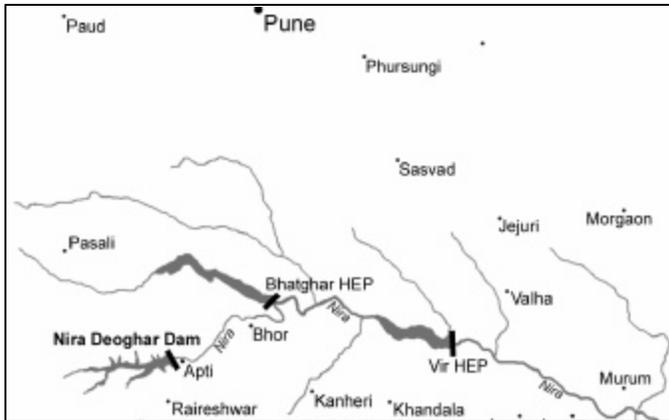


Privatisation of Nira Deogarh Irrigation Project in Maharashtra: Serious implications

Nira Deogarh Irrigation Project (NDIP) in Maharashtra's Pune-Satara-Sangli districts will be the first major privatisation of a major irrigation project in the country where the private player can manage the river and supply water for irrigation and domestic use for profit on a BOT (Build, Operate, Transfer) basis. The Nira Deogarh project consists of a 59 m high and 2320 m long dam on the river Nira, located about 90 kms south of Pune near the now displaced Deogarh village. The dam has a total storage capacity of 337.3 million cubic meters.



On Nov 17, '07, five companies responded to the Expression of Interest issued by the Maharashtra Krishna Valley Development Corp. Cleverly worded, the EoI keeps the "experience" of the companies which could bid open to generous interpretation. It invites companies which have worked on projects of a "similar magnitude". In effect, it allows any player who has handled a Rs 1,000 crore project in any area to bid. So far the companies that have come forward--Ashoka Buildcon, IVRCL Infrastructure Projects, IL&FS, Shinde Developers, Indian Hume Pipes Company--have little or no experience in managing an irrigation project. Worse, some have never been even remotely involved in any water projects!

At stake is nearly 208 km of the Right Bank Canal and 21 km of the Left Bank Canal, along with four lift schemes of the Nira-Deogarh project that will irrigate nearly 43,000 ha. The private player will invest money and complete the construction of the remaining 5 % of the dam, build 164 km of canals and put in place the water distribution network. In return, he will have complete control over the river, the dam & its water.

While there are crucial ethical issues involved when privatising something as basic as a water resource, the mismanagement of the Nira-Deogarh project by the Maharashtra government is shocking. The Nira-Deogarh irrigation project was originally envisaged in 1984 as a Rs 62 crore project. So far, nearly Rs 450 crore has been spent on it: Rs 196 crore in building 95 per cent of

the dam, Rs 93.63 crore on canals, Rs 87 crore on acquiring land and Rs 21 crore on rehabilitation. Rs 50 crore went on "other" expenses. Now it says that another Rs 1,000 crore has to be pumped in to complete the project. Anyone who invests Rs 1,000 crore will have to recover the money as well as generate profits.

The EoI also promises the private company a "reasonable rate of return" via contract farming through land owners. Obviously, farmers, who were kept in the dark while the EoI was issued are up in arms. Says Dilip Ghadge, an onion and sugarcane farmer in Satara's Lonand taluka: "What all this means is that the large companies will come and sit on our land while we are driven out. It will be the last nail in our coffin."

Since 1981, Balasaheb Bagwan of Lonand village in Satara district of Maharashtra, advocate, and president of the Khandala Taluka Pani Panchayat has been fighting for the construction of a dam on the Nira River so that Khandala and other neighbouring talukas, all drought prone, can get water for irrigation. The dam, Nira Deogarh, has now been ready for several years, but Balasaheb's mission is still not complete. The waters still don't reach the fields. "This is a drought-prone area where we have already had a major drought during 2003-2005. The privatisation of the river will break the farmer's back. How can a private company own the whole distribution network of the dam?" he asks.

Dr Bharat Patankar, who built up the equitable water distribution movement (Saman Pani Watap Chalwal) over several decades in southwestern Maharashtra, is shocked at the govt's move. Maharashtra government issued vide an dated July 15, 2003 (GR No. BOT/702 (425/2002)/MP-1) declaring its policy of privatisation of irrigation projects. The World Bank, under its \$325 million Maharashtra Water Sector Restructuring project, is pushing for privatisation of irrigation projects.

According to the report of the working group for the 11th Five year plan, Rs 259 crores have been spent on the project before 9th plan, Rs 130.84 crores were spent during 10th plan. That leaves spill over cost of Rs 521.07 crores out of the latest estimated project cost of Rs 910.91 crores. A question that arises is, how come this spill over cost of 521 crores (as per the latest govt estimates), now suddenly almost double to Rs 1000 crores? Even if we take the figure of Rs 800 crores mentioned in the EOI notice, it still needs to be justified. Secondly, when MKVDC took up the project, what had it planned for the financial mobilization and why was the project taken up without proper planning? In stead of going for privatisation, should not those responsible for this mismanagement held responsible and action taken? (Outlook 071207, India Together 171207, 11th Plan working Group Report on Water Resources Development, layout map by Swarup Bhattacharya, also see *Dams Rivers & People* Sept-Oct '07 p 21)