

Standing Committee Report Summary

Socio-Economic Impact of Commercial Exploitation of Water by Industries

- The Standing Committee on Water Resources, River Development and Ganga Rejuvenation (Chair: Mr. Rajiv Pratap Rudy) submitted its report on the ‘Socio-economic impact of commercial exploitation of water by industries’ on August 9, 2018. Major findings and recommendations made by the Committee include:
 - **Exploitation of ground water by packaged drinking water industries:** Of the annual available ground water, 6% (25 Billion Cubic Meter) is utilised for domestic, drinking, and industrial purposes. Of this, packaged drinking water units/plants extract 0.1% (13.3 Million Cubic Meter) annually. The Central Ground Water Authority grants permission to these bottling plants to extract ground water subject to specific recharge obligations. The Committee noted that a large number of licenses have been given in states that already have significant number of ‘over-exploited’ ground water units (areas where ground water extraction is prohibited). 374 units in Tamil Nadu and 111 units in Uttar Pradesh, withdrawing 895 m³/day and 941 m³/day, respectively.
 - **Over-dependence on ground water:** The Committee noted that the Ministry of Water Resources has not estimated the total quantum of ground water being utilised by the packaged drinking water industries and its consequent effect on the ground water level in the country. In addition to ground water being extracted by these industries, 85% of drinking water schemes in rural areas are dependent on ground water. 27% of urban households use ground water to meet their water needs. It observed that packaged drinking water units supplement the efforts of government in providing safe drinking water to public.
 - However, it opined that the demand between demand and supply should primarily be bridged by the government. It reasoned that providing water for consumption is the social responsibility of the government and industries should not be allowed to exploit this sector. It recommended that packaged water industries should be set up on Public Private Partnership basis to ensure government’s role in utilisation of water in a rational manner and provision of safe water in a cost effective manner.
 - **Ownership status of ground water:** The Committee noted that ground water has emerged as a major source to meet the requirements of packaged drinking water industries because of its private ownership. It recommended that the Indian Easement Act, 1882, which provides for right to extract ground water should be amended to meet the present and future demand for water.
- **Licensing conditions of packaged drinking water industries:** The Food Safety and Standards Authority of India (FSSAI) grants licenses to all package drinking water plants based on a set of criteria. However, FSSAI does not check the source of water that will be used by the plant. The Committee recommended that to check the over-utilisation of ground water by such industries, the sources of water should be added as an additional criterion for issuing licenses. This will ensure that new industries primarily rely on surface water sources and ground water is used only in areas where its supply is in plenty.
- **Levying taxes on packaged drinking water industries:** The Committee noted that so far, no charges have been imposed on the usage of ground water. It opined that while water should be available for free, its commercial use should be appropriately charged. It suggested that imposing higher tax rates on ground water can be an effective deterrent against its indiscriminate use by industries. It also recommended amending the Water (Prevention and Control of Pollution) Cess Act, 1977 to discourage wastage of water by industries.
- **Pricing of packaged drinking water:** The Committee observed that no assessment has been undertaken with regard to the income and profits of packaged drinking water industries. It recommended that such an exercise should be undertaken by the Ministry of Water Resources along with the Ministries of Finance and Micro, Small and Medium Enterprises as it will help adopt an appropriate pricing policy with regard to packaged drinking water.
- **National policy on commercial use of water:** So far, no specific policy has been framed with regard to commercial utilisation of water. The National Water Policy, 2012 also does not state specific measures for regulating commercial use of water. The Committee suggested that a robust national policy needs to be formulated to regulate the commercial use of water. It should cover aspects such as sources and quantum of water to be used, appropriate pricing, taxation of commercial gains made by using water, and social and environmental obligations of industries.



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