

Public Accounts Committee of Chhattisgarh Assembly**Call for Immediate Cancellation of Sheonath Privatised Water Supply Project & Initiation of Criminal Proceedings against Responsible Officials**

The Public Accounts Committee (2006-7) of the Chhattisgarh Assembly, in its 64th Report, tabled on March 16, '07 has recommended that the Agreement & Lease Deed between MP Audhyogik Kendra Vikas Nigam (MPAKVN), [now Chhattisgarh Rajya Audhyogik Vikas Nigam CRAVN] and Radius Water Ltd for the Sheonath Water Supply project must be cancelled within a week of tabling of the Report & that all the assets & the ownership of the project must be taken back by CRAVN.

It has recommended initiation of criminal proceedings against the then Managing Directors of MPAKVN (Raipur) and MP State Industrial Development Corp Ltd & the Chief Engineer of MPSIDC for conspiracy to damage the interests of the Govt & transferring to a private agency Govt properties through manipulation & forgery of documents. It has recommended registration of an offence against the CEO of Radius Water Ltd for participation in this criminal conspiracy & gaining profit by causing harm to govt properties. So far, there is no action from the state Govt.

Background In 2001, Radius Water, a local private company was given a concession to build a dam across Sheonath river, for supplying water to the industrial estate of Borai, near Durg city in Chhattisgarh on Build-Own-Operate basis. Once the contract was signed, the owner asserted his rights to the 23.6 km water reservoir, banned the locals from using the waters, and was supported by the state in this. The villagers who used to fish in the river, who used the river ghats for bathing, who took water from the river for growing vegetables & depended on the river for other needs lost access to the river. Intense local struggles, supported by nation-wide campaigns challenged this.

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The project was also criticised widely for its extremely skewed terms unduly favoring the private party. Its take-or-pay clause, that required the Chhattisgarh Govt to pay for 4 Million Litres water per day (MLD) regardless that demand was less than this, was seen as causing severe losses to the Govt since the inception of the project till date as the demand for water has been far lower.

It was the wide criticism of the project and an agitation during Dec '02 that prompted the Public Accounts Committee, headed in 2005-6 by Dr Ramchandra Singhdeo and in 2006-7 by Shri Ravindra Choube to take cognisance of the matter. In its meeting of 6 Jan '03, it decided to look into the project. It submitted a note to the Speaker of the House on 9 Jan '07 requesting permission to examine the matter. It proceeded with the enquiry on getting permission from the Speaker.

Findings and Recommendations Some of the key Findings and Recommendations of the Report are:

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1. The department did not take any interest in making available to it relevant documents during the inquiry. On repeatedly asking,

incomplete and differing documents were made available to the Committee.

2. From the reports and evidence presented, the original objectives and rationale based on which it had been decided to start a water supply project as a joint venture (with HEG), were sidelined and the Managing Directors of MPSIDC and MPAKVN (Raipur), through a deliberate and well thought-out strategy forced HEG out of the picture for furthering their personal interests.

3. The biggest consumer of water in the industrial estate was HEG and that is why it was interested in the project. The original agreement with HEG was also relatively favourable to the Govt. In spite of this, by not finalizing the beneficial project with HEG but rather reaching an agreement on unfavorable terms with a private agency with no previous experience of water supply projects, in violation of rules completely destroyed the objectives and rationale of the project. As a result, the Govt had to bear losses from day the one.

4. The MPAKVN (Raipur) did not have authority to hand over to a private company a responsibility of water supply. Further, to hand over to the private company assets worth over Rs 5 crores on the token rate of Rs. 1 without the permission of the Govt was a well thought-out conspiracy to cause loss to the Govt.

5. How did a completely different company come into the picture in place of the earlier tendering company within a span of 24 hours? The Govt failed to explain this. The Committee considers this a criminal act leading to undesirable profits in violation of procedures.

6. The then Managing Director of MPAKVN, GS Mishra, who signed the agreement with Radius

Water Ltd on behalf of MPAVKN overlooking all facts & keeping the Govt in the dark has committed a criminal act.

7. The Agreement assures Radius Water payment for minimum of 4 MLD. The demand of 4 MLD did not exist on the day of the agreement. Hence it was inappropriate to guarantee payments for a minimum of 4 MLD. The demand ranged between 1.14 and 2.4 MLD. In case Radius Water Ltd was not able to supply the minimum 4 MLD, then it was to be charged a penalty of Rs. 3000 per MLD

deficit. However the rate that was being paid to the company was Rs 12600 per MLD.

8. The MPAKVN (Raipur) has handed over completely for 20 years a natural resource of the

villagers, namely the Sheonath River and land worth crores of rupees.

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Protests On March 12, large no of people participated in Raipur demanding publication of the PAC Report. This public pressure helped in getting the report public. Stronger public pressure will be required to make the govt implement the recommendations. (PAC report, Nadi Ghati Sangharsh Samiti, Note by Manthan Adhyayan Kendra)