Reviving the old demons of water privatisation? Veolia and Suez in India

Recently, the French water multinationals have been eager to present India as a new El Dorado for their business [http://www.lesechos.fr/01/10/2012/lesechos.fr/0202299469561_l-inde--futur-eldorado-pour-les-geants-francais-de-l-eau.htm]. The untapped India market, with its almost infinite potential, would allow them to renew with commercial expansion, to burnish their brand, and also to prove that private water management – a model that has been very criticised recently both in France and abroad - is still a valid option in today's world.

In March 2012, Veolia announced the signing of its first contract in India involving the delegation of the water service as a whole across an entire municipality for 25 years, in Nagpur, Maharashtra (2.4 million inhabitants). Then there was also a multitude of smaller deals (pilot projects in small areas, construction and maintenance of treatment plants, technical and administrative assistance, etc.), which were often conceived as spearheads for future, larger privatization contracts. In Delhi and in the state of Karnataka, local authorities have opted for the implementation of pilot projects that are almost openly designed to pave the way for a more general privatization of their water services. A tantalizing prospect for Suez and Veolia given the scale of the potential market and its needs.

But reality was quick to catch up with the French water companies and their Indian partners. There has been strong resistance to water privatisation both from civil society and within the bureaucracy. Several suspicious financial transactions have been exposed, as well as, more generally, a widespread collusion between political and economic interests. These accusations were not without echo in the Indian political context, which is still marked by the important social movements against corruption of 2011 and 2012. Finally, despite the usual stereotypes about the alleged superiority of private management, Suez and Veolia quickly became entangled in multiple technical and operational difficulties on the ground. There, they found exactly the same problems that have hindered the development and operation of public water services in Indian cities – plus the disadvantages of their inexperience in India and of the new requirement to siphon out money of the water service for the benefit of their shareholders and (legally or not) of their local partners.

According to a June 2013 report by the Indian magazine *Outlook*, [http://www.outlookindia.com/article.aspx?286120], the same problems are found in every "public private partnership" (PPP) contract in India, whether they involve the French groups or not. Of 30 PPP projects identified by the magazine, none has yet lived up to its promises, although water rates have increased on average by 100%, and several are on the verge of collapse, such as the contract between the city of Mysore and Jusco (Tata Group).

In Nagpur, the private consortium led by Veolia does not seem to have many friends left. Politicians of the nationalist BJP party (which controls the municipality) and of the Congress (municipal opposition) have unusually agreed among themselves to ask mayor Anil Sole for the PPP contract to be cancelled. They denounce the multiplication of mistakes, delays and incidents, especially those involving the tanker trucks supposed to supply off-grid areas, as well as the rising cost of water for residents. The mayor promised to launch judicial action in order to force the consortium to meet its contractual obligations, but refuses for now to challenge the contract itself [http://www.downtoearth.org.in/content/nagpur-municipality-proposes-action-against-private-water-supplier]. Recently, Veolia and its partners have had to officially admit that they would not be able to meet the prescribed deadline under the financing agreement with the Indian government. This could lead to a cancellation of all national subsidies for the project and thus increase the final bill for the Nagpur municipality.

Ultimately, one is left with a nagging sense of déjà vu: accusations of corruption, conflicts of interest, political and financial opacity, threats of drastic increases in water rates, promises unfulfilled, difficult relationships with local political authorities... It's like being back in the late 1990s and early 2000s, at the time of the first great wave of water privatization, which resulted for Suez and Veolia (then Vivendi) in a succession of scandals, conflicts and forced exits. Are the French water multinationals repeating the mistakes of the past, and are they headed towards the same kind of failures? The dream of reviving and rehabilitating private water management already seems to be running out of steam.

The Indian dream of French water multinationals

Why India? The country offers the double advantage of being an “emerging market” and, somewhat against the current, of being governed by politicians who openly support the privatisation of water [http://www.lesechos.fr/entreprises-secteurs/auto-transport/actu/0202855249928-kamal-nath-nous-sommes-a-la-recherche-d-investisseurs-prives-582000.php]. In opposition to what happens in China, for example, where political authorities still control the extent and nature of foreign investment in the water and sanitation sector, the Indian government is a strong supporter of "public-private partnerships". It actively promotes them both through its new "National Water Policy" and, more pragmatically, by linking its financial subsidies to states and municipalities for water projects to the involvement of private investors, Indian or foreigners.

Most of the contracts signed to date in India by Veolia and Suez are joint-ventures with a small group of Indian firms with strong political connections (and probably interested, in the short or medium term, to capture for themselves most of the benefits of water privatization). They are heavily subsidized by the Indian government. This is a reality which Suez and Veolia choose not to stress in their communication. They to emphasize the almost unlimited potential of the Indian market, because of its demographics, its haphazard urban growth and the often poor state of its public infrastructure and networks. How could it be conceivable, they argue, that the Indian giant, as it is gaining the status of economic and political superpower of the twenty-first century, would still be unable to provide a modern and efficient water service to much of its urban population (not to mention rural areas)? How could it be conceivable that not only the poor and excluded, but even the middle and upper classes do not have a continuous supply of running water, every hour of every day (which is termed in India "24x7")?

In the era of financialisation, big announcements, hype, and bets on the future play a critical role for multinational companies. And especially so for the big French water groups, Suez and Veolia, because they see their old business model dramatically challenged due to increasing demands and critics, including in their historical French stronghold. The Indian El Dorado was well made to provide them with a new commercial and moral legitimacy: Suez and Veolia would bring their technology and expertise to the Indians, in order to meet both the aspirations of the rich for comfort and modernity and the basic needs of the poor.

And there was even some icing on the cake. The Indian reality would also allow Suez and Veolia to present themselves as "friends" of the poor without access to water, particularly women, untouchables and all those discriminated against by Indian society. Of course, they would not repeat their mistakes of the padt. The page was turned. They would show how private companies could facilitate access to water for the poor, by adapting to their "specific needs" thanks to anthropological expertise the methods of "social business". And thereby they would also prove that private water multinationals do have a key role in achieving the "Millennium Development Objectives", justifying the subsidies and other advantages granted to them by the international financial institutions and development agencies. For instance, Veolia operates in India through its subsidiary Veolia Water India Africa, of which it owns 80.5%, the rest being owned by the French Development Agency (AFD) through its subsidiary Proparco (5.6%) and by the International Finance Corporation (IFC, World Bank Group, 13.9%). In Nagpur, Veolia proudly publicised [http://www.veolia.com/fr/medias/communiques/inde-partenariat-public-prive.htm] its objectives of connecting slum dwellers to the water network ("*A first in India*", they said), as well as initiating a research study with the ESSEC Business School in order to "*better understand the needs of local people, especially those living in slums and better meet their expectations*". The Indian breakthrough was particularly crucial for Veolia in this respect since, as [the NGO Food and Water Watch has shown [http://www.foodandwaterwatch.org/francais/veolia-environnement-profil/], despite the rhetoric of the company on the right to water and the Millennium Development Goals, it almost systematically avoids countries where lack of access to water actually is a problem. India is one of the few exceptions.

To ensure that the message would go down well with investors and the French public, Veolia has even invited a group of French journalists in Nagpur in September 2012. Although this visit took place only a few months after they took over the water service (in March of the same year), the tone of the resulting articles - published in the *Figaro*, *Paris Match* and *Les Échos* [http://www.lefigaro.fr/environnement/2012/10/05/01029-

20121005ARTFIG00602-premiere-en-inde-une-ville-promet-l-eau-pour-tous.php, http://www.lesechos.fr/entreprises-secteurs/service-distribution/actu/0202299469789-l-eau-en-permanence-tout-un-apprentissage-pour-les-indiens-367733.php , http://www.parismatch.com/Actu/Environnement-et-sciences/Inde-Enfin-l-eau-courante-157207] - was as euphoric as it was paternalistic: "*Finally running water!*", "*A revolution inspired by a French company*"... These reports all tell the same story (often interviewing the very same people): how Veolia, providing water continuously to all, was going to save the poor Indians, especially women, from disease, poverty, backwardness and exclusion. And how, at the same time, Veolia was opening for itself a new market of endless potential. Of course, critical voices are hardly audible.

Nagpur: Veolia entangled

Obviously, what these reports did not mention is that the vast majority of investments in Nagpur came from public sources (national and local). Veolia was allowed to take all the credit for a success (however doubtful it actually was) without having taken much risk, including financial risk, for it. The reports did not mention either that the French group only owns a 51% stake in the consortium, Orange City Water Ltd (OCW), and is associated with local partners, including the giant construction firm Vishvaraj Infrastructure on which it depends for its political connections and its day-to-day operations. Vishvaraj Infrastructure is a good example of the type of Indian players with which Veolia and Suez have had to partner with: after having reaped enormous profits in recent years from its motorway concessions, the group is now looking to expand into the water sector, taking advantage of his "expertise" in PPPs.

Most importantly, these reports totally ignored the problems that were accumulating at the very same time and gradually poisoning the relationships between the private operator, residents and local authorities. According to the *Times of India*, Veolia had even invited these French journalists without notifying the municipal authorities, even though they had them visit facilities which are municipal properties [http://articles.timesofindia.indiatimes.com/2012-09-27/nagpur/34126409_1_ocwl-water-works-private-water-operator].

And all this came at a time when the political authorities were rather expecting the arrival of an official delegation from Veolia's headquarters in Paris to "put some order", following complaints that had been addressed, both in writing and orally, to the company executives of the company some months before, about delays in undertaking the works [http://articles.timesofindia.indiatimes.com/2012-09-26/nagpur/34101129_1_ocwl-water-works-nesl]. The municipality had even refused to pay its fees to Veolia for the period from December 2011 to February 2012, as no work had been done. While the French press was hailing Veolia's contract as "mission accomplished", official figures from the Nagpur Municipality showed that the private consortium had only replaced 27 kilometers of pipes and connected 876 new homes in nine months, a pace largely insufficient to meet its commitments. Meanwhile, some OCW agents were accused of illegally charging large sums of money to slum residents for their connection to the water network (which should have been free in theory) and their water consumption, and of threatening them to cut off water in case of nonpayment [http://articles.timesofindia.indiatimes.com/2012-09-29/nagpur/34163532_1_water-connections-slum-dwellers-ocwl].

It does seem that for the leaders of Veolia, the complaints of local authorities did not have much weight in comparison to its need for an upbeat financial communication at a time when the company's share value was going downhill [http://articles.timesofindia.indiatimes.com/2012-09-28/nagpur/34147455_1_ocwl-project-in-dharampeth-zone-water-project]. While in France Veolia was polishing his financial marketing, Veolia India CEO Patrick Rousseau declared the to *Times of India*: "*We are facing problem of finding trained manpower, machinery and equipment in the city. But the company hopes to expedite the works and complete them in time with the help of the local partner. It upsets me that Veolia is being blamed when the responsibility is of OCWL [of which it owns 51%, Ed]*".[1]
[http://articles.timesofindia.indiatimes.com/2012-09-28/nagpur/34147455_1_ocwl-project-in-dharampeth-zone-water-project]

Arguably, Veolia had announced very ambitious objectives. In its [press release->http://www.veolia.com/fr/medias/communiques/inde-partenariat-public-prive.htm], the group emphasised that its contract with the Nagpur Municipal Corporation involved the connection of the entire population of the city to the water grid, including slum dwellerss, in just five years – which implied in turn implementing 6000 to 8000 new connections per month, in difficult conditions. The contract was to be a showcase for Veolia in India, and demonstrate that private water companies and PPPs could provide water round the clock not only to the middle and upper classes, but also to the poor.

Veolia claimed that the "success" of its 2009 pilot project in Dharampeth (a city neighbourhood) was sufficient to prove its ability to achieve such ambitious objectives. It was actually this Dharampeth pilot project on which French journalists had lavished such praise. It doesn't seem, however, that local residents have been asked about their own opinion of the experience. And for good reason, perhaps. It has been reported that the price of water increased in the zone from 3 to 8 Rps per kiloliter [http://www.downtoearth.org.in/content/nagpur-fully-privatise-water-supply-november-15], raising vigourous protests. In 2011, an independent review of the pilot project by the Administrative State College of India (ASCI)[2] concluded that the objective of full 24x7 supply of all households in the area had not been reached; actual coverage was only 50%. The reviewers also noted that residents had not given up their old habits of storing water and that the French firm had not replaced the old pipes, which canceled the health benefits of a 24x7 supply. In April 2013 still, the Indian press reported that part of the

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[1] At the same moment, the same Patrick Rousseau was saying to French business newspaper *Les Échos*: "*Work is going well, we have started and now we are accelerating. But it remains very difficult, mainly because of an enormous pressure from politicians who want the work to be done in two years instead of five years under the contract.*" [http://www.lesechos.fr/01/10/2012/lesechos.fr/0202299469561_l-inde--futur-eldorado-pour-les-geants-francais-de-l-eau.htm]

[2] ASCI, "Impact Assessment of Continuous Water Supply - Pilot Project of Dharampeth Zone". http://www.urbanindia.nic.in/programme/lsg/lsg_presentation/ASCI/Nagpur%20PPP-dist%20copy.pdf

Dharampeth area was still supplied through tanker trucks. [http://articles.timesofindia.indiatimes.com/2013-04-18/nagpur/38646058_1_orange-city-water-limited-ocw-tankers].

Questions have also been raised about the way the PPP contract has been negotiated. It was signed between the private consortium OCW and Nagpur Environmental Services Ltd (NESL), a corporation owned by the Municipality of Nagpur, but on which it appears to exert only limited control. The ambiguous role of the executive director of the NESL, Shashikant Hastak, has been challenged. The designer of the PPP contract and an unwavering supporter of the private consortium, he seems to have accepted a trip to France paid for by Veolia [http://articles.timesofindia.indiatimes.com/2012-09-16/nagpur/33879458_1_ocwl-nmc-water-works]. Apparently close to upper echelons of the BJP party, he seems to have been suspended following allegations of corruption and harassment of slum dwellers, and replaced by a local BJP leader [http://articles.timesofindia.indiatimes.com/2012-09-29/nagpur/34163532_1_water-connections-slum-dwellers-ocwl].

The financial aspects of the contract have also been challenged by several parties. According to local opposition leaders, the operation of the water service has become significantly more expensive for the city of Nagpur since private management took over, mainly because of the very high management fees granted to OCW [http://www.downtoearth.org.in/content/nagpur-municipality-proposes-action-against-private-water-supplier, http://articles.timesofindia.indiatimes.com/2012-11-21/nagpur/35256803_1_nagpur-environmental-services-s-hastak-nmc]. They report that the annual expenses of the municipality for water have increased by 50% between 2010-2011 and 2011-2012. According to a local politician and union leader [http://articles.timesofindia.indiatimes.com/2012-11-27/nagpur/35387100_1_dharampeth-zone-operator-orange-city-water-nmc-staffers], OCW deliberately overestimated the volume of water it had distributed in order to inflate its fees. He accused OCW of charging services and materials at a very high price to the municipality, and then only using low-quality materials and underpaying their subcontractors (which triggered a hunger strike by the city's plumbers) [http://www.nagpurtoday.in/ocw-pocketing-crores-by-using-inferior-materials-in-new-water-connections-in-nagpur/, http://www.nagpurtoday.in/water-scamtankers-operate-in-networked-areas-nmc-pays-undue-amount-to-ocw/]. The Office of the Comptroller and Auditor General of Maharashtra has also identified several problematic financial transactions [http://articles.timesofindia.indiatimes.com/2012-11-22/india/35301806_1_cag-report-nmc-projects-jnnurm-projects] in relation to Veolia's PPP contract.

At the end of 2012, the municipality quietly raised its estimated budget for the whole project to Rs 566.09 crore from Rs 387.86 crore (from 46 to 67 million euros), even though national subsidies had been granted on the basis of the initial budget.

This financial opacity has not contributed to easing public concerns about a future increase in water rates, which is always one of the main sources of resistance to privatisation. At the time of awarding the contract, NESL director Shashikant Hastak declared that no decision had been taken on water rates [http://www.downtoearth.org.in/content/nagpur-fully-privatise-water-supply-november-15] and Veolia, similiarly, indicated that "for the moment" it did not intend to raise rates, because it was not yet pursuing pure economic efficiency [http://www.parismatch.com/Actu-Match/Environnement/Actu/Inde.-Enfin-l-eau-courante-!-439499/]. Such statements have not inspired any confidence to opponents of privatization. Network extension was accompanied by a generalisation of water meters, with the explicit objective of introducing a "change of mentality" among residents – in other words, accustoming them to have to pay for their water. In theory, slum dwellers were given preferential treatment, but various allegations of abuse and corruption by OCW agents show that these good intentions did not necessarily translate well into practice. Opponents report that slum dwellers cannot afford even the new "normal" water bills post-24x7.

Veolia claims it is introducing innovative "social business" methods designed to reach out to the poorest residents - for example employing *"water friends"* in each neighbourhood to spread the good word about the "change of mentality" expected of them. But is this enough mitigate the harsh reality of rate increases? Critics of privatization argue that the core strategy of international financial institutions and multinational corporations to induce a smooth transition to private water management has remained the same for the last 20 years: first, thanks to heavy public subsidies, extend the water service with relatively benign conditions for local residents, and gradually get them used to having to pay for their water; then, extend private control and increase tariff. A strategy that has never really stood the test of reality – never, nowhere has water privatisation managed to gain residents' support. It does not seem likely that Nagpur will become an exception.

A large part of the day-to-day reality of the Veolia-led water service seems to consist not in the installation and operation of a modern network ensuring a continuous supply of good quality water, but rather in the laborious coordination of a large fleet of tanker trucks supplying in turn the various neighbourhoods of Nagpur. Tankers continued to circulate in areas theoretically connected to the grid; it was not always possible to guess whether this was because there was no water flowing in those pipes or because the tanker business was simply to lucrative to some to abandon - or both [http://www.nagpurtoday.in/water-scamtankers-operate-in-networked-areas-nmc-pays-undue-amount-to-ocw/]. In April 2013, according to the *Times of India*, the Nagpur Municipal Corporation and OCW operated no less than 240 tanker trucks for a total of 1,440 rounds per day [http://articles.timesofindia.indiatimes.com/2013-04-18/nagpur/38646058_1_orange-city-water-limited-ocw-tankers]. The consortium was busy installing a GPS system to monitor tankers' movement and prevent water diversions. The Veolia-led consortium seems to find it very difficult to control the behavior of its truck drivers, who stand accused of supplying water randomly, and often through bribes and kickbacks [http://articles.timesofindia.indiatimes.com/2013-05-27/nagpur/39556582_1_orange-city-water-ocw-private-water-tankers]. Such practices have led to riots in several districts in the spring of 2013, local politicians sometimes encouraging residents people to ransack and burn the offices of the private operator. (OCW, through a press release, accused politicians of interfering with its work and disrupting water supply.) In other cases, residents have even prevented employees of the private consortium to install new pipes in their neighbourhoods [http://www.nagpurtoday.in/robbed-citizens-go-ballistic-reject-24x7-water-scheme-the-source-for-ocw-to-pocket-crores/].

Citizens and politicians of all stripes are now calling for the cancellation of the contract and accuse the private operator of sheer incompetence. According to them, OCW has made so many mistakes that it has caused an artificial water shortage in the city [http://www.downtoearth.org.in/content/nagpur-municipality-proposes-action-against-private-water-supplier]. As an example, they say that a brand new reservoir has been put into service without having been previously cleaned of its waste, causing such contamination problems that supply had to be suspended for fifteen days in the area [http://articles.timesofindia.indiatimes.com/2013-03-14/nagpur/37711916_1_ocwl-orange-city-water-private-water-operator]. Some areas of the city have seen happen less water than they received previously. According to opposition parties, some water shortages can be explained by the fact that the BJP-controlled Nagpur Municipal Corporation has favored BJP-leaning districts with the complicity of OCW (and Veolia), at the expense of opposition-leaning districts, including by illegally “diverting” new sources of water meant for the latter districts [http://articles.timesofindia.indiatimes.com/2013-05-06/nagpur/39063240_1_kanhan-plant-nagpur-environmental-services-limited-water-supply]. According to critics, OCW also ignores the complaints addressed to them, even when they come from elected officials [http://articles.timesofindia.indiatimes.com/2013-04-24/nagpur/38789833_1_orange-city-water-limited-water-scarcity-ocwl].

Nagpur Mayor Anil Sole still refuses any outright cancellation of the PPP contract. In May 2013, however, he authorized a legal procedure against Veolia and OCW for non-compliance with a number of contractual conditions, including delays in works and maintenance and lack of supply to neighbourhoods which are connected to the water network [http://www.downtoearth.org.in/content/nagpur-municipality-proposes-action-against-private-water-supplier]. He also launched an investigation into cases of water diversion from main pipes for private profit, which are said to involve executives of OCW and NESL.

In September 2013, the Indian press announced that for the first time, the private operator had officially acknowledged that it would not be able to meet its commitments in terms of works and new connections by the 31 March 2014 deadline [http://articles.timesofindia.indiatimes.com/2013-09-05/nagpur/41799767_1_ocw-water-project-city-water-private-limited]. This is a deadline set under the urban renewal program initiated by the central government (the Jawaharlal Nehru National Urban Renewal Mission, or JNNURM), which had already been postponed by two years. The private operator may not be the sole culprit for these delays but, if confirmed, this could lead to the outright cancellation of national subsidies for the PPP project, and further increase the bill for the operator and for the city of Nagpur, that is to say, ultimately, to the people of Nagpur. In another sign of the major difficulties in which Veolia has become entangled, DRA, one of its major subcontractors for the design and implementation of the project, publicly announced at the same time that it would cease all work on the future Pench IV treatment plant (critical for the supply of the city and for the viability of the whole PPP contract) – DRA said it had not received any payment for its work for over a year [http://articles.timesofindia.indiatimes.com/2013-09-05/nagpur/41799767_1_ocw-water-project-city-water-private-limited].

PPPs in India: reality strikes back

Public-private partnerships in the water sector have a long history in India. Several times since the 1990s, successive governments have tried to open the water sector to private compabies, with the support of international financial institutions and Western diplomats. Each time, they faced strong political, civic and bureaucratic resistance that brought these attempts in check.

French groups were already involved in these early efforts. In the early 2000s, with the active support of the World Bank, Degremont, a subsidiary of Suez Environment, was awarded a BOT (build-operate-transfer) contract for the construction of the Sonia Vihar plant in Delhi. This contract that was secretly designed by the parties involved and by local politicians as a prelude to the privatisation of water services across the entire metropolis - a similar strategy to that today conducted today with pilot projects. The mobilisation of civil society helped expose the nature of the agreement between Degremont and the Delhi officials, as well as a number of financial irregularities and conflicts of interest in the relationships between Delhi politicians, the World Bank, consultants and private companies such as Suez. There followed a succession of delays and difficulties in the actual building of the Sonia Vihar and of the Tehri dam (also by Degremont), which was supposed to supply the plant. Eventually, this first attempt at privatisation was cut short.[3]

The recent wave of PPP in Indian cities is directly related to the launch of the Jawaharlal Nehru urban renewal program, which includes a number of measures designed to incentivise the involvement of private capital. This new generation of PPP quickly found itself under heavy fire from all sorts of critics. According to a recent (and largely negative) *Outlook* report on water PPPs, the Indian Planning Commission has recently examined in detail 13 examples of PPP and has found praise for none; it concluded that four of them were not even viable. [http://www.outlookindia.com/article.aspx?286120]. The city of Latur, in Maharashtra, was the first to be forced to take its water system, which it had outsourced to the Indian company SPML (also involved in all Delhi PPPs), back into its own hands. In response to criticisms, companies often blame political pressures and disruptive interventions by public agencies and authorities; they also argue that they had been provided with erroneous figures and data on the state of the water systems at the time of the initial tender.

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[3] On these events, read http://www.cseindia.org/userfiles/fullstory_final.pdf and http://www.tni.org/sites/www.tni.org/archives/books/waterdelhisehgal.pdf.

The *Outlook* report suggests that PPPs have mainly benefited the most affluent classes, while poorer residents have found themselves victim of rate hikes and have been threatened with cut-offs in they did not pay their bills. The magazine estimates that the price of water has risen on average by 100% in PPP areas.

PPP contacts have also proved unable to fulfil the promise of triggering private investments. This is true for Nagpur as well as for all other contracts. A 2011 study by the Centre for Science and Environment in Delhi [http://www.cseindia.org/node/2857] shows that within water PPPs in India, private partners contribute on average only up to 29% of the investments (and in some cases, as in Mysore, nothing at all), the rest being provided by the local authorities, central government or international donors. Despite its low level, the involvement of private capital is then used to justify the increase in water tariff.

The state of Karnataka has pioneered the recent wave of water privatisation by awarding several relatively modest contracts to Veolia (which are widely suspected of being forerunners for the privatisation of water in larger cities, including Bangalore) and, in Mysore, to Jusco. Today, local opponents call for the cancellation of the latter contract on the grounds that Jusco did not meet any its performance objectives, and has even provided forged certificates to get the contract in the first place [http://groups.yahoo.com/neo/groups/invites/conversations/topics/24497]. The authorities of Mysore and Karnataka have already had to fine Jusco several times for breaching its contractual obligations [http://www.inmysore.com/jusco-s-lapse-fined-rs-7-cr].

The pilot projects of Veolia in Karnataka show good performance indicators, but critics argue that this is because water meant for areas under public management was diverted to the pilot zones to ensure that purely quantitative targets would be achieved [http://www.outlookindia.com/article.aspx?286121]. These critics add that the price of water it has been multiplied by 5 or 6, and that various public sources of free water were deliberately destroyed to ensure that people had no other recourse than the private operator. Veolia, of course, tells a very different story about these contracts [http://www.la-croix.com/Actualite/Economie-Entreprises/Economie/En-Inde-Veolia-axe-ses-contrats-sur-la-performance-2013-06-06-969589], but has to admit that they are limited in scope, funded by public money and have to meet very specific conditions. The government of Karnataka is said to be preparing a new wave of PPP contracts on larger areas.

The other major frontier of water privatisation since the 1990s is Delhi, where water management is entrusted by the municipal corporation to a public operator, the Delhi Jal Board (DJB). Neither of them tries to hide their predilection for private water management [http://focusweb.org/content/delhi-jal-board-rocked-another-major-scam]. Four different pilot projects have recently been awarded to private firms in different zones of the city. It was the first time PPP contracts were awarded in Delhi for the management of the water service itself, not the construction and maintenance of treatment plants. All these four contracts involved one common player, the Indian firm

Subhash Projects (SPML), in partnership with various foreign multinationals, first and foremost Veolia and Suez. The other non-Indian firm involved in these contracts is Water Jerusalem, an Israeli company.

Suez has 74% of shares in the Malviya Nagar pilot project (a 12-year contract worth € 75 million for the company, over an area of 14 square kilometers with approximately 400,000 residents), and Veolia has 51 % of the Nangloi pilot project (15 years, 1 million residents). In both cases, DJB is responsible for most investments. At the signing of these contracts, the two companies' communication teams tried to present exactly the same rosy picture as for Nagpur: French groups would bring continuous water supply "for the first time" to Indians. In fact, the pilot area allocated Veolia seems relatively favored in comparison to surrounding areas [http://india.blogs.nytimes.com/2013/09/18/black-market-for-water-expands-in-delhi]: its population is richer than in surrounding areas and it is home to a recently renovated treatment plant. According to critics of privatisation, this is precisely why it was chosen for a pilot project. The execution of both contracts has been accompanied by the same criticism as in Nagpur and elsewhere. Again, the future increase of water rates (for now they are programmed to automatically increase by 10% each year) is the main reason for concern.

According to SA Naqvi, of the Citizen's Front for Water Democracy that has been opposing the privatisation of water in India for for two decades, those contracts "*have mechanisms to ensure the private parties don't have to put in any of their own investments. During the initial two and a half years of the pilot projects, when the consortiums will be doing distribution, Delhi Jal Board will be paying very high management fees, besides the power bill, delivering treated water at the colony and providing its own employees to the private partner free of cost*" [http://www.outlookindia.com/article.aspx?286120]. Such advantageous terms are also found elsewhere, for example in the PPP contract between Khandwa, Madhya Pradesh , and the Indian firm Vishwaa Utilities [http://www.downtoearth.org.in/content/panel-calls-halt-water-privatisation-khandwa]. In return, private operators are not subject to any obligation in terms of water conservation or sanitation (yet glaring problems in Indian cities), as if the only priority was to secure their revenue.

But opponents of privatisation have even more serious charges against the DJB and private consortiums [http://www.ooskanews.com/daily-water-briefing/activists-allege-corruption-delhi-ppp-contract-awarded-veolia_25605]. They argue that the cost of the works and equipment for the Nangloi project was deliberately and grossly overstated by billions of rupees in comparison to market price, to boost the profits of Veolia and its partners [http://www.hindustantimes.com/India-news/NewDelhi/War-against-pvt-players-in-water-sector-intensifies/Article1-952478.aspx]. According to them, a comparison with another PPP contract, in Patna, shows systematically higher costs in Nangloi area for lower objectives, even though the Nangloi only involves the renovation and extension of existing facilities (which were already renovated in 2003) and not the creation of new facilities [http://www.thehindu.com/news/cities/Delhi/misappropriation-of-funds-by-delhi-jal-board-alleged/article4046502.ece]. This comparison was challenged by Delhi Jal Board [http://articles.timesofindia.indiatimes.com/2012-11-

02/delhi/34877413_1_djb-nangloi-water-treatment-plant-delhi-jal-board].[4]

Unfortunately, it seems that such practices are not unfamiliar within the DJB [http://focusweb.org/content/delhi-jal-board-rocked-another-major-scam]. According to the Indian office of the international NGO Focus on the Global South, "*a powerful nexus of corrupt officials, lobbyist, consultants and the agents (mainly retired DJB engineers on the pay roll of the private firms) are very active inside the DJB to facilitate Delhi government's move to privatize water in the mega city. (...) The race for water privatization in Delhi has led to administrative deterioration and complete collapse of financial accountability on the part of the DJB officials.*"

It is still too early to assess the situation on the ground (the Nangloi consortium was to start operations only at the beginning of the summer 2013), but private water management in Delhi does not seem to be kicking off on the right track.

When will infrastructure and quality public services in Indian cities?

Do the multiple difficulties in which French companies are currently entangled mean that the 24x7 goal, used as a slogan and a justification by Veolia and others, is doomed to remain an empty promise, a chimera? The French journalists invited by Veolia in Nagpur were surprised that some Indians could be opposed to the notion of a continuous water supply. On paper, the benefits of 24x7 are undeniable: a continuous supply with sufficient pressure prevents bacterial contamination of water, it avoids a rapid deterioration of the pipes, and suppresses the need for more costly or risky alternative sources. But critics highlight the risk of encouraging the waste of resources that are scarce in many parts of India, especially as PPP contracts focus on quantitative targets and do not involve any form of accountability on the sustainable management and conservation of these resources. The pilot 24x7 projects, even when they display apparently good performance indicators, are by nature extremely expensive and water-intensive, which raises questions about their viability on a larger scale. In most cases, the rejection of 24x7 by residents reflects their fears of skyrocketing water tariffs – a resistance to the "change of mentality" which is called for by Veolia. Ultimately, the 24x7 slogan sounds hopelessly empty if it is just an opportunity for construction companies to accumulate profits by installing pipes or building new plants, with no guarantee that sufficient water resources exist, that the water will not be lost, misused, or charged at a premium price, and without guarantee either that the wastewater network will grow at the same rate, in which case the benefits of continuous supply will remain modest, at best.

Sunita Narain, director of the Centre for Science and Environment (CSE) in Delhi, has

[4] Opponents have also questioned the legal qualification of the firms involved in the Nangloi consortium to participate in the tender, since it was required that candidates have already successfully completed a similar contract in India involving at least 55 000 new connections, or two projects with at least 35,000 connections each, which was not the case of Veolia (which had then only three minor contracts in Karnataka) and even less so for its partners.

only harsh words about the new generation of public-private partnerships [http://www.downtoearth.org.in/content/public-private-prank]. According to her, the way these contracts are designed and implemented is fundamentally at odds with the reality of Indian cities, especially in terms of their financial viability. Instead of reflecting on what kind of infrastructures and water systems would be adapted to the Indian reality, the existing PPPs are based on the illusion that it could be possible, at least in the future, to cover all the costs of constructing, operating and maintaining full-blown waters system through the revenues collected from users, by increasing the price of water. In practice, the reality of poverty and of inadequate management and governance systems makes this approach totally unrealistic. Hence the temptation, for private operators, to grab profits on the works themselves rather than the daily operation of the water system. Or to constantly renegotiate the terms of the contracts and try to expand public subsidies on the grounds that the information provided for the tender was wrong, and that the repair needs were severely underestimated. Worse, these PPP contracts focus on the most economically profitable part of the system, the distribution of drinking water, completely ignoring the equally important issue of sanitation, which is left to resource-strapped public operators. "*The public system takes a further hit and the private system does not benefit. Development does not happen. What happens is loot in the name of growth*."

Even as it was busy disseminating overblown claims about its Nagpur contract, Veolia executives had to acknowledge that the company's turnover in India was still only worth a few dozens million euro annually – which didn't prevent them from conjuring up "almost unlimited" prospects with "8000 cities" in India potentially interested in similar contracts [http://www.lesechos.fr/01/10/2012/lesechos.fr/0202299469561_l-inde--futur-eldorado-pour-les-geants-francais-de-l-eau.htm]. Meanwhile, Suez environnement's dream rather consisted in the construction of a whole raft of desalination plants along the Indian coastline, including in Mumbai and Chennai. It is not clear what – if anything - will become of these dreams now that business-centred (and resource-grabbing-fuelled) economic growth is running out of steam and that Veolia and Suez are mired in countless problems. But perhaps the Indian people will be better off.