THINK INDIA JOURNAL

ISSN:0971-1260
Vol-22-Issue-34-December -2019

A Critical Review on Role of Public-Private Partnership in Water governance

Prakash Mahto*
** Department of Urban Planning, Lovely Professional University, Punjab*
*Email**: getprakash022@gmail.com***
*Contact: **+917011127411***

Abstract

The water division in India is confronting genuine difficulties in pretty much every abstains. The Water organization also concedes this reality for the most part. Most investigations talk about explicit subjects and how to manage them especially. There is less huge assemblage of examinations about condition of water administration in India and our remarkable difficulties and openings. All the more as of late, patterns of developing enthusiasm for water Public-Private Partnerships (PPPs), with more ventures arriving at the contracting stage, bolstered for the most part by expanded accessibility of open subsidizing for water PPPs instructor the water supplies in urban regions. The paper features the requirement for basic changes and extent of changes by and large.

***Keywords**: PPP, governance, swaraj, benchmarking*

1. Introduction

It is no myth that good governance plays a significant role in any sector. The PPPs are no different. India currently faces a water deficit as per **World Water Development Report 4** of economic water scarcity as well as approaching physical water scarcity type. Later 1990s, "there have been a few activities in India to include the private division in urban water supply administrations. These actions have had combined results: while a few endeavorssettled during the underlying years were deserted in the advancement stage, there has been an expansion in the quantity of agreements granted to the private entity as of late."[1]

At the point when great administration is ensured, residents can work about their administrations and interests with upgradedrequirements. On the opposite side, awful or reserved administration confines open doors for progress as well as transform into prejudiced clashes and common wars. In such an air no close to home achievements, just as social accomplishments, can be accomplished.[2]

Great administration makes a domain wherein supported monetary development gets feasible. States of good management enable residents to expand their profits on venture. Mahatma Gandhi argued us to address existing models, build up a model appropriate to geo, climatic, social moorings of the general public in a decentralized manner. Decentralization could develop the social and financial quality of the nation. Decentralization, whenever chipped away at logical lines, couldn't just develop the social and monetary quality of the open country yet in addition reinforce the powers of national barrier against the danger of outside attack.[3]

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It has been envisaged in the "**Guidebook on Promoting Good Governance in Public-Private Partnerships"** by UNECE that good governance faces the challenge ofinducing the methods and procedures associated with conveying effective PPPs and setting up new establishments. The paper looks into the typical aspects of water governance and what can be effective measures for good governance in the water sector through PPPs.[4]

1.1.About PPPs?

PPPs aim at "financing, designing, implementing and operating public sector facilities and services". They are characterized by long term service provisions which may reach 30 years. It also includes the transference of the risk to the private organization. It is bound by long-term contracts between the public authorities and the legal entities.

PPP in the Indian scenario in the water-part does not necessarily mean that the entire supply will be managed by the private supplier. They insinuate inventive methodologies used by the public segment to contract with the privatedivision, who carry their investment and their capacity to convey extends on schedule and to spending plan, while the public organization holds the obligation to give these administrations to people in general such that advantages the general population and conveys financial improvement advancement in the personal satisfaction.

As opposed to the general opinion, the PPP is not similar to privatization. The former includes the management of the general society administration to the open division while the latter gives the responsibility to the private segment with the probability of public-sector having some administrative control. The public sector will always have ownership in the case of PPPs and it is non-transferable.

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Table 1: Increase of Risk-factor with an increase in the duration of PPP projects

Option	Ownership	O&M	Capital	Commercial Risk	Duration	Risk
Privatisation	Private or Public & Private	Private	Private	Private	Indefinite	
BOT/BOO	Private & Public	Private	Private	Private	20-30 years	
Concession	Public	Private	Private	Private	20-30 years	
Lease	Public	Private	Public	Shared	8-20 years	
Management contract	Public	Private	Public	Public	3-7 years	
Service contract	Public	Private	Public	Public	1-2 years	

Source: CEEW (2011)

1.2.Need for PPP in Urban Infrastructure

Numerous countries around the globe and particularly the ones experiencing significant change economies face a foundation deficiency. The condition is worsening by blocked streets, ineffectively kept up travel frameworks and recreational offices, weakened schools, clinics, and foundation resources like water and water treatment frameworks, and others. These issues, thus, force enormous expenses on social orders, from diminished profitability and decreased aggressiveness to an expanded number of mishaps, medical issues, and lower future.

Numerous legislatures have understood that the assessment base methodology alone can't support the tremendous requirements for framework. In certain nations, there is an intense need to restore existing foundation that was constructed decades prior. India is the same as the issue. Moreover, there is a basic test to discover the subsidizing for supposed greenfield extends explicitly the tremendous social tasks required from quickly developing economies and maturing populaces. PPPs are one choice to address this difficulty.

Primarily the goal of PPP is for service delivery improvement and not for laying infrastructure. The Political will should be there to encourage local investors or NGOs which can help at delineating the exact problem areas whether it's for water supply or sewerage. Also, the organizations responsible for the maintenance and operation should be emboldened to make decisions. The organizational capacities should be carefully scrutinized for the institutions taking up the work. Also, the legislative framework needs to be improved by including more stakeholders. In states like Kerala, Karnataka, West Bengal no provisions are there for private

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sector participation and NGOs in Municipal Acts. Municipal Regulatory Commission is absent in all states.

1.3.Outline of PPP projects in India

The synopsis of PPP[1] extends in the Indian urban water supply segment from 1990s till the date is being appeared in figure 1. These show a move in the profile of agreements being created, and the job of partners included.

Since1990s, there has been an expansion in the quantity of PPP ventures started or granted. Prior to 2004[1], just 40% of the started ventures were effectively granted, though, since 2005[1], every one of the undertakings started was granted. Somewhere in the range of 5 million individuals in urban regions currently acquire water supply through undertakings or recognized game plans that include the private entity.

Official assessments show that “more than 90% of urban family units in India approach Water supply administrations. Covered up with insights his figure, in any case, are various pointers of the lack of quality access, low dependability of supply, poor quality of water, high misfortune levels, and ease recuperation. No Indian city gets 24x7 funneled water-supply. Funneled water is never circulated for in excess of a couple of hours out of each day”.

Inclusion levels of water supply and sanitation governments have expanded impressively, however, this has not really converted into[1]upgradedgovernments that are dwindling and reliable.

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Table 2: PPP extends in the Indian urban water-supply area rundown

Parameters	1990s	2000-04	2005 Onward
Number of PPP projects attempted	5	8	13
Contracts awarded	1	3	13
Current status of contracts awarded	1 operational	2 operational	12 projects are under various stages of implementation/operation; 1 project is currently stalled.
Project scope	• 100% bulk water supply	• 75% distribution O&M • 13% bulk water supply • 12% water treatment	• 38% distribution O&M • 31% distribution investment + O&M • 8% treatment + system rehabilitation/ upgradation + distribution O&M • 15% bulk system investment + O&M • 8% desalination
PPP model	• 100% BOT/BOOT	• 75% management contracts • 25% BOT/BOOT	• 38% management contracts • 62% BOT/DBFOT and similar
Private operator mix	• 100% international	• 65% international • 35% domestic	• 65% domestic • 21% international • 14% local/regional

BOOT: Build Own Operate Transfer; DBFOT: Design Build Finance Operate Transfer; O&M: operation and maintenance

Source: WSP, 2010

2. Benchmarks for Water-Supply services

S. No.	Proposed Indicator	Benchmark
1.	Coverage of water supply connections	100%
2.	Per capita supply of water	135 lpcd
3.	Extent of metering of water connections	100%
4.	Extent of non-revenue water (NRW)	20%
5.	Continuity of water supply	24 hours
6.	Quality of water supplied	100%
7.	Efficiency in the redressal of customer complaints	80%
8.	Cost recovery in water supply services	100%
9.	Efficiency in collection of water supply-related charges	90%

Source: Handbook of Service Level Benchmarking, MoHUA, GoI

3. PPP in Water Sector –Nagpur Experience

The project for Nagpur water supply was sanctioned underthe JnNURM scheme. The contract was performance-based which has private participation in capital cost from the operator. The

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technological aspect by the operator for lower life cycle cost. The assets were installed with the prime objective of generating income rather than increase the financial burden on Nagpur Municipal Corporation.

Also, better service provision to consumers and the urban poor was envisaged. Asset ownership lied with NMC. The funds from JnNURM helped in the reduced capital cost and lessened the burden on NMC as a whole.

3.1.Water Treatment Plant Improvement and Up-gradation[1] (Rs 6.42 Crore)

70% grant in aid, 30% by a private operator

5 Years O & M by an operator

3.2.“Water reuse for Power Plant” (Rs 130 Crore)

70% grant in aid, 30% by Mahagenco

30% O & M by Mahagenco & pay to NMC the raw sewage charges @ Rs3.0 – 3.50 per 1000 Ltr for 110 MLD. Annual revenue to NMC Rs 15 crore from sewage

3.3.24X7 Water Supply (Rs 20 Crore)

5 years O & M with performance-based targets to reduce UFW and improvement in service level to customers in a pilot zone of 1.25 lakhs population.

3.4.“Improvement to Kanhan Water Supply” (Rs 65 Crore)

70% grant in aid, 30% by a private operator

15 Years O & M by an operator

4. PPP extends in the urban water supply area advantages and disadvantages

In their review the Water and Sanitation Program points out the main constraints as follows:

4.1. Inadequate and inconsistent support of local stakeholders:

Deprived of partner support for water PPP ventures has been a critical purpose behind a few PPPs not pushing ahead. This has obstructed some prominent endeavored PPPs, for example, “the projected Cauvery Bulk Water Supply and Slalom Bulk Water Supply Projects, and water and sewerage PPP arranged in Delhi”. Partner bunches that didn't bolster the undertakings host included nearby political gatherings, common society gatherings, and effectiveness or civil workers of the general population water utilities. The absence of help has been generally because of seen dangers to the particular interests of a portion of these partner gatherings, and a perspective on water as apublic’ decent. A great part of the discussion has been very emotive, with any type of private segment cooperation portrayed as privatization, which sensationalizes the idea of an open decent being utilized at the command of private profiteers.

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4.2. Feeble monetary ability to actualize water PPPs and the absence of components to address taxes: Monetary hazard recognitions have kept a few arranged PPPs from pushing ahead. Most of water PPPs proposed during the 1990s' was to be exceptionally capital-concentrated and reliant on 100% private financing. The actualizing organizations for the greater part of these activities could, be that as it may, not give the ensures compulsory by the private water administrators, and did not have the budgetary limit and inward incomes to pay mass charges. Resistance created towards these PPP ventures, as shoppers expected water duty acceleration.

4.3. Restricted mindfulness and specialized ability to embrace PPPs: Absence of experience and constrained comprehension of water PPPs brought about executing organizations not sufficiently tending to the hazard worries of private administrators and the requests of task organizing. Insufficient benchmark data, absence of lucidity on hazard sharing, and shortcomings in the acquirement forms added to troubles in getting these PPPs.

5. Facilitativefactors

Wherecontracts under PPP have been granted, at least one of the accompanying facilitative variables appeared to have been available.

5.1. Public-funding availability: Water PPPs lately have profited by open subsidizing more than in prior years when private speculation was foreseen to be the significant wellspring of financing. The JnNURM has made another type of open subsidizing accessible which has empowered ULBs to seek after PPP draws near, not at all like in the past when the utilization of open supports required open obtainment. "In Salt Lake City (Kolkata), and Shivpuri and Khandwa (Madhya Pradesh), open subsidizing secured 50-60% of task costs, which has decreased the budgetary weight on the private administrator, consequently bringing down activities expenses and weight for tax increments".

5.2. Components improved to address levy concerns:

In some ongoing water PPP ventures, measures have been worked in to limit the tax and income danger of the private administrator. In the Naya Raipur venture, costs outside the concessionaire's control (particularly power and synthetics) are financed by the open division. In the Khandwa and Shivpuri PPP ventures, shields are given against defaults in client installments.

5.3. Expanded consideration regarding partner support:

Late undertakings have profited by improved partner discussion at a beginning time of the venture (for instance, Karnataka Urban Water Sector Improvement Project [KUWASIP], Salt Lake City). In a few of these ventures, the requirement for mediation was substantiated and explained to partners. For example, against the background of intense water lack, temperamental stockpile, and monetary misfortunes, partners in Chandpur, Khandwa, and Shivpuri were increasingly responsive to investigating private segment support as there was a solid interest for better administrations. The improvement in administrations conveyed through the KUWASIP'

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venture additionally fortified confidence in the private segment's capacity to give practical choices to support enhancements.

5.4. Solid task proprietorship and skill:

A significant achievement factor has been solid venture proprietorship and mastery in the task starting power. In the KUWASIP' venture, the state framework financing office, Karnataka Urban Infrastructure Development, and Finance Corporation (KUIDFC)' assumed a functioning job in venture conceptualization, attainability thinks about, partner meetings, and acquirement. So also, PPP extends in Madhya Pradesh, Kolkata, Haldia, Naya Raipur, and Latur have profited by venture the board ability in state governments offices or offices.

5.5. Development in household private segment intrigue:

In a few late undertakings, residential administrators have been the predominant parties. They take regularly shown a high hazard attractive hunger, and the capacity to deal with their costs better. Advanced support by bidders has additionally added to the expansion in contract grants.

Roop Brar and Simran Brar in their examination paper named "Causes, Characteristics, and Solutions to the water crisis in Delhi" underlined the way that privatization well may not be the answer for the issue. The privatization of water handling and dissemination has consistently been a dubious problem. The conviction that corporate controller would convert into productivity and a better administration has driven various nations to explore different avenues regarding privatization yet the outcomes, be that as it may, have been blended. "The privatization of water supply in Manila, Philippines for instance, improved water get to 9 (from 58% to 84%), yet in addition prompted value climbs of 500% somewhere in the range of 1997 and 2003".[5]

It has been seen that private elements as a rule improve the proficiency of water treatment and circulation, yet their benefit thought process regularly opposes objectives of openness, moderateness and evenhanded dispersion of water in the vast majority of the creating nations. "**Hungry for change: considering water privatization in creating nations**, a paper composed by MPA (Master of Public Administration) up-and-comers at Columbia University's School of International and Public Affairs covers these issues in detail utilizing the water privatization in Manila as a contextual analysis." The creators properly presume that fruitful private-public associations in water supply require a cautious plan of obligations, clear objectives and desires for private and government associations, and straightforwardness of tasks.[6]

6. The way forward

The following four major stakeholders are involved in urban water sector management: (1) Urban Local Body; (2) consumers; (3) financial institution; and (4) private partner in case of PPP arrangement.

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Financial institutions require regular repayment of loans by the local body or the private partner.A private partner needs a conducive environment for work and genuine profit for his investment and services.
A study by Hemant C. Lange and Rajesh Gupta [7]illustrates the following measures for well-designed and defined strategic policy:

1. The interest of all stakeholders for the success of a water supply system implemented through a PPP arrangement.
2. Assessment of the present status of water supply and deficiency therein.
3. Generation of various alternatives and selection of the cost-effective alternative.
4. Study of the financial implications of the selected alternative in terms of water charges to be levied.
5. Study of willingness to pay and affordability for the consumers.
6. Monitoring of PPP arrangement for:
   a) Proper functioning of the scheme through various performance parameters;
   b) Fixing proper water tariff;
   c) proper recovery of investments by a private partner or by the local body; and
   d) Safeguarding the interest of the consumers.

Also, it will be essential that the central assistances of funds are articulated to ULBs which are most of the time weak in financial terms. The follow-up of service-level benchmarking will further strengthen the project development.

7. Conclusions

In the event that the private area is to assume a huge job intending to the ebb and flow water issues, reasonable intercessions are essential for guaranteeing ventures that convey the ideal help results on a supportable and clever premise. For creating nations like India where straightforwardness is a prime key to the achievement of any task, including NGOs, nearby government and individuals in the discourses of the requirement for the venture, it's financing, and its structure ought to be made a command. The yearly reviews of the undertaking funds ought to be made open guaranteeing responsibility. Additionally, stretching out the standard of law to bunches who for different reasons don't approach laws to ensure their privileges is likewise an act of good administration. The public participation ought to likewise defend as everyday citizens are deficiently counseled in the PPP procedure. The draft model concession understanding for key venture structures can institutionalize hazard sharing system. Additionally, array of aptitudes is required for a compelling PPP program. All over a decent responsible government override in accomplishing the ideal objective.

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