

Water and Urban Poor

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Abstract

Rapid urbanization has given way to increased urban poverty and greater demand for many utility services in India. In particular the pressure on public water utilities becomes immense, which to a great extent are not able to provide services of good quality for all. The urban poor suffer the most because of the inadequate water supply as they can not afford the payments that have to be made as coping strategies and neither can they afford to spend time standing in lines. Among the numerous factors responsible for the poor service delivery the most important is the meager pricing of the water, which discourages investments in the system and prevents the municipalities from adopting any water saving schemes.

Since the Governments in general are either unwilling or unable to raise tariffs and improve cost recovery, the only solution is allowing private participation in the sector. Privatisation along with improving cost recovery and encouraging quality and cost innovations will also ensure a more efficient and accountable service delivery system. As for the arguments against privatisation of the water sector: the perceived inability and unwillingness of the poor to pay the charges under the privatised system, both are proven to be baseless. The poor do pay and often pay a lot more per liter than the well off even while they do not consume as much as the rest of the population do. In addition, as numerous WTP studies show the poor would be willing to pay higher user charges if they were ensured a more adequate and efficient supply. Thus we have privatisation as the model means to counter the deficiencies of the current water supply system.

Key Words: urban poverty, public utility, privatization, willingness to pay, cost recovery, tariffs.