

**Proceedings of the Consultation on**  
**“Emerging Water Regulatory Frameworks and Related Reforms in Water Governance in**  
**Karnataka”**

**Organised by**

**Ashoka Trust for Research in Ecology and the Environment, Bangalore**

**and PRAYAS, Pune**

**in Bangalore, 02 September 2009**

**BACKGROUND TO THE CONSULTATION**

The water resources sector in India has been undergoing a wide range of reforms during the last decade, and establishment of Independent Regulatory Authorities (IRA) is one of key turning points in this process. These reform processes have serious implications to a broad spectrum of issues in water governance, including sectoral allocations, water pricing and trading, access, rights, and distribution. Several states including Maharashtra, Arunachal Pradesh and Uttar Pradesh have already enacted laws for establishment of IRAs and the process of knowledge-building and awareness generation have begun in these states spearheaded by civil society organizations (CSOs).

The Government of Karnataka passed a government order in September 2008 for constitution of Karnataka Water Resources Authority, and a Karnataka State Urban Water Supply and Sanitation Council is on the anvil. Thus, a similar process of knowledge generation and awareness building was seen as imperative to address the issue of IRA prior to any concrete development towards institutionalizing a water regulatory framework in the state. The state level consultation in Karnataka, organized by ATREE was meant to be an opportunity for civil society to come together and discuss issues of water governance in Karnataka to discuss and strategise on how water resources may be governed in the state.

**PREPARATION AND OVERVIEW OF THE CONSULTATION**

The consultation was a day-long event which saw 24 participants from academia, NGO's, CSO's and government agencies. A discussion note titled 'Emerging Water Regulatory Frameworks and Related Reforms in Water Governance in Karnataka: Discussion Note for Facilitating Grounded Analysis and Public Debate' along with a copy of the Karnataka Water Resources Authority Act, 2008, formed the basis for discussions while the Maharashtra Water Resources Regulatory Authority Act, 2005 and the Uttar Pradesh Water Management and Regulatory Commission Act, 2008 were used as reference material on reform elements introduced in these states under the regulatory bodies.

The tone for the day's discussion was set by Shrinivas Badiger (ATREE, Bangalore) who gave a brief introduction to the need for Karnataka to be aware of recent trends in the water sector, especially in the context of water-sector reforms initiated by the World Bank and independent regulatory agencies in particular. He stressed on the fact that Karnataka has not yet instituted a water

regulatory authority, and that it is an opportunity for civil society in Karnataka to critically examine the trends in the water sector and influence policy formulation within Karnataka in more desirable directions.

The introductory remarks were followed by four main presentations:

1. Regulatory Authorities in Water Sector & Related Reforms: Basic Framework and Its Possible Implications (presented by Sachin Waghdare and Subodh Wagle from Prayas, Pune)
2. Reforms in Karnataka: Contextualising the Karnataka Water Resources Authority (presented by Divya Badami Rao, ATREE, Bangalore)
3. Urban Water Governance: A few thoughts from Bengaluru (presented by Harish Poovaiah, CIVIC, Bangalore)
4. Irrigation Water Governance (presented by Doraiswamy R, Jalaspadana, Bangalore)

The presentations were interspersed and concluded with spontaneous question-and-answer rounds and intense discussions that lead to identification of key issues for detailed discussion. The day ended in identification of action points for follow-up work on water regulatory mechanisms in Karnataka, including sustaining awareness building and knowledge generation in the state.

Prior to the consultation meeting, researchers from ATREE had series of meetings and had telephonic conversations with some members of the KWRA and the KUIDFC. The gist of these meetings and discussions were reported during the consultation and the discussion note that had been circulated.

This report of the proceedings highlights the key points made in each presentation and ensuing discussions. It goes on to strategies for action and action points discussed at the consultation and ends with some concluding thoughts. A list of participants is appended in the annexe.

## **PRESENTATIONS, DELIBERATIONS AND DISCUSSIONS**

### **❖ Regulatory Authorities in Water Sector & Related Reforms: Basic Framework and Its Possible Implications (Subodh Wagle, TISS-Mumbai and Sachin Warghade, PRAYAS-Pune)**

This introductory session gave a broad overview of concepts of an IRA, and how it has been functioning in India in various contexts and issues within regulatory institutions. Starting with the concept of regulation as a tool for controlling businesses, as well as a tool for ensuring public interest, the presentation went on to explain the concept of IRAs and how they have been functioning vis-a-vis the stated purposes of regulation. Thus the salient features of IRAs presented were that they are specialised agency responsible for regulating the governance of a particular sector working as an independent quasi-judicial body and that it leads to the transfer of regulatory powers from the government to the IRA. The presentation went on to discuss the tendency of 'regulatory capture' in particular where the private sector and dominant actors have a significant amount of influence on the regulatory process. This takes place because the authority is encouraged to base its decisions on "techno-economic rationality" at the expense of social considerations, and other stakeholders may not be able to make arguments based such rationality.

The presentation also distinguished between organisational changes and institutional changes brought about by IRA laws, where there is a transfer of power to the regulatory body, and fundamental changes in key governance issues such as tariffs, entitlements, resource planning, licensing, ground water regulation, water conservation and pollution control, and dispute resolution.

Going over each of these areas in detail with respect to the provisions of the Maharashtra Water Resource Regulation Act, 2005 and the Uttar Pradesh Water Management and Regulatory Council, 2006, the presentation also made comparisons between the water and electricity sector where IRAs were first instituted within India, and concluded that the IRAs in the form of 'Electricity Regulatory Commissions' were superior in terms of participation and transparency while making it clear that water and electricity cannot be compared and that the model use for regulation of the electricity sector was more problematic when applied to the water sector.

One of the observations made by Sharachandra Lele (ATREE, Bangalore) and other participants was that demands were being made of the IRA that were never made of the state government, before the advent of the IRAs. It was felt that the entire water sector, including its pre-IRA phase needed to be closely studied and responded to in a comprehensive manner as issues of the water sector governance. It was also felt that "democratisation" of the water sector would be a more useful term than "depoliticisation" and the latter is open to a range of interpretations with positive connotations as well.



A brief historical background was also presented on how the financial crises and performance crises that gave birth to IRAs in the electricity and water sector went into shaping IRAs into the techno-economic entities they are today, and the need for decisions to be socio-politically rational in equal measure. The discussion concluded by acknowledging that neither the pre-IRA or post-IRA periods are desirable as models of regulation and that we need to go beyond both models.

❖ **Reforms in Karnataka: Contextualising the Karnataka Water Resources Authority** (Divya Badami Rao, ATREE-Bangalore)

This second presentation drove home the point that while a full-fledged regulatory institution for Karnataka's water sector has still not been set up, reform processes are already underway in Karnataka. This was because reforms routed either through IRAs or directly by financial, policy making and implementing agencies related to the water sector typically target key areas of governance functions – tariffs; distribution through entitlements and allotment; resource planning and public participation. Thus, In the absence of a regulatory institution in Karnataka, the presentation examined reforms taking place in the water sector in Karnataka, and juxtaposed them with World Bank 'cross-cutting priorities' applicable to the water sector and its 'rules of engagement' listed out for the water sector in the World Bank Group's FY09-12 Country Strategy (CAS) for India.

Karnataka's commitment and adherence to the cross cutting priority reforms and rules of engagement with respect to planned policy changes and supporting legislation was seen through the adoption of the Karnataka Water Policy, 2002 and the slew of reform related policies and amendments issued to support reform initiatives. With respect to setting up new public institutions and regulatory bodies, the presentation spoke of two advisory bodies, one established, and one at the proposal stage, with the potential of to grow into regulatory authorities in time. The Karnataka

Water Resources Authority (KWRA) was introduced as an advisory body instituted via a government order dated September 9, 2008 and its role and functions were enumerated upon. Updates from meetings with the members of the KWRA was that nearly one year since they have started functioning and representatives from various farmers and water user associations are yet to be identified.

The presentation reported that the focus of the KWRA is the large and medium irrigation sector, nothing refreshingly new from what the Water Resources Department has been doing all along. Though the KWRA has not yet dealt with issues of tariff setting, interviews with members of the KWRA reveal that though they are not ideologically opposed to cost-recovery through tariffs, they would be reluctant to adopt higher tariff scales, at least till people of Karnataka are educated at near-campaign levels, to cooperate with the Government and pay for water as people have traditionally come to expect the delivery of water services through Government subsidisation. However, the creation of water markets and the trading of water entitlements, promoting private players in the water sector is the vision. Another update was that an IWRM cell had been set up within the Water Resources Department, and an ADB funded study on how IWRM can be implemented in Karnataka is a work in progress.

❖ **Urban Water Governance: A few thoughts from Bengaluru** (Harish Poovaiah, CIVIC-Bangalore)

This presentation served to highlight some of the problems of urban water governance as experienced in Bangalore, giving an inkling of the kind of issues that any regulatory authority should ideally deal with. While the presentation gave a statistical and descriptive background to the expenditure on and the status of water and sanitation facilities in Bangalore, it's focus was on the problems of implementation of pro-poor policies, and the access of the marginalised to safe drinking water. Thus while subsidised water and simplified connection procedures exist in policy, the reality of, for instance Dehysyanagar slum declared in 2005 is yet to receive individual connections for its 112 families, residents of Doddanagar slum collectively paid Rs. 18 lakhs in 2003 for individual connections and only 40 out of 2500 families have received their connections, while the residents of Vinobhanagar slum trudge 2kms to reach the closest public post. The presentation also covered the means by which the rich and middle class are often the beneficiaries of government subsidies rather than the poor as the poor buy water at unsubsidised rates, while the rich received subsidised pipe water.



Questions that the presentation raised were whether there is need for a single authority to manage water resources, the need for 'grounded' policy –to collectively address rainwater, surface water and ground water –management and equitable distribution, what the role of urban local bodies should be in relation to elected bodies and water management, how participation, especially of marginalised groups will be elicited in decision making processes, and the kind of mechanisms that need to be built in to ensure transparency. Adding to the plight of marginalized communities,

Gururaja Budhya (Urban Research Centre) spoke about issues of water governance in Mangalore and brought to the forefront problems related to diversion of water from rural areas to urban areas, especially in summer months where farmers are asked to use less water.

Many concerns with respect to urban water governance were raised by participants in the discussion following the presentation. An important observation made by Vinay Baidur (Independent Researcher) was that the BWSSB had abdicated its role in formulating a pro-poor policy. Urban Development Authorities are trying to redefine land use which affects land and water quality. The move to abolish urban local bodies, leaving all decisions to Urban Development Authorities was seen to have dangerous implications, as does the sidetracking of Panchayati Raj Institutions by Water User Associations. Other questions were to do with how volumetric tariffs would apply to groundwater issues of governance stem from a multiplicity of agencies, or their structure.

#### ❖ **Irrigation Water Governance** (R. Doraiswamy, Jalspandana-Bangalore)

This presentation highlighted a few key points to do with water governance in the irrigation sector. The sector's issues were described more as crisis management rather than water governance, in the pre-reform period. The creation of Special Purpose Vehicles and 'Nigams' did have its positives, in terms of building awareness amongst users and instituting quotas in the form of an informal entitlement, using the Nigams for conflict resolution. Introduction of Participatory Irrigation Management (PIM) while provided essential space for participation by the farmers and local communities, still requires elements for strengthening of Water User Associations. However, a status-quo has been maintained with regard to management issues and dispute resolutions as modernisation in irrigation works has been carried out without social aspects being accounted for. The presentation questioned the value of KWRA in straightening out these issues and expressed a need to take stock of the irrigation sector before approaching the Government with its issues. It also said that strengthening tariff collection was the alternate to hiking tariffs for cost-recovery.



Contributors among participants including Dr. S. T. Patil (WALMI, Dharwad) felt that empowerment clauses were adequate but the implementation of it was missing. To implement the quota system, it was felt that there was a need for main supply system to be changed to adhere to the quotas for farmers to distribute. It was also mentioned that maintenance of infrastructure by societies was not possible when the collection was going towards salaries rather than toward maintenance.

Chitra Krishnan (Independent Researcher) who's familiar with the Tungabhadra region was curious to know how plans, approval and decisions within the Government was taking place, as though mini and major hydel plants along the river do not consume water, they have a significant impact on the lives and livelihoods of local communities who are unaware of plans till they are implemented. The overriding concern was about how information should reach communities, and what the public documents available to the communities are.

## NEXT STEPS AND ACTION POINTS

Towards the end of the session, participants acknowledged the importance of the concerns that rose during the consultation, and articulated a need for a sustained engagement with the issue of water governance in Karnataka, even as it was acknowledged that there are no definitive clues with regard to the shape water regulation in Karnataka is likely to take.

Discussion on possible next steps were taken at two levels – one on the level of building critical awareness and knowledge generation among citizens and stakeholders of the reforms taking place in the water sector in Karnataka, and the second level of discussion was in terms of immediate and long term action that could be undertaken to influence developments in the water sector.



Awareness building and knowledge generation:

- ATREE would be producing a bilingual (Kannada and English) booklet that initiates the lay person into issues of water governance in general and to some specific issues relevant to Karnataka. This tool for awareness building could be picked up by concerned groups for dissemination among District-level officials, NGOs working in related fields, and concerned communities.
- Chronology of events and projects/schemes that introduced reforms into Karnataka's water sector, with a detailed examination of which reforms were introduced through which project/scheme and when.
- A workshop targeted at media professionals to educate them on developments in the water sector , and sharing our perspectives and learnings so as to encourage balanced, sensitised reporting on issues facing the water sector

Immediate and long term action

- Prioritise and focus on the Karnataka Urban Water Supply and Sanitation Council as it may be established by November 2009. Procure relevant documents such as the proposal for its establishment and notes to the Cabinet and respond
- Send out policy briefs and guidance through letters/notes with specific issues to be brought up at KWRA meetings to members whose concerns have been neglected by the Authority, such as the Principal Secretary of the Department of Environment and Forests, Department of Agriculture, and Department of Panchayati Raj and Rural Development.
- List out all available documents related to water sector reforms and regulatory institutions in Karnataka for an analysis of specific areas of intervention, for instance, tariff frameworks
- Facilitation of similar discussions in smaller towns and districts outside of Bangalore

## ANNEXURE

### PARTICIPANT LIST

#### Emerging Water Regulatory Frameworks and Related Reforms in Water Governance in Karnataka

	<b>PARTICIPANT</b>	<b>Organisation</b>
1.	Amitangshu Acharya	Arghyam, Bangalore
2.	S.T. Patil	WALMI, Dharwad
3.	Raviprakash.K.N	IDPMS, Bangalore
4.	Gururaj Budhiya	Urban Research Centre, Mangalore
5.	Harish Pooviah	CIVIC, Bangalore
6.	Divya R	ESG, Bangalore
7.	K.M.B. Raghavesh	IDPMS, Bangalore
8.	Nandini Hebbar	The Hindu, Bangalore
9.	Roopa Madhav	Independent Researcher (formerly with ALF)
10.	K.S. Nagaraja	Water Resources Department, DoWR, GoK
11.	Vinay Baidur	Independent Researcher, Bangalore
12.	N.R. Ramesh.	Geological Survey of India, Bangalore
13.	R. Doraiswamy	Jalaspadana, Bangalore
14.	Chitra Krishnan	Independent Researcher, Tumkur
15.	Arul Selva	Campaign Against Water Privatisation
16.	R. Sivakumar	Karntaka State Council for Science and Technology
17.	Raja Sengupta	McGill University, Canada
18.	Sachin Warghade	PRAYAS, Pune
19.	Subodh Wagle	PRAYAS, Pune; TISS, Mumbai
20.	Meetu Desai	ATREE, Bangalore
21.	Smriti Das	ATREE, Bangalore
22.	Sharachchandra Lele	ATREE, Bangalore
23.	Shrinivas Badiger	ATREE, Bangalore
24.	Divya Badami Rao	ATREE, Bangalore