

## **India Business Forum: SIWW; July 1, 2010; Singapore.**

### **Proceedings Notes**

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##### **1.0 Inaugural Session:**

Aiming to set the stage for the Forum to delve into the myriad issues of water management in India, **Mr. Sanjeev Chadha**, Chairman and CEO, PepsiCo India welcomed all the participants and praised SIWW for organizing grand scale gathering of more than 3000 water experts from all over the world. He hoped that the SIWW in general and India Business Forum in particular would provide some solution to water problem in India.

The Guest of Honour I, **Mr. Vincent Pala**, Honorable Minister of State for Water Resources, Government of India addressing the forum highlighted the salient features of National Water Mission of India. He emphasized complexness of water related issues mentioning biological, agricultural, economic, social- religious and environmental issues associated with water in India. Underlining efforts made by government to provide water in rural areas, flood management and physical and financial infrastructure developed , he reiterated main points of National Water Policy and urged for the active participation from all the stakeholders specially the private sector. Inviting private sector participation in water management, he urged them to keep in mind the humanitarian aspect involved in water services.

His Excellency **Professor L K Dhoble**, Guest of Honour II and Minister for Water Supply and Sanitation, Government of Maharashtra mentioned about the project *Jal Swaraj* (Water Freedom) and challenges of water management both in urban and rural areas. He stated that the state is open for technical proposals and assistance from private sector.

Summing up the Inaugural Session, **Mr. S Raghupathy**, Senior Director & Head, CII-Green Business Centre, spoke about *India at 75*, a vision developed by CII aiming to make India fully developed nation by 2022. Drawing parallels from India's advancement in software industry, he predicted that likewise IT sector , in next 15-20 years Indian water & green sector has the potential to lead the world. Citing immense opportunities available in India in water sector, he expressed his faith that by 2022 it is possible to make India water secure. He also thanked Honorable Dr. Yaacob Ibrahim, Minister for the Environment and Water Resources and Minister-in-charge of Muslim Affairs for his presence, giving the opportunity to learn India the best practices in water sector and for his vision of SIWW and business forums.

##### **2.0 Perspective Presentations:**

Invited luminaries addressed the theme of catalyzing water investments in India from the perspective of their respective fields and standings. Under this, opportunities and challenges faced by Indian water sector, various initiatives taken, infrastructural and

technological developments and identifying the new vistas to solve the urban and rural water problems were discussed in detail.

**Mr. Ravi Narayanan**, the Vice-Chairman, Asia-Pacific Water Forum Governing Council, in his opening remark as session moderator, listed three major challenges as '*system*', '*science*' and '*society*'. Under '*system*', he mentioned challenged faced by policy makers and practioners in India because of constitutional issues involved with water. Further he added that the lack of capacity and mismatch between ability and implementation makes system less effective. According to him, lack of authentic and accurate information and waster water management technologies are the challenges under '*science*' and the need to educate public on water issues; and involving them, civil society and local politicians/bodies in each water related decision/ dialogue is an important requirement for the '*society*'. He cautioned that working in India is like marathon not a sprint, therefore flexibility of options, transparency and conversance of objectives with national priorities will be required.

**Mr U N Panjiar**, the Union Secretary, Ministry of Water Resources, Government of India, in his key note address, described the overall water scenario in India, in detail. The richness of the content of his speech, backed up fully with data on Indian water sector, brought two points at the forefront. 1. In India, water availability is not a major issue but it's management is, and 2. Impact of climate change will lead to intensification of extreme natural events which will affect the water sector in India. Mr Panjiar told that in its 11<sup>th</sup> Five Year Plan (2007-12), Government of India has planned for total investment of US\$ 50 billion in water sector which is appx. 2.5 times than what was it was in the 10<sup>th</sup> Plan. He also clarified constitutional issue raised by Mr. Narayanan, explaining that there is no dichotomy between division of power between states and the Union. He also cited many examples of private sector participation in Indian water sector and listed numerous strategies outlined in National Water Policy, which offer great opportunity to the private sector. He cited- creation of water reservoirs; interlinking of river basins; urban water supply, especially sanitation; rainwater harvesting and desalination as the prospective opportunities for private sector.

Delivering the theme address, **Mr. Suresh Prabhu**, Ambassador for Global Water Partnership and former Union Minister of Environment, Govt. of India, equated growth trajectory of water sector akin to that was of power sector one decade ago. In his lively speech, he captured following issues imminent before Indian water sector.

1. How to reap the fruits of huge investment so far has been done in the water sector?
2. How to share best practices and ideas across range of stakeholders?
3. How to solve the water availability problem to agriculture, specially the delivery mechanism of local water boards/ bodies?
4. Conservation/Preservation of natural reservoirs and creation of man made reservoirs;
5. Sewerage treatment in urban centres and use of tertiary sanitized water back in agriculture;
6. Use of renewable energy in desalination;
7. Management of ground water;
8. Appropriate user charges; as free water misconception leads to poor paying many times than actual value of water.

Presenting Indian Metropolis perspective, CEO of Delhi Jal Board, **Mr. Ramesh Negi** briefly mentioned socio-political, economic, technical and managerial challenges faced by Delhi Jal Board (DJB) and offered that the only solution is the efficient water management. Inviting private sector for participation in activities initiated by DJB, he informed that the DJB intends to reduce water distribution losses from present 30% to 15%, which is an opportunity for private sector. Further he mentioned that soon tendering process for INC (Rs.) 20 billion Interceptor Sewerage project is about to begin, which will be a BOO (build, own & operate) project. Similarly he informed that estimated annual investment possibility in Delhi water infrastructure is of Rs. 15 billion. He also informed that presently DJB requires 400 thousand high quality water meters which are not available in market and that at present many working sewerage treatment plants are too old and need repairing or replacement. He stressed upon the need of highly trained personnel and high quality training centre which DJB is lacking right now. He also urged the private industry to innovate suitable financial modules for projects of long gestation period.

**Dr. Sanjay V Dahasahasra**, Member Secretary, Maharashtra Jeevan Pradhikaran (MJP) presented a case study on 'Positive Reforms at MJP' which was based on improvement in urban water supply in town of Ambarnath near Mumbai, facilitated by MJP in a joint work with PUB and MWH. This highly successful project was lauded by the audiences. Dr. Dahasahasra informed that the expected pay back period for this Rs. 120 million project is three years.

Perspective presentations were then followed by open question and answer session. During this, replying to a question of participation of civil society organization in planning stage of DJB initiatives, **Mr Negi** replied that DJB ensures participation of citizens, NGOs and Resident Welfare Associations through Bhagidari scheme. He told the Forum that in fact the suggestion for one of the three projects outsourced by DJB came from Resident Welfare Association. Replying to the questions regarding, role of PUB in MJP study, tariffs after 24\*7 water supply and household coping costs in Ambarnath, **Dr. Dahasahasra** told that the PUB provided consultation, technical advice and maintenance know-how through its expert engineers. About the tariffs and cope up costs, he informed that people are happy with telescopic tariff rates, as not only pumping/storage and uncertainty cost has been reduced but also the epidemic dangers for them. Answering to a question about pay back period in long term water projects in India, **Mr Panjiar** replied that when efficiency improves, pay back period reduces and therefore, New Water Mission has specific efficiency related targets. Mr. Ravi Narayanan then thanked the luminaries for a vibrant session and concluded the session.

### 3.0 Industry Leaders Roundtable:

In search of viable strategies to overcome current and perceivable challenges roundtable discussion among CEOs, senior financiers and water experts generated a lot of interest. Brief summary of the proceedings is presented here.

In his opening remark, **Mr. Sanjeev Chadha** said that the investment in India is attractive, because they provide multi-dimensional opportunities. But he also cautioned

that in India understanding of ground rules takes lot of time and hence becomes a challenge for an investor. He suggested that government should provide risk mitigating leadership, to ensure a high security investment environment so that investors can focus on innovation, delivery and value of service to the society.

**Dr. Anand Chiplunkar**, Principal Water Supply and Sanitation Specialist, Asian Development Bank, talked about PPP experience in India. He told the forum that government wants economic profit and private sector aims at financial profit, therefore, need is to create win-win situation for both. This can be done by encouraging private investment and due regulation to decrease the threat of super profit so that utility becomes sustainable and people get efficient service at affordable price.

**Mr Takashi Hongo**, Special Advisor and Head, Environment Finance Engineering Department, JBIC, was asked to opine about how to improve the investment environment in India. According to Mr. Hongo, the balancing of Health, Hope and Opportunity is required as water infrastructure and social issues can not be separated.

Speaking on issues and opportunities related to technology in Indian water scenario, **Mr. Rajesh Sharma**, Vice Chairman and Managing Director, Ion Exchange (India) Limited, remarked that providing safe drinking water is a big challenge as it also depends on electricity, which is not available in all the places all the time. He advised to find solutions based on renewable technology. He added that though the technology should provide solutions but it should not cause another problem.

**Mr. S Raghupathy** pointed out that government's Water Policy does not have tangible targets; it is more like a philosophical document. His suggestion was that the policy should be more specific so that it creates opportunities. He suggested that apart from mega municipality projects, investors should also look towards minor projects which are numerous throughout India in rural and urban sectors and have possibility of excellent financial returns.

**Mr. Neil Reynolds**, Vice President & International Operations Director, Water Business Group, CH2M Hill, stressed upon the need for good governance. Participating in the debate on if India is learning its lessons, **Mr. S Raghupathy** cautioned that private sector should also set its house in order and use efficiencies related to water usage. Further he added that they must assess about their contribution towards water and their social responsibility. He cited the examples of Madras Refinery and Madras Fertilizers for their excellent use of sewerage water. **Mr Takashi Hongo** opined that municipalities should cover the risk and should guarantee a minimum return. **Mr. Sanjeev Chadha** gave example of PepsiCo's business in India and highlighted significance of 'price' in India and how PepsiCo patiently waited for fifteen years to earn the first profit.

Bursting the myth of subsidy, **Mr. Rajesh Sharma** suggested that in pricing water at least cost of running sewerage treatment plant be covered. Again he said that people are ready to pay for efficient services even in rural India. He told the Forum that many PPPs in rural India in water supply are successful, despite the fact that water supplied by them is costlier than that in Delhi or Mumbai. **Mr. S Raghupathy** was of the opinion that the price should be different for different purposes. He gave the example of same water pricing for watering golf courses and for drinking in slums in India.

On the issue of procurement, panelists were in agreement that the transparency is the key and that there is a need of cultural change as in order to grab the contract by

becoming lowest bidder, most of private companies bid lower than realistic. **Mr. Neil Reynolds** stressed upon the value of awareness and school education in water conservation and usage. **Mr. Sanjeev Chadha** and **Mr. S Raghupathy** emphasized need for low cost technological solutions, robust R &D in water treatment and energy. A valid suggestion came from the audience about the close coordination between research institutes and the industry, which was hailed by all the panelists.

Wrapping up the session, **Mr. Sanjeev Chadha** highlighted the salient features coming out of the discussion, viz. when uncertainty is reduced, transparency and efficiency increases; that the water business though benefits humanity but should also provide returns to industry for sustainability; water pricing is critical factor in India; and that there is need of collaboration among various stakeholders and need of skilled personnel in water sector.

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