blair—which has no intention of questioning the privatization of water imposed a special windfall tax in 1997 on 'excess profit'. Since privatization, the amount of waste due to leaking pipes has risen to 30 percent. Interruptions of the supply are a common occurrence, even though prices increased 55 percent between 1990 and 1994.

On the contrary examples of direct public provision of water supply through various forms of Publicly Owned Enterprises and cooperatives, there is ample evidence of satisfactory achievement of social and public service objectives through efficient public sector undertakings, in transition and developing countries as well as developed ones.

Development of strategic planning in the Netherlands

Since the birth of the Dutch drinking water sector in 1851 when King Willem II gave permission to establish the first Dutch drinking water company in Amsterdam (Klostermann, 2003), the character of its' policies and strategies is typified through long time horizons. These long time horizons can be explained by the long lifetime of capital investments and the value given to sustainable service delivery. If it was judged that support was needed for long range planning decisions, water companies

relied on extrapolating past trends to provide an understanding of the future. The past proved to be a solid basis for future planning as the levels of uncertainties and change were marginal. As the water sector can be characterised by robust developments, for a long time traditional forecasting has prospered (Becker and Van Doorn, 1987). In support of long term planning, the construction of model was and is frequently done to calculate future water and investment demands, possibly also since the sector is dominated by an engineering culture infected by modelling exercises from more technical disciplines.

Making use of the future methodology tree as developed by Coyle (1997), one might say that the Dutch drinking water have made use of passive, defensive approaches or the more active analytical anticipatory approaches to support long range planning decisions. The passive, defensive and analytical anticipatory approaches were (and possibly still are) perfectly appropriate and respectable as the internal and external environment for the drinking water sector was relatively stable for a long time. The geographical area was predetermined and the monopoly position of each service provider was and currently still is untouched in view of the impracticality of introducing competition in the market. Data about customers was available, as well as the demographical increase and water uses.

Next, in the field of technological innovations not much changed since 1851, although treatment technologies became more sophisticated. But still the production and distribution process is simple and comparable to 150 years ago. Also, the product is still the same as 150 years ago although the quality obviously increased. The main uncertainties that the sector is dealing with, are coming from governmental interferences. Changes in government provide turbulence into the sector. Sometimes legislation for the sector became tighter or less rigid, and different financial mechanisms were put in place to make the sector more efficient or effective. But even from the government side the public status of the water companies was never really challenged in view of the service of the public interest.

Privatisation of Dutch water services has been and still is a huge debate in the Netherlands. In 1997 this debate really started with a report of the Dutch Ministry for Economic Affairs on privatising water services. This report concluded that privatisation could reduce the price of water services by at least 10 percent (Dijkgraaf, 1997). The industrial sector and the privatised energy utilities (especially those

who want to become a multi-utility) are very much in favour of this idea. Important opposition came from the water sector itself (drinking water supply companies and the waterboards who are responsible for wastewater treatment) as well as from the Dutch environmental ministry. Their argument is that small water consumers (households) should be protected by the lowest prices possible and that public ownership is a better guarantee for that. Another argument is that public companies and utilities are taking the environmental side-effects of water supply and waste water treatment more seriously. Together with the water services also environmental services are being produced and included in the water supply and water treatment prices. Only for big water spenders and waste water producers (mainly the large and medium sized industries) a liberalisation of the water market is accepted.

Before looking more closely at the Dutch privatisation debate, I first want to clarify how the Dutch water sector has been organised. For a number of years the water sector in the Netherlands is used to think in terms of production and supply chains, as well as in terms of systems. The term 'water sector' refers to that part of the public sector that has the administrative responsibility for water management. This covers a multitude of administrative organizations at the national, provincial, regional and local levels. A special feature of the water sector is that it has its own administrative level – the water boards¹ – separate from the three standard administrative levels (central government, the provinces and municipalities). In fact it is the only policy sector in the Netherlands for which separate functional administrative arrangements have been made in the constitution. This is not really surprising, though. Water is so obviously a dominant natural phenomenon in the Netherlands, a delta area of European significance, that a distinct institutional arrangement is considered a necessity.

Where market forces and privatization are used to increase cost transparency and effectiveness, it must be realized that even in a public-owned structure attention is paid to efficiency and price restraint. In the drinking water sector the provinces exercise control over prices, and for this reason they have in the past taken steps to expand the scale of operations to achieve economies of scale. The democratic structure of the water boards guarantees participation of interested parties in the decision-making procedures. The same goes for the determination of the costs of sewerage by municipalities. The citizen has an interest in the provision of water services at the lowest possible cost

to society. There is an opposing argument that only market mechanisms operating under conditions of free competition can deliver the lowest prices.

But if pure market mechanisms cannot be guaranteed in practice and a choice has to be made between a private or a public monopoly, the greatest benefits in terms of price control are to be gained from the transparency and democratic legitimacy offered by the public sector alternative. Moreover, drinking water companies and water boards have always had to react to the workings of a free market. Depending on the prices they set, their industrial customers will either decide to choose an alternative option (setting up their own facilities for abstracting groundwater or treating their wastewater) or make use of the public utility. In order to avoid risks associated with capacity utilization, it is clearly in the utilities' own interests to set moderate prices. Since the 1980s market forces and privatization have been strong articles of faith in society. In the Netherlands waste processing, the exploitation of cable networks and telecom have been privatized, and traditional utility companies, such as the electricity companies, are also set to be taken out of public ownership. The belief that society can be shaped to meet human needs – a belief that characterized the 1970s – has rapidly made way for the belief that the market can be shaped to meet human needs. Although this belief is still alive and kicking, it too is beginning to show signs of wear and tear. The public debate on privatization has not left the water sector untouched. The intention behind making use of market mechanisms and privatization is to gain greater efficiency. While there is nothing wrong with this, it must not be at the cost of the public performance. A water supply company that has to compete in the market will consider every possible means to reduce costs, and it can be expected that every cost item not concerned with functional value but with water system value or future value is liable to be scrapped. It may well be that public supervision of outsourced activities is possible but one can doubt whether a government that is at distance from the operational activities is able to sufficiently guarantee the public interest. Moreover, it may also be doubted whether privatized water facilities can be delivered at the lowest possible costs to society given the additional costs of public supervision and commercial interests which the citizen is billed for.

In September 2000 the Dutch Environment Minister, Prof. Jan Pronk, introduced a bill that would prevent private companies from providing water services. Public water companies would retain exclusive rights to the production and distribution of drinking water in their distribution area. In 2001 a

law to this effect was being drafted, but following the resignation in 2002 of the Dutch government (over a report into the Srebrenica massacre in Bosnia in 1995, when Dutch peacekeepers failed to act), the new government shelved the bill. The law could be considered a follow-up to a 1997 government paper, which made clear that water supply concessions would only be given to government-owned companies.

The new water law was eventually passed by the main chamber of the Dutch Parliament (Tweede Kamer) on 9 December 2003 with the support of all the major parties but one, and was passed by the Eerste Kamer on 7 September 2004.

The new law states that drinking water services to consumers may only be provided by a “*gekwalificeerde rechtspersoon*” (qualified legal person). “Qualified legal persons” are, in essence, entities which are 100% public or publicly-owned;

The key Dutch phrase regarding who may provide water services under the terms of the bill is “*gekwalificeerde rechtspersoon*”, meaning literally “qualified legal person”. This is defined at the beginning of the bill (Art. 1f):

- 1°. “*publiekrechtelijke rechtspersoon*” (public legal person), defined here as state, province, municipality, water board.
- 2°. “*naamloze or besloten vennootschap*” (public limited company or private limited liability company) that meets the following conditions: i. the statutes prescribe that all shares in the company's capital are held directly or indirectly by public legal persons and ii. the company has not committed itself to share its controlling rights with others than a public legal person or a company as defined in this article
- 3°. “*coöperatie*” (joint venture), whose members comply with the conditions set under 2°;

In addition, under Art. 1g:

- “*bestaand waterleidingbedrijf*” (existing water company): water company that delivered drinking water on 1 September 2000, as well as its legal successor under general or special title, provided that this successor is a qualified legal person.

The Dutch policy objectives for the drinking water distribution system are to provide sustainable drinking water distribution services to everyone and as a result improve the public health conditions. Other objectives are to operate the service on a cost recovery basis and to stimulate efficient water

use. Two types of prescriptive legislation can be distinguished in the Dutch case. The first is related to the quality of the service provided and the other to the organisation of the drinking water supply service. The required quality and pressure are described in the Water Supply Act and updated in the Drinking Water Decision from 2001. According to the Water supply Act, drinking water providers are responsible to provide drinking water of the required quality. The act directs the drinking water providers to supply wholesome drinking water to the users in quantities and pressures required to protect public health. If there are problems in the distribution that might influence the quality of the drinking water delivered to the customers, drinking water companies are obligated to inform the users. The Water Supply Act stipulates that plans made out by the provincial councils may require the water companies to supply drinking water in bulk to one or more water companies at prices that cover all the costs. Even when supplying water to its customers the water companies are expected to charge tariffs at cost recovery levels.

Since water companies have a (regional) monopoly on the supply of drinking water, attention needs to be given to efficiency. To guarantee an efficient water supply the instrument of **benchmarking** is used in the Netherlands. In this benchmarking the performance of water companies is compared, using performance-indicators on water quality, customer service, environment and finance & efficiency. The aim of the benchmark is threefold:

- 1) Increase transparency,
- 2) Give account to the public, shareholders and the Board of Directors and
- 3) Generate information to improve performance.

The drinking water companies are obliged to collect and hand over the information asked for by the inspectors from the Ministry of Environment. Self-regulation started in the year of 1989 with annual performance reports to improve efficiency. In 1997 the VEWIN started a Benchmark study, which has been executed three times by now. Different indicators related to water quality, services, environment and finance are collected and compared for more than 85% of the Dutch water companies. The benchmark study is used to increase the transparency of the performance of the companies and to provide an instrument, which can be used to improve the company's processes. The drinking water service in the Netherlands is of a very good quality.

Water: Public Owned Enterprises in The Netherlands.

Almost all the 10 water companies currently existing in The Netherlands are public limited companies whose shareholders are municipalities and in some cases provinces. Historically, their growth in size is due to a continuing process of concentration aimed at economies of scale and operating efficiency (Dane & Warner, 1999). In general, the level of the service provided appears good, as high-quality water is provided at an affordable price (US\$1.26/m³), which could yet decrease as a result of further concentration. Other indicators of the performance of the whole Dutch water industry include the low unaccounted-for-water, accounting for 4% of the water produced, and the high productivity of 792 connections per employee (Blokland *et al.*, 1999). In addition, Dutch water companies have proved successful in environmentally friendly initiatives such as monitoring harmful substances and minimizing pollution as well as preventing future pollution (Schwartz & Roosma, 1999).

The performance of Dutch water companies appears related to the institutional framework supporting the functioning of public limited companies. The managing director enjoys all the autonomy ensured by the statutory provisions governing the company but is financially responsible for the losses caused. The high degree of transparency and accountability in the conduction of operations is then complemented by the representation of consumers' interests through locally elected bodies. The price cost principle is fully applied but cost recovery does not result in the realization of excess profits, because of the limited interest of public shareholders in maximizing the return on investments and to the practice of restricting the payment of dividends (Blokland & Schwartz, 1999). This has not impaired the POEs' ability to finance investment programmes by resorting to the financial market. Water companies' credit worthiness is in fact based on the stable business conditions in which they operate (Braadbaart *et al.*1999).

The Dutch Water Supply Act combines in reality the best of both worlds: **Public ownership coupled with operation according to cost effective business principles**. It is an organisation that is a cross between a public owned utility and a private company: the PLC's (governments owned public limited companies). Public Water PLC's are incorporated as private companies and are also subjects to the rules and regulations governing commercial business. The majority of their shares are owned by local or national governments. These PLC's as such are relatively common in the water supply business.

Examples can be found in Europe, as well as in North America, Asia and Africa but must not be confused with corporatized parastatal utilities.

Public Water PLC's can be an interesting alternative for water supply in developing countries combining the best of both worlds. This combination offers all the necessary advantages. As a public limited company, it is required to provide optimum water supply services for everyone in its service area. The fact that it operates on a commercial basis means that the cost of services provided has to be recovered from the users. Another advantage is the financial transparency of a Public Water PLC, which is required to open its annual accounts to public scrutiny.

Water and Indian Experience:

The experience from The Netherlands narrates the success case study in a way have managed and safeguarded national interest in protecting water service going out in private hands. But this is not the same if we look in the Indian context. Recently this year there has been many news from different states where State Government has proposed to privatize water services, even the capital of India ,Delhi is not left far behind.

There has been story like "Move on to privatise water supply in city?" (Pioneer, Delhi, March 08, 2011); "Water mission visit has activists on the boil" (The Hindu, Bangalore, February 28,2011). It has a serious implication on the Indian water sector said Prabhakar Rajendran from Peoples' Campaign for Right to Water, a coalition of organisations, who organizes series of protest in Bangalore and used the slogan like "*The Americans are coming for our water. Stop the Water Terrorists*".

After a series of water privatisation programs in Karnataka, the governments of India and the United States hatched a larger plan to convert all our water into a huge profit opportunity. The US Government and a group of American business executives are coming to India on February 28th and in their words, they will be here on a mission to "Tap the \$50 billion Indian Water Market" said Prabhakar in an interview. One thing become very clear that water is a life giver which should be equitably conserved and shared by all life forms and forever could be destroyed because the Americans have other plans. That is to quietly infiltrate our country with the idea that water is a business product just like any other on which America can exercise hegemony.

Despite this unprecedented assault on nature, public opinion and common sense are being overwhelmed by a dangerous nexus between politicians, corporate leaders, bureaucrats and foreign governments. Like a vulture that seeks out vulnerability from great distances, US corporate forces with an eye on water have smelt their kill in India and are descending for a feast. The US water trade mission selected Bangalore as a first destination because the same nexus has been active for a decade and Karnataka is now being promoted as the water privatisation capital of the world. Instead of responding to the basic water needs of people in the state or to conserve water resources, successive state governments from the late 90s have been happily signing up one project after another with international banks and foreign governments to privatise every aspect of their constitutional responsibility of providing clean potable drinking water for all.

International private companies and their consultants in Karnataka directly influence water policy, assess needs, design infrastructure and manufacture public consent. They have taken over the operation and maintenance of water supply in five cities including Mysore, Hubli, Dharwad, Belgaum and Gulbarga. None of these decisions are informed, discussed or debated in democratic institutions or in the public realm. Information is suppressed and decisions manipulated, said Prabhakar.

Government of Karnataka is paying hundreds of crores of rupees to such private companies /consultants and signing agreements that are unduly biased against the public in Karnataka and itself. And hence, we can reach to a point of conclusion that the mission statement openly suggests that “the purpose of the mission is to expose U.S. firms to India’s rapidly expanding water and waste water market and to assist U.S. companies to seize export opportunities in this sector”. The deliberate use of words like - ‘water market’, ‘water trade’ - underlines the intention of transforming our traditional idea of water as a natural resource to that of a product that can be traded or which you access depending on your ability to pay for it. The idea that the state is a people elected institution for their well being is also being made nonessential. The mission statement also promises “Additional opportunities in providing consulting and design services to the Indian water industry”. The arrogance of the mission rests on its ability to get the Government of Karnataka state to hold water related policy discussions with them. This is also ironic as the state has never discussed such policies with the public.

Clearly, the US Water Trade Mission is a historical event, both for the Americans who want to establish control over our water and for those in Karnataka who want to uphold the character of water as a common good and protect it from being exploited for private profits at the cost of equity, ecological justice and the rights of all peoples - present and future.

Therefore, a coalition of organisations under the banner, Peoples' Campaign for Right to Water, says, "we protest this attempt by the Americans. The people of the state have the responsibility to stop them from stealing our water".

Similarly there have been media reports about privatizing drinking water in the national capital, Delhi. Reports say, the Delhi Government has been trying to privatise the water supply system in the national Capital for the past several years. In fact, the Delhi Government had put the proposal of 24x7 water supply in South Delhi in cold storage four years ago after public outcry(Pioneer 2011). Now, it has again come up with a proposal to privatise the water supply in South Delhi area. The Delhi Government had reportedly applied for a loan of \$50 million from the World Bank to implement the Delhi water supply 24x7 project. If this project will be finalised, it will allow the World Bank to hire multinational agencies to handle the management of water supply in Delhi. In a discussion with former Parliamentary Secretary to CM and MLA from Delhi Naseeb Singh said the Government should not privatise the water supply. "The statement reflects that private company is more efficient than the Government. The suggestion is ridiculous," said Singh. Further he clarifies drawing his experience of privatizing electricity in Delhi that so far it has work against the interest of "aam admi"(In English: Common People). When i tried to confirm this in a telephonic conversatation with the Delhi Chief Secretary Mr Rakesh Mehta, and seek his clarification about the issue in Delhi, in a single line he rejected the whole privatization debate. Further he said," even if Government is making an effort in this, then what is the problem."

Conclusion:

When i began my field study in the Netherlands to closely understand the drinking water management, i was wondering how it will contribute in Indian context. But after coming to India and the developments described in the previous section strongly put me in a naive situation, as from where to begin. I specifically mention in the introduction this is a study in a progress. Progress because it require in depth research to closely understand Government initiative towards privatization and suggest alternatives as well. I have two clear example one from Holland perspective and other from Indian. I strongly believe just on the name of its vast geographical area and huge population, government cannot run from taking the responsibility of providing clean and easy access of water to its citizen. It is the much needed concern of the time to safeguard the fundamental interest of their citizen. The issue of drinking water supply in public or in private hands is an outstanding one in many countries. Public ownership married with operation according to commercial business principles as used in the Netherlands can be applicable to Indian context as well. Lessons can be drawn from the Dutch national experience. And of course believe, the Netherlands is willing to share its experiences with others active in the field of national drinking water policy and national legal frameworks.

References:

Becker, H.A. and J.W.M. van Doorn, 1987. Scenarios in an organisational perspective. *Futures*, December 1987.

Blokland, M., Braadbaart, O. & Schwartz, K. (Ed.) *Private Business, Public Owners – Government Shareholdings in Water Enterprises*. Published for the Ministry of Housing, Spatial Planning and the Environment of the Netherlands.

Blokland, M. & Schwartz, K. (1999) The Dutch Public Water PLC, in: M. Blokland, O. Braadbaart & K. Schwartz (Eds) *Private Business, Public Owners—Government Shareholdings in Water Enterprises*, pp. 63–80 (The Hague, Ministry of Housing, Spatial Planning and the Environment of The Netherlands).

Braadbaart, O., Blokland, M. & Hoogwout, B. (1999a) Evolving market surrogates in the Dutch water supply industry: investments, finance, and industry performance comparisons, in: M. Blokland, O. Braadbaart & K. Schwartz (Eds) *Private Business, Public Owners—Government Shareholdings in Water Enterprises*, pp. 81–91 (The Hague, Ministry of Housing, Spatial Planning and the Environment of The Netherlands).

Coyle, G., 1997. The nature and value of futures studies or do futures have a future? *Futures*, Vol 29, No. 1, pp. 77-93.

Dijkgraaf, E., et al, 1997. Opportunities for competition in the Dutch water sector, Department of Market Research Series, Ministry of Economic Affairs / OCFEB, Erasmus University Rotterdam.

Hall, D. (1998) Restructuring and privatization in the public utilities – Europe, in De Luca, L. (Ed.) *Labour and social dimensions of privatization and restructuring (public utilities: water, gas and electricity)*. Geneva: published for the International Labour Office, pp. 109-151.

Dalhuisen, J.M., De Groot, H. and P. Nijkamp, 1999. The economics of water. Vrije Universiteit\ Amsterdam. Research memorandum 1999-36.

Dane, P. & Warner, J. (1999) Upscaling Water Supply: The case of Rotterdam, in Blokland, M., Braadbaart, O. & Schwartz, K. (Ed.) *Private Business, Public Owners – Government Shareholdings in Water Enterprises*. Published for the Ministry of Housing, Spatial Planning and the Environment of the Netherlands: 49-62.

Klostermann, J.E.M., 2003. The Social Construction of Sustainability in Dutch Water Companies. Dissertation. Erasmus Universiteit Rotterdam, December.

Kumar,Rajesh.,2011. Move on to privatise water supply in city? The Pioneer, New Delhi Edition. March, 08.

UN, 2007. The Millennium Development Goals Report 2007. United Nations. New York.

Nickson, A., 1997. The public-private mix in urban water supply. *International Review of Administrative Sciences*, vol. 63, 165-186.

Pargal, S., 2003. Regulation and Private Sector Investment in Infrastructure: Evidence from Latin America. Policy Research Working Paper 3037. Washington DC: World Bank.

Petrella,Riccardo, 2001.The Water Manifesto. Zed Books Ltd.London.

Savenije, H., 2002. Why water is not an ordinary economic good, or why the girl is special. *Physics and Chemistry of the Earth*. pp. 741 – 744.

.

Schwartz, K. & Roosma, E. (1999) Water Supply Companies as Environmental Watchdogs: The Case of PWN North-Holland, in: M. Blokland, O. Braadbaart & K. Schwartz (Eds) *Private Business, Public Owners—Government Shareholdings in Water Enterprises*, pp. 119–130 (The Hague, Ministry of Housing, Spatial Planning and the Environment of the Netherlands).

Thomas, D.A. and R.R. Ford, 2005. *The Crisis of Innovation in Water and Wastewater*. Edward Elgar. Cheltenham, UK.

The Hindu, 2011. Water mission visit has activists on the boil. Chennai Edition 28th February.

WFD, 2000. Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy. Official Journal of the European Communities