



WATER PRICING - GS III MAINS

Q. National water pricing mechanism is the need of the hour to solve the growing demands of the water crisis in India. Examine (15 marks, 250 words)

News: *Bangalore Water Crisis: Marginal pricing of water, subsidies to poor may curb water woes*

What's in the news?

- Barely a few days into summer and there are already reports of Bangalore facing a severe water crisis. Groundwater is depleting and borewells are running dry. The price charged by private tankers have doubled.

Key takeaways:

- Some apartment complexes and RWAs are already rationing water and cutting off water supply to households for a few hours in the daytime. Meanwhile, the state government has decided to nationalise all private water tankers in the city.

Water Pricing:

- India constitutes about 18% of the world's population and has only 4% of the world's renewable water resource which is regionally skewed and mostly rainfed.
- Over the past couple of years India has faced the **worst droughts in recent times**. Contingencies such as these have forced the policy makers to rethink India's roadmap.
- Water pricing is regarded as the most efficient way to improve water resources allocation and water use efficiency.

Need for Water Pricing Mechanism:

- **Inefficient agricultural usage of water and exports of water-intensive crops make India a large virtual exporter of water.**
- **Exhausted ground water resources.** (The ground water level is declining at the rate of 10 cm per year).
- Continuous series of drought in different parts of the country.
- Over dependence on monsoon.
- **Decreasing per-capita availability of water** and the mammoth demand in near future.
- Low storage capacity along with leakage and inefficiencies in the water supply.
- Lack of political consensus - subsidized water.
- Lack of health drinking water and rising risks of contamination of water - arsenic, fluoride. (Over 70 percent of surface water and ground water resources are contaminated).



- **Lack of awareness** among people. Charging for water will inculcate recycling behavior among the masses.
- Low/Free water rates, apart from encouraging the inefficient use of water, result in low revenue collections and contribute to the growing burden of government subsidies.
- To meet **UN's Sustainable Development Goal** of providing clean water and sanitation.
- To promote judicious and sustainable use of depleting water resources.
- With repeated failure of monsoons, there is an urgent need for Water pricing mechanism which can help in water conservation.
- **OECD studies say that putting the right price on water will encourage people to waste less, pollute less, and invest more in water infrastructure.**

How Water Pricing caters India's Need:

1. Agriculture:

- Irrigation being one of the key inputs for food production with agricultural sector being a major consumer of water, pricing of this input is one of the basic steps in raising the efficiency of water use.
- Non implementation of water pricing adversely affects the availability of resources for the management of irrigation systems.
- Hence, water pricing makes **optimum and efficient use of water resources** for agriculture and **change in cropping patterns in accordance with the local climatic conditions.**

2. Industry:

- Water pricing mechanism is essential to cater to the ever increasing industrial demands.
- The water pricing also brings out innovative approaches of **recycling mechanism in industries** and will make out their needs.

3. Public Health and Sanitation:

- Water pricing mechanism can influence public sanitation policies in a positive way.
- It will reduce unwanted release of water and have chances in reducing waterlogging conditions along with having impacts in **reduction in release of polluted water in the local environment.**

4. Water Security:

- Inter State Water Disputes which has the potential to damage Indian federal structure in the present and future are keeping on increasing and water pricing mechanism is essential to avoid such water conflicts and promote water security.

Issues:

1. Affordability:

- Water is the basic human need. Making it a commodity is against human rights of those who can't pay.



2. Issues in Agriculture:

- It will increase input cost of farmers who were unable to find remunerative prices to their products and were already in the elm of debt trap, water pricing adds extra burden to them.
- **Water being key input for agriculture has a great impact on food security of the nation as the staple crops like rice needs more water than others.**

3. Industrial Exports:

- It will erode India's export advantage as India's exports such as **automobiles, agriculture products, pharmaceuticals were all water-intensive** and in such a condition, pricing water makes their products costlier and affects their competitive advantage.

4. Environmental Price:

- While setting prices, only operational costs are considered and environmental value of water is not taken into account.

5. Charging Groundwater:

- In case of drinking water, water fee is charged for water supply by public agencies but there is no charge for those who exploit groundwater with their own investments which leads to large scale groundwater depletion.

6. Lack of Political Will:

- Free water to every household has been a election promise by political parties. Charging water would be a huge risk for election purposes.

7. Subsidy Removal:

- Electricity is already being given in states like Punjab and Harayana to farmers in subsidized forms.
- This has led to indiscriminate use of irrigation resulting in salt clogged fields. Removing subsidy would be a challenge.

8. Lack of Compliance:

- This would definitely be resisted by masses, specially the weaker section.

9. Lack of Infrastructure:

- Almost 95% of the water system in our country is unmetered. Metering on a large scale in a short notice would be challenging.

WAY FORWARD:

1. There should be **regulation** on the use of water for everyone depending upon the nature of need and counter conservation methods.



2. **Metering** should be done at all sources may it be supply water or ground water. For example, the ground water metering can be done at the site of extraction and a quota must be allotted.
3. **Pricing should be progressive in nature** (charging more from higher income group) in order to have least impact on the poor.
4. **Spreading awareness** regarding the process of refilling of aquifers and making people understand that the water storage beneath the earth is not unlimited.
5. **Motivating concerned people** regarding the use of less water intensive farming and creating a pull effect by providing better market support an price for that commodity.
6. The water charges should preferably/as a rule be determined on **volumetric basis**. Such charges should be reviewed periodically.
7. **Recycle and reuse of water, after treatment to specified standards, should also be incentivized through a planned tariff system.**
8. The over-drawal of groundwater should be minimized by **regulating the use of electricity for its extraction.**

Affordability, Equity and financial viability are the key principles to be considered for the national pricing mechanism in India. National water pricing mechanism is the need of the hour to solve the growing demands of the water crisis in India.