

**Original text of article carried in the Times of India on October 27, 2005 entitled
“There is a hole in the bucket”**

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Delhi, capital of an emerging global power, is unable to provide its citizens with water for more than a few hours a day despite a supply of 250 liters per person per day. Abidjan in Ivory Coast and Tunis in Tunisia provide 24-hour water with a supply of 110 liters per person per day. All large European and most large Asian and African cities also manage 24-hour supply, often with much less water than Delhi.

As a middleclass resident, I cope because my landlord has invested in a borewell and an overhead tank, whose operating and maintenance costs he adds to my rent. I chip in with large storage buckets, a water filter, and bottled drinking water. Between him and me, we spend a large sum of money for my family to gain continuous access to safe water.

Every now and then, the Delhi Jal Board (DJB) sends a nominal bill which I am under no pressure to pay because DJB appears to be in no hurry to collect. This is a happy arrangement. The government utility does not supply much, charge much or collect much. Citizens spend a lot of money elsewhere to get water. Delhi’s preferred model of privatization, I suppose.

This model, while suited to those who can afford the pump and the bottled water, does not work for everybody. Ask the poor person who must line up for hours for a water tanker, pay five to eight times the official tariff to a private supplier, and then watch his or her children repeatedly fall prey to diarrhea and hepatitis. Or the elderly widow who must wake up at 4 am to catch DJB’s trickle.

Moreover, between my landlord and myself and our neighbors, we are draining the city’s aquifers at an unsustainable rate. In turn, DJB is draining everybody – because it doesn’t supply much, charge much or collect much, it is subsidized to the tune of about Rs 1,000 crore every year by the Delhi government. This taxpayers’ money sinks into a leaking bucket – it has not made DJB any more efficient, and does not assure you or me any additional drop of water. In fact, the bucket is leaking so much DJB does not even know how much leaks or from where.

Suppose instead that DJB, like the water utility in Ivory Coast or the one in Jakarta or Colombo or any other self-respecting city, plugged its leaks and found an efficient way to deliver continuous and safe water to all its citizens, including the poor who are excluded now, and charged a reasonable tariff to cover its operating costs (which would still be less than the coping costs most consumers currently incur); while the government subsidized poor consumers and picked up the tab for DJB’s capital investments. Surely, a preferable scenario?

This is the model that the proposed DJB reform project, which has run into so much controversy, seeks to provide. No privatization. No fantastic tariff hikes. No “World Bank model”. Simply, a system that works in dozens of other cities in developing

countries, even in those with terrible governance environments. Why must India alone persist in denying its citizens access to the most fundamental life-good – clean water?

Those campaigning against this project have done a stellar job in putting the issue of water reform on the public agenda. But it is unfortunate that they should resort to persistent misinformation. For example:

“DJB is handing over management to private companies.” Good on rhetoric, low on logic. Retaining a firm to carry out a particular job in a limited area after a competitive bidding process and holding it to account through a performance contract is not privatization. Assets, staff, revenues and tariff-setting remain in public hands.

“There is no limit on the money a company could demand and DJB will have little control over expenditure...the companies would not be accountable to anyone.” An absurd claim since the model proposes a fixed fee with a system of bonuses and penalties based on measurable performance, including consumer service and serving the poor. The transparent contractual arrangement in fact injects accountability into a system which currently sorely lacks it.

“For 21 zones, the cost (of hiring private companies) comes to Rs 525 crore...tariffs will be raised at least six times in two years.” The proposal is for two companies in two zones, not 21. The indicative cost of hiring a foreign consultant in one zone emerges from a draft consultancy report. To simply multiply that by 21 is foolish and to alarm citizens with wild speculation about tariffs hugely irresponsible. Given the wealth of engineering talent in this country, the saner assumption would be that the winning companies would deploy a mix of expatriates (to bring in the knowhow) and Indians; and if the experiment does get scaled up, it would largely be Indians, not foreigners, who would be hired. In the process, an Indian water management industry, currently absent, would develop. The increasing use of local talent, the very fact of scaling up, and presuming that scaling up would occur only if there have been efficiency gains, all imply that competitive costs would go down.

Through an ill-founded campaign that offers no alternative, those crusading against the project distort the very valuable public space they themselves have created. Citizens and policymakers should seize the debate and reframe it by asking: What should Delhi do to give itself an *accountable* water services utility that will provide *sustainable, reliable* and *affordable* water to *all* citizens; what technical, managerial and financial resources does it need to achieve this; finally, what is the most time and cost-efficient way of accessing these. Then honestly explore the options.

Failing that, the only message that comes out of the current campaign is: do nothing. Let the rich continue to pump the city dry while poor children die.

(The author is with the World Bank. These are his personal views and do not reflect those of the World Bank, its Board of Executive Directors or the countries they represent)