

Water Supply Projects in

DEWAS

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Abbreviations

BOT-Build Operate Transfer

CrPc-Criminal Procedure Code

DIA- Dewas Industrial Association

DIWSP- Dewas Industrial Water Supply Project

DMC- Dewas Municipal Corporation

JNNURM-Jawahar Lal Nehru National Urban Renewal Mission

KL-Kilo Litre

MBR-Master Balancing Reservoir

MLD-Million Litres Per Day

MPSIDC- Madhya Pradesh State Industrial Development Corporation

PPP- Public Private Partnership

RfP- Request For Proposal

UIDSSMT-Urban Infrastructure Development Scheme for Small and Medium Towns

ULB- Urban Local Body

WRD-Water Resources Department

WTP- Water Treatment Plant

Industrial and Urban Water Supply Projects in Dewas

Dewas is an important industrial township situated in the Malwa Plateau in Madhya Pradesh with an urban population of 2,89,438 according to 2011 census.¹ The district is divided in to 6 tahsils viz. Sonkachchh, Dewas, Bagli, Kannod, Tonk-Khurd and Khategaon. Dewas tahsil is situated on the north-western part of the district, Sonkachchh on the north-eastern part, Bagli on the south, Kannod on the south-central part and Khategaon on the South-east. There are two major river basins in the district i.e. Narmada Basin in the southern half and the Ganga Basin (Chambal sub basin) in the northern half of Dewas.

From 1980s onwards, the process of industrialisation and urbanisation increased at a fast pace in Dewas. The industrial township in Dewas has approximately 450 large, medium and small scale industries. With increasing industrialisation and urbanisation, water demand also increased for industrial as well as for urban use in the town. According to the 1991 census, the population of Dewas town was 1,64,364.² In 2001, the population of Dewas town grew up to 2,31,672.³ In the last two decades Dewas has developed more than sixteen new colonies and Dewas has registered approximately 43% growth in population in last two decades. The slum population of Dewas according to the city sanitation plan is 1,11,491⁴ which is approximately 40 % of the total population of Dewas town.

Before 1980's there were many traditional water sources in Dewas town which catered the need of drinking water of the city. As the process of industrialisation and urbanisation accelerated, the use of traditional drinking water sources like *bavris* (Step Wells), dugwells, etc. has deteriorated due to easy access of ground water from bore wells.

¹ Provisional report of Census India 2011, Source Url-<http://www.census2011.co.in/census/city/297-dewas.html>

² Draft City Sanitation Plan for Dewas, USAID and Alchemy Urban Systems (P)_Ltd., January 2011, Page-20

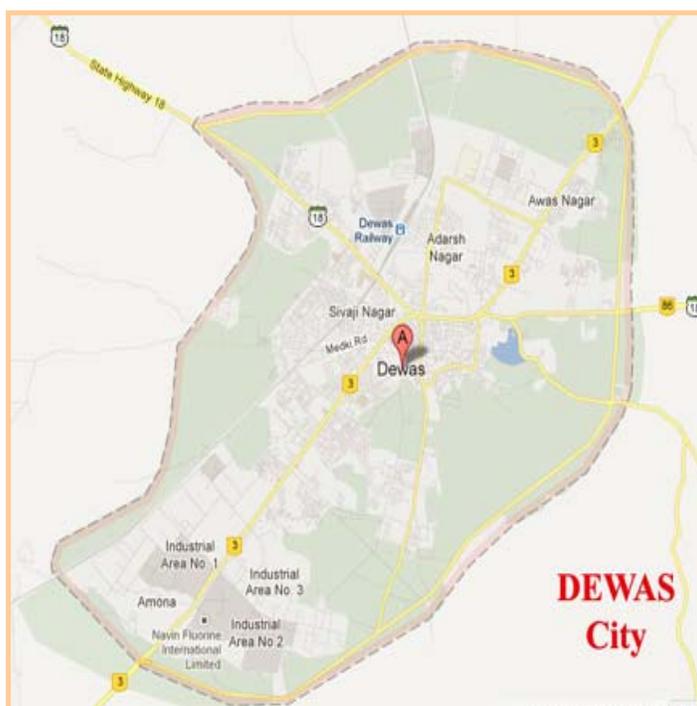
³ Draft City Sanitation Plan for Dewas, USAID and Alchemy Urban Systems (P)_Ltd., January 2011, Page-20

⁴ Draft City Sanitation Plan for Dewas, USAID and Alchemy Urban Systems (P)_Ltd., January 2011, Page-87

With this rapid industrialisation in Dewas, the pressure on the local resources including surface and ground water increased over a period of time. Since 1990s the town and adjoining areas of Dewas district have been suffering from water shortages for drinking, irrigation and for the industrial purpose. Due to incessant ground water extraction by industries since mid 1990s the water situation in Dewas became so grave that water had to be brought-in using railway tankers for drinking purposes to the town. Due to water shortages, industrial production has also started suffering lately. To sustain themselves, some industries started pumping ground water from far off villages to supply their units and others began purchasing water from private water tanker suppliers.

Background of DIWSP

To improve the water situation of industries, the state government agencies like Madhya Pradesh State Industrial Development Corporation



(MPSIDC) with active support from Dewas Industrial Association (DIA) planned for an exclusive industrial water supply project for industries in Dewas Industrial Area. In September 2004, MPSIDC invited Request for Proposal (RfP) from private companies for DIWSP.⁵ According to the RfP, “the DIA was receiving 2.4 MLD water against the actual requirement of approximately 15 MLD water. This quantity of 2.4 MLD is being received from tube wells, Kshipra river and tankers operated by local people. Thus the availability and actual demand is having a huge margin adversely affecting the growth of the industries”.⁶ As per the president of DIA, Mr. Ashok Khandelia, the actual current water demand of industries in DIA is not more than 12 MLD.

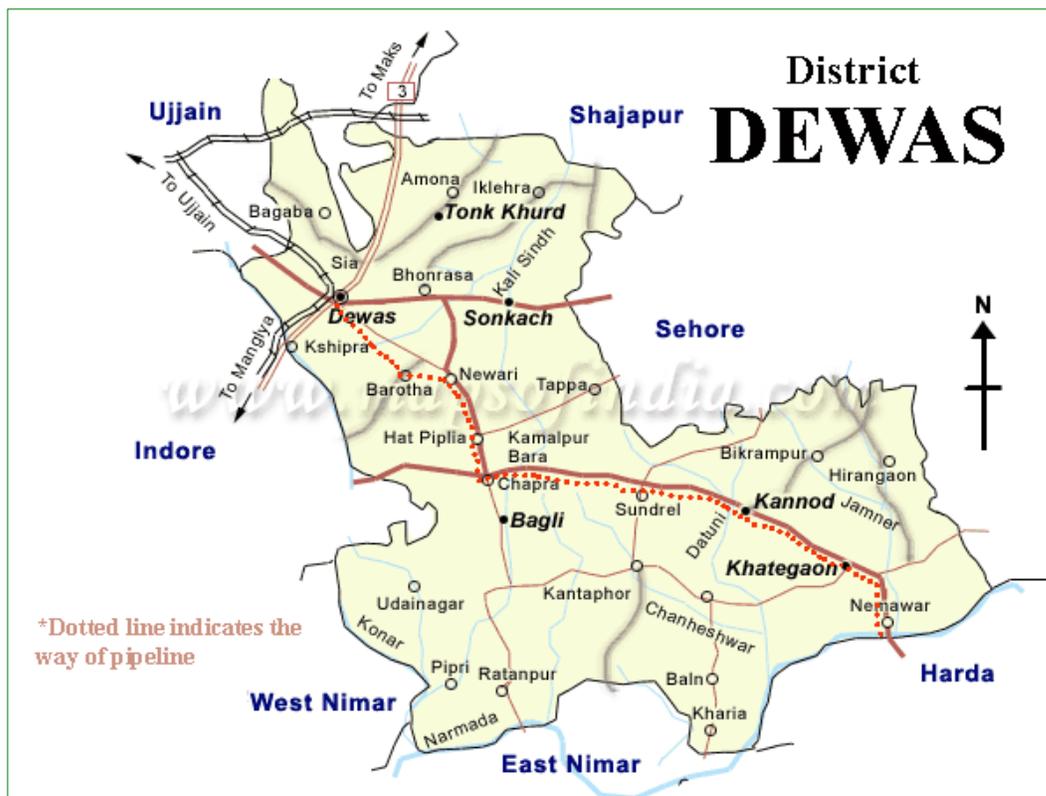
⁵ Request for Proposal (RfP) for Development of Dewas Industrial Water Supply for bringing 5 MGD water from river Narmada for Industries located in and around Dewas on BOT basis, Letter of Invitation, September 2004

⁶ Request for Proposal (RfP) for Development of Dewas Industrial Water Supply for bringing 5 MGD water from river Narmada for Industries located in and around Dewas on BOT basis, Vol-1, Section-3, Project details, Page-8, September 2004

* Dewas City Map, Source Url - <http://maps.google.co.in/maps?q=dewas+map&hl=en&ll=22.961238,76.051483&spn=0.085827,0.169086&hnear=Dewas,+Madhya+Pradesh&gl=in&t=m&z=13>

On 9th September 2002, MPSIDC issued an invitation to pre qualification of private developer for privatised industrial water supply to Dewas Industrial Association on Build-Operate-Transfer (BOT) basis for the period of 30 years. The scope of work includes design, construction, commissioning and operation of 5 MGD (23 MLD) water supply project keeping source of water as Narmada from Nemawar 128 kms at the gradient of 303 mtrs. After 30 years, the private developer will have to hand over the project to the State Government.

The tenders for the project were issued in October 2004 and M/s MSK Projects (India) Ltd, Baroda, Gujarat based company was selected for executing the BOT project.⁷ According to the first tender notice, the estimated cost of the project was Rs. 65 crores whereas in the final tender notice the cost of the project jumped up to Rs. 77.58 crores. DIA, MPSIDC and MSK Projects signed a tripartite agreement and agreed that MSK Projects would supply water to DIA at the cost of Rs. 26.50 per KL.



In February 2006, MSK Projects started construction work on the project. The project mainly comprises of - construction of intake well and jack well at Nemawar, construction of first pump house at Nemawar, construction of water treatment plant at Nemawar, construction of second pumping house near Kiloda village and third pumping house near Kalapatha, construction

⁷ Wellspun group has taken over M/s MSK Projects (India) Ltd., Wellspun news letter, dated- 18 March 2010, Source Url-http://www.welspun.com/userfiles/file/newsletter/welwisher_Jan%202010.pdf

of Master Balancing Reservoir (MBR) near Nagda, laying transmission and distribution lines. The time allocated under the concession agreement for construction and commissioning of the project was 18 months. But, the above construction work was delayed and finished only in September 2008.⁸ In October 2008, MSK Projects started supplying water to the industries. Yet, due to various problems faced in the operation of the project like regular bursting of newly laid pipelines, the laying of new pipelines still continues.

When DIWSP was propogated it was assumed that the industries will get reliable water supply from the project. It was understood that this project would benefit 59 large and medium scale industries and 400 small-scale industries. Following were the proposed outcomes of DIWSP:⁹

1. Industries would receive good quality reliable water supply at their units leading to good industrial output which was suffering due to water shortages.
2. The private company would deliver efficient and well managed water services to the industries.
3. The ground water over-extraction by the industries would reduce and therefore would lead to the replenishment and higher levels of ground water tables.
4. The water transfer from a perennial source like Narmada would also have a positive effect on the local surface water sources which have been sucked dry.
5. The water project would also be able to supply water to Dewas Municipal Corporation (DMC) in case of emergencies and dry seasons, helping cover the deficit in drinking water supply.
6. Water would also be supplied to the enroute villages to solve the water crises in these villages.

Status and Impacts of DIWSP

As mentioned earlier the Dewas industrial water supply project began operations in October 2008, after quite a delay in execution. However, the project has been facing controversies since the day it began supplying water. The project is supposed to fulfill the industrial water demand and to supply water as per the agreement. But due to poor execution of the project and poor materials used such as in the bulk water pipelines, the project has not able to provide committed amount of water to the industries in DIA. The industries largely, continue to use ground water and water from other sources like private water tanker suppliers to continue operating. The on-field reports and observations show that as of now the implementation of the project has not been able to solve the water problems of the industries. On the other hand, the project implementation has started and aggravated water conflicts in the urban as well as in the rural areas.

⁸ Physical Status report of Dewas Industrial Water Supply Project as on 12-September-2008

⁹ Dewas Industrial Water Supply Project, Project Status Note, Undated, Pages-10-12

As per the MPSIDC meeting minutes dated 21-March-2011, regarding the DIWSP, MSK Projects has signed an agreement with 141 industrial units in DIA for supplying 9.89 MLD water.¹⁰ However, according to the concession agreement, the total installed capacity of the project is 23 MLD. MPSIDC has stated that the adequate raw water is available and Water Resources Department (WRD) has already given permission for the off take of 60 MLD.¹¹ Yet, the project concessionaire is supplying only on an average 3.4 MLD water to the industries. Even though the raw water availability and the installed capacity under the concession agreement is on the much higher side, add to the fact that the industrial demand for water remains high for running operations.

MPSIDC had also assured the potential private bidders for the project during the pre-bid meeting, that for Dewas industrial area, no alternate water supply scheme will be allowed/ created till 23 MLD demand is met.¹²

MSK Projects has committed through individual agreements with industries, to supply 9.89 MLD water on regular basis. But according to the data received under RTI, from 15 October 2008 to 31 July 2010, the average supply per day was not more than 3490.29 KL/ Day (3.4MLD).¹³ Due to irregular water supply by MSK Projects, industries claim that they are facing water shortages and ironically to meet the water demand, they are reverting back to ground water use and private water tanker suppliers. Sources in some of the industrial units stated that MSK Projects is not providing the committed water as per the agreement due to which industries are forced to take water from other sources.¹⁴

Requests for appointments with the MSK officials were not fruitful. During the course of the field studies and meetings in Dewas, we tried to get in touch with the officials at MSK, but they were not open to discussing the issues related to DIWSP with us.

For ensuring industrial water consumption from the project, MSK Projects has signed a minimum off-take agreement with the industries in DIA. According to the minimum off-take agreement, “the consumer agrees to pay minimum water charges determined on the basis of applying the rates of water charges as laid down in the clause 2 of this agreement on the quantity of the water determined @ 65% on the minimum agreed monthly quantity of water as laid down in the preamble and para 3 of the agreement irrespective of consumption subject to force majeure

¹⁰ Meeting minutes regarding DIWSP held on 21-March-2011, Page-2

¹¹ Pre-bid clarifications given in the pre-bid meeting dated 30-September-2004 regarding DIWSP

¹² Replies to the Pre-Bid queries, DIWSP, 30 -September-2004, Page-40

¹³ Summary-Water Supply Quantity and Average Supply Per Day, MPSIDC, Information provided by MPSIDC under RTI, Letter No.4356, dated-05 October 2011

¹⁴ Interview held with different stake holders in DIA which included key officials of the individual industries in DIA during our field visit in March 2011

situation in which no minimum charges will be payable by second party.”¹⁵ It needs to be noted here that MSK Projects has failed to provide even committed 65% of minimum agreed monthly quantity of water to the industries on regular basis.

According to several news reports, the project company has not maintained the quality standards set by MPSIDC according to the concession agreement. The reports also stated that the project concessionaire has done a poor job and used sub-standard material that led to breakdowns and bursting of pipelines, further hampering the water supply.¹⁶ Even though the demand for water is high from the industries, the concessionaire has not been able to meet the demand. Yet, it had signed agreements with Dewas Municipal Corporation (DMC) in 2009 and 2010 for supplying water during the peak summer months to cover the water deficit in the town.¹⁷

According to clarifications given in the pre-bid meeting dated 30 September 2004 for DIWSP it was mentioned that, “After fulfilling the requirements of the industries in DIA and industries in nearby areas bidder is free to sell water on the tariff which will not be more than the tariff charged from industrial users.”¹⁸

During the interviews with various people in DIA, it was also mentioned that there is no complaint and consumer grievance redressal mechanism set up by the private operator to address industrial complaints regarding water supply. They also added that there was no prior official communication from MSK Projects regarding interruptions in water supply schedules.¹⁹ The industries who had signed the agreement with MSK Projects are now demanding differential incremental cost²⁰ from it, as the compensation amount for the losses borne by them due to inadequate water supply.

¹⁵ Agreement with the Industries for Minimum Take Off from the proposed Dewas Industrial Water Supply Project provided by MPSIDC under RTI, Letter No.4356, dated-05 October 2011, Page-5

¹⁶ Shashikant Trivedi, Dewas water supply project in rough weather, Business Standard, dated-14 May 2010, Source Url - <http://www.business-standard.com/india/news/dewas-water-supply-project-in-rough-weather/394858/>

¹⁷ Agreement between M/s MSK and Dewas Municipal Corporation for supplying water to Dewas Municipal Corporation, 12 Jan 2009

¹⁸ Pre-bid clarification given by MPSIDC in the pre-bid meeting dated 30 September 2004 for DIWSP, Page-9, Sr. No - 32

¹⁹ Interview held with different stake holders in DIA which included key officials of the individual industries in DIA during our field visit in March 2011.

²⁰ If the total water demand of an industry in Dewas is 100 KL per day then the base figure for demanding differential incremental cost would be on 65 KL per day(on the basis of minimum off take agreement @65%). If M/s MSK has supplied only 20 KL per day of water to the industry then the difference between minimum off take committed and water supplied by M/s MSK on that day would be calculated first and then the difference would be multiplied by the difference in market rate and M/s MSK rate at which water is procured which will give total differential incremental cost for an industry.

The Concession Agreement gives the formula for calculating Differential Incremental Cost for procuring water from alternative source as = Cost Increase (Market rate - MSK rate)*No of litres* Days. E.g. ABC Co. Pvt. Ltd. in Dewas purchased water from market at the rate of Rs. 58.33 per KL during the water shortage for 41 days for the agreement quantity 51 KL/day then the incremental cost according to above formula would be Rs. 31.83 per KL

As per the pre-bid clarifications given by MPSIDC in the pre-bid meeting held on 30 September 2004 regarding DIWSP, a free supply of 2 MLD to enroute beneficiaries had also been indicated in the proposal.²¹ However, later on MPSIDC in its pre-bid clarifications had said that: “Concessionaire is expected to meet the water demand of enroute villages as a good industry practice.”²² This meant that MPSIDC had freed the private concessionaire from the contractual obligation of providing water to the enroute villages and now it is entirely on private concessionaire's wish to provide or not to provide water to these villages.

From our field visits²³ and interviews with the villagers we observed that the water demand for domestic use is not met adequately by the existing water resources in the area and due to shortage of drinking water in dry season, people's access and availability to water is severely hampered.

In 2010, as per news reports, the villagers were chargesheeted for breaking and vandalising DIWSP pipelines to get water. The district administration instead of investigating the issue imposed section 144 of the Criminal Procedure Code (CrPc).²⁴ However, later reports and investigations showed that there was no proof of the involvement of local people in such activities and the pipe bursts happened because of poor design and sub standard use of pipes, which were unable to handle the high pressure of water pumped. The local people are still waiting for water to be delivered to their houses. Their complaints and requests to district administration have not yielded any results as yet.²⁵

On the other hand, due to the negligence of the private concessionaire the breakdowns and bursting of pipelines thousands of gallons of water was wasted and caused damage to the village lands.^{26, 27} During field visits, it was observed that there is no plan and execution of water supply to any of these villages. Since this water has to be provided free of cost to the villages, the project concessionaire is not too interested in doing this urgently, if at all. It seems that the earlier promise

(58.33 - 26.50) and total differential incremental cost for 41 days using the above formula would be Rs. 66557 (= Rs. 31.83 * 41 * 51)

²¹ Pre-bid clarifications given in the pre-bid meeting dated 30 September 2004 for Dewas Industrial Water Supply Project, Page-10

²² Ibid

²³ We visited five out of twelve of the enroute villages and had discussion with the villagers about DIWSP dated 17 January 2011, the name of the five villages are: Nemawar, Sandalpur, Chapada, Arlauda and Hatpaliya

²⁴ Milind Ghatwai, Water woes turn into law and order problem in Madhya Pradesh, Indian Express, dated-04 June 2009, Source Url - <http://www.indianexpress.com/news/water-woes-turn-into-law-and-order-problem-in-madhya-pradesh/470892/2>

²⁵ Feedback of DIWSP by journalist Shri Manish Vaidya in Dewas and interview with the villagers of five enroute villages during our field visit in January 2011.

²⁶ Feedback of DIWSP by journalist Shri Manish Vaidya in Dewas and interview with the villagers of five enroute villages during our field visit in January 2011

²⁷ Sanjay Sharma, Blood flows as water dries up in Madhya Pradesh, Thaindian News, dated-06 June 2009, Source Url - http://www.thaindian.com/newsportal/health/blood-flows-as-water-dries-up-in-madhya-pradesh_100201457.html

made was to assuage the feelings and emotions of the rural people so that they do not react sharply to water being piped through their lands and fields without it being supplied to them.²⁸

Out of five villages visited during the field visit, only Chapada village panchayat has signed a contract with MSK Projects regarding water supply. According to Dayaram Yadav (Panch of Chapada), as per the agreement with Chapada village panchayat, “MSK Projects has committed to supply 2 lakh litres of water, twice a day for one hour. It will charge Rs. 2 lakh per year from the village panchayat to supply piped water to the village.”²⁹ But even after signing the agreement MSK Projects has not begun supplying water to Chapada village. This can mean that only those villages who will sign the agreement with MSK will receive water and that too shall not be free.

Problems faced by Industries after DIWSP

Although the planning and execution of the industrial water supply project was done to improve the water scarcity situation faced by the industries in Dewas industrial area. However, information and data from various sources suggest that the situation has not changed much from what it was before the project was implemented. According to news reports³⁰ and information based on discussions and interviews with local people and some of the staff members working in the industrial area, it was revealed that the industries are facing varied problems related to water supply even after the implementation of DIWSP:

1. The industrial area faces water shortages in summer even after the implementation of the project and it has been reported³¹ and stated by several people working in Dewas during field interviews³² that there has been irregular water supply by the project concessionaire to the industrial units.
2. According to industry sources MSK Projects had not given any prior notice about the interruptions in the water supply schedule to the industries.
3. Currently industries are also depending on other alternative sources of water to sustain their operations.
4. Ground water level have been decreasing due to which industries are also facing water shortages from groundwater sources.

²⁸ We visited five out of twelve of the enroute villages, name of villages and people met had discussion with the villagers about DIWSP dated 17 January 2011

²⁹ Interview with the Panch of Chapada village panchayat, Shri Dayaram Yadav village during field visit, dated - 17 January 2011

³⁰ Shashikant Trivedi, Dewas water supply project in rough weather, Business Standard, dated-14 May 2010, Source Url - <http://www.business-standard.com/india/news/dewas-water-supply-project-in-rough-weather/394858/>

³¹ Shashikant Trivedi, Dewas water supply project in rough weather, Business Standard, dated-14 May 2010, Source Url - <http://www.business-standard.com/india/news/dewas-water-supply-project-in-rough-weather/394858/>

³² We visited Dewas Industrial area and met various industrial officials regarding DIWSP during field visits in March 2010

5. According to industry sources there is no existing appropriate grievance redressal mechanism to address the complaints of the industries regarding water supply and the project concessionaire MSK Projects, so far has not been held accountable to deliver the services based on contractual obligations.
6. Industry sources also stated that there has been little improvement in water supply to industries based on the concession agreement after the implementation of the project .
7. On the ground there are many industries where MSK Projects has not been able to lay pipelines according to the concession agreement for water supply.

Contractual obligations under DIWSP

DIA, MPSIDC and MSK Projects signed a tripartite agreement on 16th June 2005 and it was agreed that MSK Projects would supply water to DIA. The concession agreement enlists several contractual clauses that the project concessionaire needs to honour in order to fulfil the contractual responsibilities of the project. These contractual clauses form an important part of the obligations of the project concessionaire for successful execution and operation of the project. These are also integral to ensure that the project is efficiently operated and provides better services to the industrial units. Among the many contractual clauses that the project concessionaire needs to fulfill, some of the relevant clauses are mentioned below:

1. Timeline for Construction Phase - “The Concessionaire guarantees that the Project Completion shall be achieved in accordance with the provisions of this Agreement on a date not later than 18 (Eighteen) months from the Commencement date (“Scheduled Project Completion Date”).”³³ The project construction work started in February 2006 and the operations of the project started from October 2008. The start of the operations date shows that the project completion was delayed beyond the period agreed in the concession agreement by several months. As per the principles of concession agreement, “Concession Period starts from the date of completion of the project or 24 months which ever is earlier.”³⁴ Taking into account the date of the signing of concession agreement in June 2005, the project was supposed to be completed in June 2007, keeping in mind the 24 month deadline mentioned in the agreement. However, the water supply commenced to the industrial area only in October 2008.³⁵ Again in June 2011, MPSIDC stated that the project is incomplete and needs to be completed on an urgent basis.³⁶ It is not clear, though what action has been taken against the project concessionaire for the delay in completing the construction phase of the project.

2. Water Supply and Levy of Charges - According to the concession agreement, it is the obligation of MSK Projects to maintain the water supply as per the agreement with MPSIDC

³³ Concession Agreement between MPSIDC and M/s. MSK Projects, 2005, clause-14.3, page-57

³⁴ MPSIDC Board Meeting document dated-04 October 2004, Principles of Concession Agreement, A 1.13

³⁵ Brief Note on M/S MSK Projects for discussion for the Steering Group meeting, Dated – 7th June 2010.

³⁶ Minutes of the meeting held on 10th June 2010, regarding DIWSP

but right from the inception of the project, industry sources have stated that MSK Projects has not been able to supply and maintain committed water services to the industries in Dewas.

As per the Concession Agreement, “Concessionaire to levy and collect water charges from the users of the Project at the rates set forth in the Fee Notification and in accordance with this Agreement and maintain the water supply from the Project in accordance with the agreement.”³⁷ As per the industry sources, MSK has collected users charges from the industries for the actual water supplied to the industries but the quantity supplied by MSK is much less than originally agreed quantity of water as per the minimum off take agreement. MSK has even failed to maintain regular water supply in accordance with the agreement.

3. Transparency and Communication with Users_ As per the Concession Agreement the concessionaire has to “Make reasonable efforts to maintain harmony and good industrial relations among the personnel employed in the connection with the performance of the concessionaire’s obligations under this Agreement.”³⁸ Industry sources stated that there are no formal communication channels in place, there is no complaints registration/ grievance redressal mechanism set up by the project concessionaire and even after repeated complaints from industrial units regarding the unscheduled stoppages, irregular and lack of water supply. MSK has not able to properly communicate and address the complaints of the industrial units in Dewas.

4. Water Supply to Other Users - The Concession Agreement notes that, “the Concessionaire can supply excess residual water to user other than industry only on the following terms: Residual water available only after fulfilling the demand of the existing and new industry can be used for supply for other than industrial use. Rates for such supply will be agreed rate between the buyers and the supplier but in any case will not be higher than industrial rate. Such supply can be done only after obtaining the written permission from MPSIDC and will be limited to the amount and time for which such permission holds good.”³⁹

Over the period of operations, since 2008, it has been mentioned earlier that DIWSP has not been able to supply more than 3.4 MLD water to the industries at any given time. This figure is well below the committed quantity of 12 MLD required for the industrial units in Dewas. It is strange to note that on the one hand the project has not been able to meet its commitments under the agreement yet it was able to supply water to DMC for meeting its domestic requirements for Dewas city. MPSIDC gave the permission to MSK Projects to supply 2 - 5 MLD water to DMC.⁴⁰ A letter from the MD, MPSIDC states that, “MPSIDC has taken up the

³⁷ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-8.1 (xiii), page-38

³⁸ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-8.1 (xvi), page-39

³⁹ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-20.4 (iv), page-72

⁴⁰ Letter from MPSIDC to MSK Projects (India) Ltd, Baroda, No. - MPSIDC/SP/1/7/09/6757 – 60, dated- 20 January 2009

matter for supplying water to the Nagar Palik Nigam with the concessionaire of the project M/s. MSK Projects (I) Ltd. And obtained their consent to supply 4.2 MLD water surplusly available with them after meeting the requirement of industries at Dewas”.⁴¹

As mentioned the basis for permission to MSK Projects by MPSIDC to supply water to DMC was given on the understanding that it has surplus amount of water after supplying to the industries in Dewas.

Apart from the above, there are some other obligations related to industries and MPSIDC included in the concession contract. Following are some of the important clauses:

5. Other Obligations - According to the concession agreement between MSK Projects Pvt. Ltd and MPSIDC, it is MPSIDC's obligation to “ensure that no ground water extraction shall be carried out in the project area. Also a suitable penalty shall be imposed on the person carrying out ground water extraction during the project period”.⁴² However, as has been observed that as the project remains unsuccessful in delivering the committed amount of water to the industries, the industries on the other hand are continuing to use ground water to run operations.

According to the agreement with the industries for the minimum off take from DIWSP, “the consumer agrees not to take any water from ground water for industrial use irrespective of whether such ground water source is installed in its own premises or is from an outside source and the ground water tube well installed in the premises of the industry for drawing water for industrial use will be closed and sealed by the customer / industries within a period of one month of completion certificate issued by MPSIDC. Only upon such certification by MPSIDC the action about closing and sealing of ground water tube-wells installed in the premises of consumer for drawing water for industrial use will be taken and thereafter a certificate to this effect shall be obtained from MPSIDC by the consumer and shall be submitted to the developer”.⁴³

However, again as has been observed during the field visit to some of the industrial units in Dewas, the groundwater use has not completely stopped. This is largely due to the inability of DIWSP to supply regular and committed water to the industrial units as yet.

Post Contractual Changes

Along with the implementation of private projects also comes a serious issue of post-contractual changes demanded by the private companies once they are firmly settled into the

⁴¹ Letter from MPSIDC to the Principle Secretary, Government of Madhya Pradesh, Water Resources Department, Bhopal, No. - MPSIDC/SP/1/6/09/6753 – 56, dated – 22 January 2009

⁴² Concession Agreement between MPSIDC and M/s. MSK Projects, 2005, page-45

⁴³ Copy of the Agreement with the Industries for minimum take off from the Dewas Industrial Water Supply Project under RTI, Letter No.4356, dated-05 October 2011

driving seat. We have seen in several private projects in past as well as in the current ones that the private companies do not hesitate to hold the government agencies to ransom and push for post-contractual changes profiting them. Even though it is well known and accepted that it is against business ethics and values to call for such changes once the contract has been signed and is under operation. This is more evident in public services projects operated by private companies like water supply among others. There are several post contractual changes that have been called for by Welspun Infratec Ltd (the parent company of MSK Projects) to MPSIDC, for making fundamental changes into the original concession agreement. Here in this section, we would discuss some of the important developments in this regard -

1. Installed Capacity and Concession Period - According to the concession agreement of DIWSP, the total installed capacity of the project is 23 MLD. However, as per the minutes of the meeting held on 21 March 2011 regarding DIWSP, between Welspun and MPSIDC, it was stated by Mr. Vijay Agarwal, Executive Director, Welspun Infratec Ltd that to continue the improvements in the current project, changes should be made in the project and total installed capacity of 23 MLD should be increased to 45 MLD. Mr. Agarwal further added that there is also the need to extend the concession period from 30 years to 45 years.⁴⁴

However, at the moment Dewas Industrial Association and MPSIDC, both have resisted these modifications in the concession and have dismissed the statement of Mr. Agarwal and clarified that as per the existing agreement, MSK Projects is bound to supply 23 MLD and that too in the specified timeline.⁴⁵ Yet, this could just be the beginning of a long drawn process of renegotiating the original concession agreement.

2. Construction Phase completion Schedule - According to the concession agreement, it is the obligation of the project concessionaire to complete the project as per scheduled project completion date.⁴⁶ Even after considerable delay in completing the project as discussed earlier, MPSIDC instead of taking action for the delay caused by the concessionaire has declared that the project is incomplete.⁴⁷ According to the clauses under the concession agreement MPSIDC has the power to terminate the contract⁴⁸ and ask for compensation for the breach of agreement.

As per Clause 14.4 of the Concession Agreement between MSK and MPSIDC, "If the Project Completion is not achieved by the Scheduled Project Completion Date or such extended date by MPSIDC, for any reason other than conditions constituting Force Majeure or for reasons attributable to MPSIDC, the Concessionaire shall be liable to pay to MPSIDC as weekly

⁴⁴ Minutes of the meeting held on 21 March 2011 regarding DIWSP between Welspun and MPSIDC

⁴⁵ Ibid

⁴⁶ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-14.3, page-57

⁴⁷ Minutes of the meeting held on 10 June 2011 regarding DIWSP between Welspun and MPSIDC

⁴⁸ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-14.6, page-57

damages for delay **in the achievement of the Completion Date, upto an amount calculated at the rate of Rs. 10,000/- per day (Rupees Ten Thousand Only) for such delay. MPSIDC** may either recover such Damages from the Performance Security or demand payment thereof from the Concessionaire”.⁴⁹ (Emphasis in Original)

3. Water Supply to Industrial Units - According to the information gathered it has been found that MSK Projects has started supplying water to industries from October 2008 onwards and has been collecting users charges from industries in Dewas. So practically, the project operations began from October 2008 and the concession period would also start from October 2008. But as per the meeting minutes held between MPSIDC and Welspun on 10 June 2011, MPSIDC has decided to consider concession period of 30 years from the date of renovation/up-gradation/ completion of the project.⁵⁰ It is not clear though, when the renovation/ up-gradation/ completion work will be completed.

4. Water Tariffs - On the issue of post contractual changes in the water tariff agreed in the original contract Dewas Industrial Association, Welspun Projects Ltd and MPSIDC has agreed to increase water tariffs from Rs 26.50 to Rs 34.77 per KL.⁵¹ However, it has been added that the increased water tariffs as per the agreement would be applicable only after the project is completed with the supply capacity of 23 MLD.⁵²

During the course of the above meeting the project concessionaire had also proposed a new condition that for supply of water over and above 13 MLD for industrial users, a rate of Rs 50 per KL should be made applicable.⁵³ Dewas Industrial Association has asserted that they have no objection to the concessionaire charging a higher rate for water supply over and above 13 MLD. However, it said that the concessionaire needs to explain the basis of arriving at the rate of Rs 50 per KL over and above 13 MLD supply.⁵⁴ MPSIDC has decided that it will take legal opinion and thereafter seek approval of the state government on the concessionaire’s proposal to apply increased rate for water supply over and above 13 MLD.⁵⁵

⁴⁹ Concession Agreement between MPSIDC and M/s. MSK, 2005, clause-14.4, page-57

⁵⁰ Minutes of the meeting held on 10 June 2011 regarding DIWSP between Welspun and MPSIDC

⁵¹ Minutes of the meeting held on 16 June 2011 regarding DIWSP between Welspun and MPSIDC

⁵² Minutes of the meeting held on 16 June 2011 regarding DIWSP between Welspun and MPSIDC

⁵³ Minutes of the meeting held on 10 June 2011 regarding DIWSP between Welspun and MPSIDC

⁵⁴ Ibid

⁵⁵ Ibid

Urban Water Supply in Dewas

The urban water crisis began aggravating in Dewas town from 1990s. During the 1990s the water condition in Dewas was such that water was brought in railway tankers from Indore to fulfill the water needs of the town. In last five years, Dewas Municipal Corporation (DMC) has been procuring water to fulfill the demand from the following sources:

1. Kshipra river (located 12 kms from Dewas town), 5 MLD⁵⁶
2. Raja Nal Talab (located 16 kms from Dewas town), 4 MLD⁵⁷
3. Tube wells, 1 MLD⁵⁸
4. Narmada Water Supply Scheme, Indore Municipal Corporation, 2 MLD⁵⁹
5. Other sources (like tankers and industrial water supply in every summer season when ground water and surface water availability substantially decreases), 3-4 MLD.⁶⁰ DMC supplies approximately 12 MLD water to Dewas town throughout the year.

According to provisional report of Census India 2011, the population of Dewas town is 2,89,438.⁶¹ Assuming that each household has average five members then the total number of households in Dewas town would be approximately 57,888 in 2011. As per the norms and standards of municipal basic services in India recommended by Centre Public Health and Environmental Engineering Organisation (CPHEEO), water required per person per day for cities provided with piped water supply where sewerage system is existing /contemplated is 135 lpcd.⁶²

⁵⁶ CDP for Dewas, Submitted by ICRA Management Consulting Services Limited, Noida on behalf of Madhya Pradesh Urban Services for the Poor, Urban Administration and Development Department, Government of Madhya Pradesh, June-2011, Page-40

⁵⁷ Ibid

⁵⁸ Ibid

⁵⁹ Milind Ghatwai, Water woes turn into law and order problem in Madhya Pradesh, Indian Express, dated-04 June 2009, Source Url - <http://www.indianexpress.com/news/water-woes-turn-into-law-and-order-problem-i/470892/>

⁶⁰ Information provided by DMC official during interview in January 2011

⁶¹ Provisional report of Census India 2011, Source Url - <http://www.census2011.co.in/census/city/297-dewas.html>

⁶² Status of Water Supply, Sanitation and Solid Waste Management in Urban Areas, CPHEEO, Ministry of Urban Development, Government of India, June 2005, Page-37

Therefore, for 2,89,438 population (57,888 households) the water demand for Dewas would be 39074. 130 KL/ day (39 MLD). At present water supplied by DMC is only 12 MLD therefore there is a deficit of 27 MLD. The 12 MLD water supplied by DMC translates into 41 lpcd, when distributed equitably across all the population, which is far low from the CPHEEO standards. However, quite a substantial number of the upper and middle income houses in Dewas have their own private bore wells, therefore the water supplies of households which have the higher financial capacity approximately reach in the range of 70 to 100 lpcd but for the poor it becomes less than 50 lpcd during peak summer season. As per the City Sanitation Plan of Dewas out of the total slum population, 47% of the slum population rely on piped municipal supply and 44% of the slum population rely on hand pumps.⁶³

According to the information provided by DMC officials, there are 21,000 legal domestic water connections and 500 non-domestic connections (the CDP gives the total number of connections as 25,500 in Dewas city), 1000 public stand posts, 236 hand pumps (186 in working condition), 507 DMC bore wells and 20,000 private bore wells (CDP, Dewas gives these as 36,000 bore wells in the town and most of which are private) in Dewas town. There are two water treatment plants in Dewas (one old and one new) each with the capacity of 15 lakh gallons for filtering raw water from Kshipra river and Raja Nal Talab. DMC has 75% piped water supply coverage and 25% of water is supplied by tankers and tube wells. To extract the ground water, according to Rajendra Bandhu who has worked with Samaj Pragati Sahayog⁶⁴ (a local non-government organisation, working on water issues) for more than a decade, “DMC has constructed 13 tube well complexes in five places of Dewas town (each tube well complex consists of around 10-12 tube wells)”.⁶⁵ The current domestic connections are charged at the rate of Rs. 50 and commercial connections are charged at the rate of Rs. 200.⁶⁶

The water crisis in Dewas town post year 2000 was so acute that DMC had to knock the doors of the Madhya Pradesh High Court to order Indore Municipal Corporation (IMC) for supplying 5 MLD water to Dewas from its Narmada Water Supply Scheme. As per the information provided by DMC, the High Court in its order⁶⁷ has mandated IMC to supply DMC 13 lakh gallon water per day (5. 75 MLD) but IMC provided only 2 MLD water to DMC during the year 2010-11.⁶⁸

⁶³ Draft City Sanitation Plan for Dewas, Page-35

⁶⁴ For more details about Samaj Pragati Sahyog, Bagli, Dewas, please see – www.samprag.org

⁶⁵ Derived from an article by Shri Rajendra Bandhu activist and journalist, based in Indore

⁶⁶ CDP for Dewas, Submitted by ICRA Management Consulting Services Limited, Noida on behalf of Madhya Pradesh Urban Services for the Poor, Urban Administration and Development Department, Government of Madhya Pradesh, June 2011, Page-41

⁶⁷ Information provided by DMC official during interview in January 2011.

⁶⁸ Information provided by DMC official during interview in January 2011.

Since the last two decades DMC has been facing severe criticism from the residents for not supplying adequate water to households especially during the summer season. To meet the water demand in summer months since last three years, DMC procures water from IMC and also from private water suppliers contractors like private tanker services and DIWSP. From the figures made available by DMC with regards to water procured from DIWSP, it looks likely that the municipal corporation does not have the financial capacity to buy water regularly at higher rate from the private concessionaire, so they are forced to buy water on adhoc basis from DIWSP during peak dry months until their own water augmentation projects are implemented and start operating.

According to the figures provided by DMC, in 2009, MSK Projects supplied on an average 3.6 MLD water to DMC from 15 January 2009 to 30 July 2009. In 2010, MSK supplied on an average 4.3 MLD water to DMC from March 2010 to July 2010 at the rate of Rs. 26.50 per KL.

Implementation of UIDSSMT in Dewas

Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) is the component of Jawahar Lal Nehru National Urban Renewal Mission (JNNURM), a Central Government initiative which aims at improvement in urban infrastructure in small and medium towns. The objectives of this scheme are to improve infrastructural facilities and help create durable public assets and quality oriented services, enhance public-private-partnerships (PPPs) in infrastructural development and promote planned integrated development of towns and cities.⁶⁹

To meet the growing needs of the Dewas town, DMC has designed Lodhari augmentation project (35 MLD capacity) under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). On 17-September-2007, the state nodal agency of UIDSSMT sanctioned Rs. 98.1182 crores for the project.⁷⁰ Since DMC has already signed a loan agreement of Rs. 20 crores with Housing and Urban Development Corporation (HUDCO)⁷¹ under 13th Finance Commission and has also received financial assistance under 12th Finance Commission for Kshipra water supply augmentation project (15 MLD capacity), therefore Lodhari project was given priority under UIDSSMT.⁷² The UIDSSMT scheme is centrally sponsored scheme for small and medium towns. Under this scheme Central and State Governments provide grants for water supply and other infrastructure projects to the Urban Local Body (ULB) on agreeing to a certain set of mandatory and optional reforms. (See Annexure-1).

⁶⁹ Overview and salient features, Urban Infrastructure Development Scheme for Small and Medium Towns, Ministry of Urban Development, Government of India, 2009, Source Url - http://urbanindia.nic.in/programme/ud/uidssmt_pdf/overview.pdf

⁷⁰ Nodal Agency of UIDSSMT meeting minutes dated 15 January 2009 in Bhopal, Secretariat, Urban Administration and Development, Madhya Pradesh

⁷¹ Draft City Sanitation Plan for Dewas, January 2011, Page-69

⁷² Nodal Agency of UIDSSMT meeting minutes dated 15 January 2009 in Bhopal, Secretariat, Urban Administration and Development, Madhya Pradesh

According to the UIDSSMT meeting minutes, work on the Kshipra project in Dewas was delayed due to the cost escalation of the project and for completing this project, additional financial support from the government was needed.⁷³ DMC decided to utilise the UIDSSMT funds to complete the Kshipra augmentation project and drop Lodhari project from UIDSSMT. DMC revised the UIDSSMT proposal and submitted this proposal to the state nodal agency. The justification given by the DMC for this to the nodal agency was: if funds under UIDSSMT were taken by DMC for Lodhari project then both Lodhari as well as Kshipra projects would not be completed on time.⁷⁴ Hence, they decided to focus and complete Kshipra augmentation project, leaving Lodhari water project unfinished. However, it also needs to be kept in mind that in case Lodhari project⁷⁵ was given priority by DMC then the possibilities of solving the current water problems of the town would have been more.

Interestingly City Development Plan (CDP) of Dewas which was prepared by a private consultancy firm recommended DMC to procure water from Dewas industrial water supply project as a much feasible and sustainable option. According to the CDP, “The current UIDSSMT project which is supposed to take water from Kshipra and Lodhari river has been under suspicion of sustainability source. Some stakeholders are of opinion that the current project is not sustainable and would not serve water to the required demand in future as the rivers are not perennial. In such case, water pipeline from Narmada could be looked into for a detailed feasibility. Such water supply line has already been developed on BOT basis to supply water to the industries”.⁷⁶

As per DIWSP status report, the estimated project cost of Lodhari project at 1991 prices was Rs. 51.54 crores for augmenting 28.2 MLD water from Lodhari River.⁷⁷ The revised estimates of the project were more than Kshipra augmentation project because Rs. 98.1182 crores was sanctioned by the UIDSSMT nodal agency for Lodhari Project as discussed above.⁷⁸ The detailed breakup of project cost Kshipra augmentation and distribution project is given in **Table No. -1**.

There are possibly two reasons that could have gone against the implementation of Lodhari project, inspite of the fact that it was designed to supply greater amounts of water compared to Kshipra project – one, the project cost of Lodhari was high compared to Kshipra project and two

⁷³ Nodal Agency of UIDSSMT meeting minutes dated 15 January 2009 at Bhopal, Secretariat, Urban Administration and Development, Madhya Pradesh

⁷⁴ Nodal Agency of UIDSSMT meeting minutes dated 15 January 2009 at Bhopal, Secretariat, Urban Administration and Development, Madhya Pradesh

⁷⁵ CDP-Dewas, Submitted by ICRA Management Consulting Services Limited, Noida on behalf of Madhya Pradesh Urban Services for the Poor, Urban Administration and Development Department, Government of Madhya Pradesh, June-2011, Page-40

⁷⁶ CDP-Dewas, Submitted by ICRA Management Consulting Services Limited, Noida on behalf of Madhya Pradesh Urban Services for the Poor, Urban Administration and Development Department, Government of Madhya Pradesh, June-2011, Page-93

⁷⁷ Dewas Industrial Water Supply Scheme Status Report, dated-12 September 2008

⁷⁸ Nodal Agency of UIDSSMT meeting minutes dated 15 January 2009 at Bhopal, Secretariat, Urban Administration and Development, Madhya Pradesh

the CDP mentioned it as being unreliable and suspicious source, in terms of providing sustainable water supply in future. Apart from the fact that the CDP also makes note that the private industrial water supply project (DIWSP) can also provide water to Dewas town.

Table - 1 - Breakup of The Project Cost On Minimum Tender Price

S. No	Particulars	Amount (in Crores)
1.	Pipeline (Distribution)	17.93
2.	6 Over Head Tanks (OHT)	6.54
3.	Construction of RCC & earth bunds with stone pitching on water face and grass turfing on other face & construction of nullah including stone pitching	2.42
4.	Kshipra barrage	20.45
5.	Intake well and water treatment plant (25 ML capacity intake well & 150 ML capacity water treatment plant)	15.07
Total cost		62.41

Source: Data compiled from various UIDSSMT meeting minutes.

According to the UIDSSMT meeting minutes, the nodal agency for Madhya Pradesh under UIDSSMT has considered DMC's decision and after revising the project cost from Rs. 98.11 crores to Rs. 58.37 crores,⁷⁹ sanctioned money for completing Kshipra water augmentation and distribution project.

The project cost was again revised due to modified financial bid of Rs. 62.41 crores but the total sanctioned money of Rs. 58.37 crores under UIDSSMT was not increased. Breakup of the project cost is given below.

According to local news report,⁸⁰ it was reported that Kshipra augmentation and distribution project would not be able to fulfil the current water demand of the town. In other words DMC will have to take water from other sources as well to compensate the water deficit of the town. The following table will give us the picture of total quantity of water DMC can supply after the implementation of Kshipra Augmentation scheme.

From the above table it becomes evident that even after implementation of Kshipra augmentation scheme it would not be possible for DMC to meet 39 MLD water demand of Dewas town for the year 2011. Even if we add 2 MLD water procured from Indore Municipal Corporation still there would be a deficit of around 10 - 12 MLD. Therefore the purpose of supplying adequate

⁷⁹ UIDSSMT: Madhya Pradesh State, Town/Sector Wise release status of projects under UIDSSMT as on 31 August 2010 since inception, Source Url - http://urbanindia.nic.in/programme/ud/uidssmt_pdf/StateWiseTown/MadhyaPradesh.xls

⁸⁰ Ab Lodhari Ki Lagan, Dainik Bhaskar, Dated-04 May 2010, Source Url- <http://www.bhaskar.com/2010/05/04/507590-936712.html>

water to Dewas town would remain incomplete and the dependency of DMC for procuring additional supply would depend upon water availability from DIWSP as well as private water tanker service providers.

Table No-2: Total Capacity of Water Resources After The Implementation of Kshipra Augmentation Scheme

Water resources of DMC	Capacity (in MLD)
Kshipra Augmentation Scheme	20
Raja Nal Talab	4
Tube Wells(Ground water)	1
Total	25

Source: CDP for Dewas, Submitted by ICRA Management Consulting Services Limited, Noida on behalf of Madhya Pradesh Urban Services for the Poor, Urban Administration and Development Department, Government of Madhya Pradesh, June-2011

Secondly, from the last two decades it has been observed by the residents of Dewas that water in Kshipra river completely dries in the month of October-November. Moreover in every summer season from last two decades it had been observed that DMC has been heavily dependent on other sources of water supply because there is no water available from Kshipra water resource. So the major question that remains unanswered is: without the availability of water in Kshipra River in the peak summer season how would the Kshipra augmentation project help DMC to solve water crises of the town?

Proposed water tariff under UIDSSMT

According to Draft City Sanitation Plan for Dewas, DMC proposes to increase water tax to Rs. 200 per household per month after the completion of the Kshipra augmentation project. It is supposed that this scheme would enable DMC to provide at least 70 lpcd of water to the residents. This increased water tax has been committed by DMC to HUDCO, as part of Rs. 20 crores loan agreement with it. DMC also proposes to charge connection charges of Rs. 3000 per residential connection and Rs. 5000 per commercial connection after the completion of the Kshipra augmentation project, expected in 2012.⁸¹

According to city sanitation plan, “DMC plans to install meters on all its connections and charge water tax based on consumption. It proposes to charge water tax at Rs. 13 - 14 per KL and supply about 15 KL per household per month. Fifteen KL per household per month implies a 100 lpcd supply (assuming an average household size of 5 members). This would also result in a monthly tax of about Rs. 200 per connection”.⁸²

⁸¹ Draft City Sanitation Plan for Dewas, January-2011, Page-69

⁸² *ibid*

As discussed above after the implementation of Kshipra augmentation project DMC can provide approximately 25 MLD water to Dewas town and the remaining 14 MLD would be procured from other sources. At present the market rate of water tanker service ranges from Rs. 250 to Rs. 300 per 5000 litres and the current rate of industrial water supply project is Rs. 26.50 per KL.

In case DMC wants to supply 15 KL per family per month then as per the reforms prescribed under UIDSSMT, DMC will have to recover full cost of operation and maintenance in seven years of implementation of UIDSSMT as mentioned under mandatory reforms implementation condition under UIDSSMT.⁸³ Under DMCs proposed tariff plan of Rs. 200 per month and Rs. 3000 as connection charges, it would become very difficult for the financially weaker sections to pay even this amount.⁸⁴

⁸³ See Annexure-1

⁸⁴ As per Tendulkar Committee report, the poverty line for urban areas in Madhya Pradesh is Rs. 532.26 per capita per month about Rs.15 per day at 2004-05 prices. If we even consider the latest Planning Commission below poverty line estimate of Rs. 965 a month-about Rs.32 per day then also people from weaker sections will have to spend almost 20% of their income on water. Since 39% of the population of the Dewas town lives in slums and don't have the capacity to pay for the connection charges and water taxes, the additional financial burden on the weaker sections will hamper their access to water and affordability to a large extent.

Water Conflicts in India

Water sector and conflicts have a strong relationship emerging from various aspects of water as a resource; rapidly increasing competing uses of water in domestic, agricultural, commercial and industrial sectors; changes in technological aspects to access surface and ground water resources leading to unprecedented exploitation of water resources for increasing supplies to wider areas and large number of users; environmental impacts of such technological changes; increasing demand supply gap due to over-exploitation of water resources and inefficient water use; pollution, contamination and encroachment of water resources like rivers and lakes by industries and real estate for short-term gains; deteriorating water quality in several places and increasing private control over a common pool resource among others.

It needs to be noted that such conflicts in water sector arise because of lack of proper policy and governance frameworks and also because of lack of legal, regulatory and administrative structures that are required to address the fundamental issues behind such conflicts in the changing modern times. This lack of adequate frameworks and structures, with the changing times and conditions, leads to further escalation of water conflicts at a much larger scale. This in turn affects the social, environmental and economic progress in not only the specific conflict zones and but other regions as well.

As rightly noted in the introduction to 'Water Conflicts in India'⁸⁵ - "In India, water conflicts are likely to get worse before they begin to be resolved. Till then they pose a significant threat to economic growth, social stability, security and ecosystem health. And under threat are the poorest of the poor as well as the very sources of our water – rivers, wetlands and aquifers".⁸⁶

The other important aspect related to water is the decision making process, influenced by the state agencies without proper involvement of different sets of users, lack of transparency and accountability in decision making process, lack of effective enforcement of rules and guidelines due to weak institutional structures, social and political dynamics and not the least lack of updated

⁸⁵ 'Water Conflicts in India: A Million Revolts in the Making' is a compendium of water conflict case studies brought out by the Forum for Policy Dialogue on Water Conflicts in India in 2008. For more details please see - www.conflicts.indiawaterportal.org

⁸⁶ Water Conflicts in India: A Million Revolts in the Making, Editors – KJ Joy, Biksham Gujja, Suhas Paranjape, VinodGoud and Shruti Vispute, Routledge, New Delhi, 2008, Page - xviii

and detailed information and analyses of such information related to water sector. The decision-making clearly lacks a transparent, democratic and informed public discussion on the issues involved.

Such skewed policies, processes and structures further lead to increasing the intensity of the conflicts rather than moving towards a sustainable, long-term and balanced resolution of the conflicts in an already socially and politically volatile environment.

Water Conflicts in Dewas

Here, in the above context of water conflicts in India, and the lack of proper policy and governance frameworks in the country there are several water conflict zones that are emerging in the country. Majorly due to the rapidly increasing competing uses of water in various sectors of the economy, including domestic, industrial and agriculture. Here, in this study and in the context of Dewas Industrial Water Supply Project, we shall discuss about two emerging water conflicts. The first one is between the industrial water supply and the urban water supply wherein the contention is, due to the implementation of DIWSP in the region, water supply to industries has been prioritised above the drinking needs of the population. This despite the fact that the State Water Policy of Madhya Pradesh gives higher priority to drinking water than the industrial supply. Aggravating the situation further are the facts that the water supply from this industrial project reaches the industrial area on the outskirts of the town to fulfill their needs but not within the town to quench the thirst of the urban people and that the cost of water pumped from great distance and gradient is such that it would be very difficult for the local municipal body to procure water from this project and distribute it evenly without taking a serious financial hit.

The second part of the conflict is related to rural drinking water supply versus industrial supply specifically in the enroute villages through which the bulk pipelines of the project are laid to pump water from the river to the industrial area. These enroute villages were promised water from the industrial project in the earlier stages of the project conception. However as the project implementation progressed the promised water supply was delayed and then denied by the project concessionaire. The state government agencies instead of penalising the private company sided with it and charged-sheeted the villagers for bursts and water theft. Even though the bursts and leakages happened due to the incompetence, poor design and use of low grade pipes. Such private water supply projects which are now spreading thick and fast across the whole country, wherein groups that have the purchasing power and are influential enough can dominate the decision making and control the common resources, pose a serious concern and can lead to increasing intensity of conflicts rather than bringing about long term sustainable, equitable and long-term solutions to water issues.

Conflict between Industrial and Urban Water Supply :

The conflict between industrial water supply and the urban water supply is an emerging conflict in this region and at this point is not directly visible in Dewas. To understand this conflict

we have to go back in time to the 1990s and observe how the conflict evolved over a period of time.

The process of industrialisation and urbanisation quickened during the 1980s in Dewas and since 1990s both the industries as well as the urban population has been facing water shortages in summer months. The water availability for industries as well as urban areas has been affected due to substantial increase of water consumption in the region in the last two decades.

According to the Madhya Pradesh State Water Policy, 2003, the state government has given drinking water supply as its first water priority and industrial and other uses as its third priority.⁸⁷ However, in case of DIWSP, the state government agencies instead of urban drinking water have focussed more on fulfilling industrial water demand. It also needs to be noted that even though during the later stages drinking water projects have been approved under UIDSSMT, yet they look likely to fall short of meeting the growing urban demands. It can also be summed in this regard that reversing the priorities mentioned in State Water Policy has aggravated the water crisis in the town and has also increased DMC's dependency for procuring water from other sources like private water tankers and DIWSP.

In the same breath it also needs to be noted that in the last two decades, Dewas region has witnessed sharp decline in ground water availability, due to increasing water demand of town and with the rapid and haphazard use of ground water for industrial, domestic, irrigation and other uses. This decline in ground water has also increased the dependency of DMC for procuring drinking water from other sources to manage the urban water shortage. Despite the commissioning of DIWSP the industries in Dewas continue to use ground water because the industrial water supply project has not been able to deliver on the contractual obligations. Discussions with the residents of Dewas town during our field visit in January 2011, some of the residents shared that the ground water levels in the town have been going down. The residents added that ground water levels in many parts of the Dewas town, during peak summer season go down to more than 400 feet. The surface water availability of the town is also not enough to fulfil the urban water supply need especially in summer season when most of the surface water reservoirs and ground water resources get dry. In the past three years (from 2008 to 2011), during summer months people in Dewas were supplied water by DMC after a gap of 4 - 5 days, during this period it has been quite common for the people to get into petty disputes over water supply.

One of the primary objectives of DIWSP was to discourage the industries from pumping ground water and therefore increase the ground water levels. However, after the implementation of the DIWSP, the state government agencies didn't ensure that the project was delivering on its contractual obligations and supplying committed water to the industries nor were any concrete steps to stop ground water use by the industries.

⁸⁷ Madhya Pradesh State Water Policy (Amended) 2003, Source Url - http://www.mp.gov.in/WRD/ORG_RECORDS/Policy/SWP/SWP_REV.html

In the context of Dewas the implementation of industrial water supply project and the neglect of water schemes for the drinking water needs of the already water scarcity hit town has aggravated the situation in Dewas. This situation can potentially lead to larger conflicts in the region if not addressed on a priority basis.

Conflict between Industrial and Rural Water Supply :

The conflict between industrial water supply and rural drinking water supply for the enroute villages⁸⁸ is based on the similar principles of prioritisation of water supply, as the one discussed above between industrial and urban drinking water supply. However, in this case the conflict has become more visible because MSK Projects and the state government agencies have not only allowed the private concessionaire to not supply water to the enroute villages by diluting the contractual obligations under the concession agreement but also broken the promises made to village population in this regard.

As per the MPSIDC tender documents provided to the private companies on 13th September 2004 under Project Design Criteria for DIWSP, it was mentioned that “The project will provide clear water, by way of bulk connections to 12 wayside villages and towns, **free of cost or by alternate means i.e. by digging tubewells free of cost.**”⁸⁹ (Emphasis in Original) However, during the pre-bid clarifications on 30 September 2004 when a private bidder raised concerns over supplying 2 MLD water free of cost to the 12 enroute villages, MPSIDC stated in the pre-bid clarifications on it “the concessionaire is expected to meet the water demand of the enroute villages as a good industry practice.”⁹⁰

At the time of laying of bulk pipelines under DIWSP, villagers were promised by state government agencies as well as by the private concessionaire that 12 enroute villages would receive 2 MLD water from DIWSP, this water supply from the private project would be free of charges.^{91,92} However, once the project operations began MSK Projects have not take any concrete steps to supply water to the villages. Some of the village population and their leaders were banking on the private project to solve the drinking water scarcity problems of these villages. However, the promises made during the early phases of the project were non-starters and nothing came out of them. In the hindsight it seems likely, although there is nothing concrete to suggest so, that the promised water supply to the villages earlier would have been mentioned so that the project does not face any opposition from the villages. To assuage the demands of rural population for water, this would have been the best way forward, without hurting their sentiments.

⁸⁸ Name of enroute villages provided by MPSIDC (Bangar, Dhamanda, Guradia Bhil, Hatpipaliya, Chapada, Dhani Dhati, Arlavda, Khalwar, Nansa, Bhagankheda, Sandalpur and Nemawar)

⁸⁹ Documents received under RTI, Letter No.4356, dated-05 October 2011 MPSIDC Board Meeting dated 04 October 2004, Project Design Criteria, A1.12

⁹⁰ Pre-bid Clarifications given in the Pre-bid meeting dated 30 September 2004 for DIWSP, Query no-40, Page-10

⁹¹ Interview with the villagers of the five enroute villages during our field visit in January 2011

⁹² Pre-bid Clarifications given in the Pre-bid meeting dated 30 September 2004 for DIWSP, Query no-40, Page-10

As per the discussion with Chapada village panchayat, panch Dayaram Yadav, “MSK has signed an agreement with Chapada village Panchayat and according to the agreement, MSK has to supply 2 lakh litres of water, two times a day for one hour and MSK will charge Rs. 2 lakh per year from the village Panchayat for supplying piped water to the village.”⁹³ He even added that, “due to MSK pipeline burst water was logged in the fields of four farmers (Mukesh Babulal Bhagat, Shyamji Malpani, Sagar Umravji Yadav and Gendalal Balaji Yadav) and these farmers had to bear losses due to water logging. No compensation has been provided by MSK to farmers for losses incurred.”⁹⁴

The obligations of MSK Projects under DIWSP were to provide water to the enroute villages free of cost as envisaged under the original tender documents. However, later on as mentioned above it was stated by MPSIDC that “concessionaire is expected to meet the water demand of the enroute villages as a good industry practice.”⁹⁵ This dilution of the contractual obligation by MPSIDC would benefit private concessionaire at the cost of water supply to the rural population.

The conflict between villagers and MSK Projects started escalating in year 2007 when the villager’s petitioned the district authorities that MSK Projects is not supplying water to the enroute villages and instead creating problems for villagers. The villagers added that they had been observing frequent pipe bursts in DIWSP pipeline from 2007 and due to frequent pipe bursts they have to bear losses and damages due to water logging in several of their agricultural fields.

On the other hand in 2008, according to a letter written to Managing Director, MPSIDC by MSK Projects, it was stated that MSK has lodge an FIR against the unidentified villagers for damaging the pipeline.⁹⁶

The district administration instead of ensuring water supply to the villages through DIWSP, imposed section 144 of Criminal Procedure Code (CrPC)⁹⁷ along the 128 kms of bulk pipeline route from Nemawar to Dewas after large-scale theft of water was reported in June 2009.⁹⁸

However, later on Praveen Garg, MD, MPSIDC accepted that there were mistakes and technical problems in the project as a result, pipe bursts and leakages were caused due pumped

⁹³ Interview with the villagers and the Panch of Chapada village panchayat during our field visit in January 2011

⁹⁴ Ibid

⁹⁵ Pre-bid Clarifications given in the Pre-bid meeting dated 30 September 2004 for DIWSP, Query no-40, Page-10

⁹⁶ Letter written by MSK to the Managing Director regarding sabotage and encroachment on the laid pipeline dated 23 February 2008, Ref No.MSK/DWS/2008/520

⁹⁷ Under Section 144 of CrPC temporary orders are imposed in urgent cases of nuisance or apprehended danger by the State or District administration

⁹⁸ Milind Ghatwai, Water woes turn into law and order problem in Madhya Pradesh, Indian Express, dated-04 June 2009, Source Url - <http://www.indianexpress.com/news/water-woes-turn-into-law-and-order-problem-in-madhya-pradesh/470892/2>

water pressure.⁹⁹ This public statement from the MD, MPSIDC puts beyond doubt that the villagers were wrongly charged of pipe bursts and large scale theft of water from DIWSP bulk pipelines. One reason can be to suppress villagers demand for water from the private project, the police complaint against the villagers was registered. So far, the affected farmers have not been compensated by the private concessionaire for the loss caused by the private concessionaire due to frequent pipe bursts and water logging in cropping areas.

Since the early days of project planning, the rural population was promised water supply from DIWSP. However, as the project moved ahead this contractual obligation was diluted to good industry practice of the private concessionaire by MPSIDC. The private concessionaire has not been forced to come good on this contractual obligation as yet. The villagers of the region have experienced that instead of supporting their demands for water from the project the district administration has been aligning with the private company and penalising them for asking to implement what is an important component of project. The private concessionaire and the district administration both have also wrongly blamed them for damages due to technical and low quality material use. In the recent past this has led to conflict escalation in the area giving reasons to the district authorities to impose Section 144 of CrPc and punishing the village population. With no resolution in sight it looks likely that as the water scarcity increases in the rural areas this conflict between the industrial and rural water supply could intensify further.

⁹⁹ Shashikant Trivedi, Dewas water supply project in rough weather, Business Standard, dated-14 May 2010, Source Url - <http://www.business-standard.com/india/news/dewas-water-supply-project-in-rough-weather/394858/>

Conclusion

The various sets of official documentation, field visits, interviews, observations and experiences during the study period suggest that DIWSP has not been able to meet the objectives that it had planned during the past years of its operation. The much awaited improvements in water supply delivery directly to the industries have still not reached the majority, in cases where it has reached the supply is irregular and insufficient. The water supply to the rural population has been withheld, but the people are pressing with their demands for it. On the contrary, the incorrect prioritisation of water needs between drinking water and industrial demand is creating conflicts among these groups and with increasing demands these conflicts have the potential to further intensify in future.

Dewas district and adjoining areas of the Malawa region in Madhya Pradesh are facing water scarcity due to withdrawal of large amounts of surface and ground water for industrial, agricultural and urban needs. In such a scenario the priority for water supply was given to industrial needs in terms of executing DIWSP. On the other hand, the preliminary evaluation of Kshipra water supply augmentation project shows that it would not be able to meet the demands of urban water supply of Dewas in the long term. Increasing the dependency of Dewas Municipal Corporation to procure water from other sources including DIWSP at higher tariffs. The Kshipra augmentation project has been sanctioned under UIDSSMT, and under the UIDSSMT reforms agenda DMC would have to recover full cost of operation and maintenance of the project through implementation increased water tariffs.

DIWSP also shows that the private concessionaire, DIA and agencies like MPSIDC have not been able to keep the project on the correct path, right from the very beginning. The poor project planning and execution has ensured that the project has been facing problems on various fronts from its commencement.

Over a period of time DIWSP's failure or even under-achievement in Dewas will show that the time, money and efforts put into conceiving and executing this project have been wasted. More importantly it will also go on to show that the policies and projects to solve water problems are going in the wrong direction.

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Annexure-1

Mandatory and optional reforms under UIDSSMT

A. MANDATORY REFORMS

1. Urban Local Body / Parastatal level Reforms

- i. Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies/Parastatals.
- ii. Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs/Parastatals.
- iii. Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within next seven years.
- iv. Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years. However, cities/towns in North East and other special category States may recover at least 50% of operation & maintenance charges initially. These cities/towns should graduate to full O&M cost recovery in a phased manner.
- v. Internal earmarking within local body, budgets for basic services to the urban poor.
- vi. Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuing delivery of other already existing universal services of the Government for education, health and social security.

2.State Level Reforms

- i. Implementation of decentralization measures as envisaged in 74th Constitution Amendment Act. States should ensure meaningful association/engagement of ULBs in planning function of parastatals as well as delivery of services to the citizens.
- ii. *Repeal of Urban Land Ceiling and Regulation Act.
- iii. *Reform of Rent Control Laws balancing the interests of landlords and tenants.
- iv. Rationalisation of Stamp Duty to bring it down to no more than 5% within next seven years.
- v. Enactment of Public Disclosure Law to ensure preparation of medium term fiscal plan of ULBs/Parastatals and release of quarterly performance information to all stakeholders.
- vi. Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
- vii. Assigning or associating elected ULBs with “city planning function”.

Over a period of seven years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

* Note: In respect of schemes relating to water supply and sanitation, the under mentioned State level mandatory reforms may be taken as optional reforms:-

- i. Repeal of Urban Land Ceiling Act
- ii. Reform of Rent Control Act

B. OPTIONAL REFORMS (Common to State and ULBs/Para-statal)

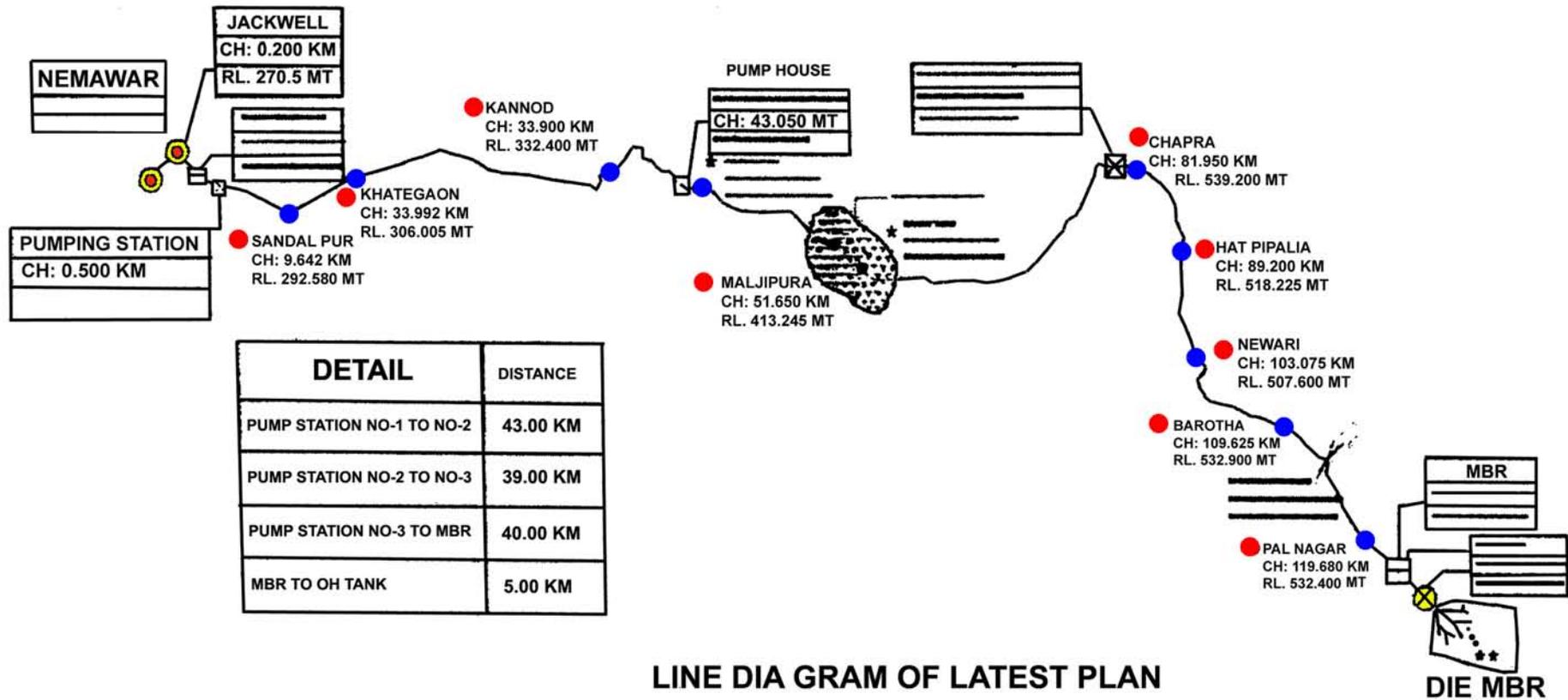
- i. Revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.
- ii. Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- iii. Introduction of Property Title Certification System in ULBs.
- iv. Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.
- v. Introduction of computerized process of registration of land and property.
- vi. Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- vii. Bye-laws for reuse of recycled water.
- viii. Administrative reforms i.e. reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- ix. Structural reforms
- x. Encouraging Public Private Partnership

NOTE:

1. Any two optional reforms to be implemented together by State & ULBs/Parastatals in each year.
2. All the reforms (mandatory as well as optional) shall be implemented by State /ULB /Parastatal within the Mission period.

As per the guidelines it is clear that all the above said reforms under JNNURM and UIDSSMT are necessary and has to be implemented within the mission period so the word mandatory and optional don't have any significance in this context because within mission period all the reforms are mandatory for implementation for states as well as ULB's.

DEWAS WATER SUPPLY PROJECT



LINE DIA GRAM OF LATEST PLAN