

Sub-Theme: Innovative Financing Model for Water Infrastructure

Topic: Policy for water use charges

Background:

Appropriate pricing of water is fundamental to efficient use of water, and also financial health of the water resources sector. National Water Policy (2012) explicitly recognizes that water is an economic good, and recommends pricing to cover at least O&M costs. Water charges in India, as currently practiced, broadly aim to (i) cost recovery and sustainable utility finance; (ii) resource conservation and demand management (iii) groundwater sustainability, and (iv) equitable considerations. However, water pricing should be linked to service quality and designed to ensure conservation and efficient use. Also, subsidies (if any) need to be targeted and transparent so they don't lead to misuse or overuse of scarce water resources.

Objective:

The session aims for focused discussions on (i) current water-use charge practices (state & local levels); (ii) urban water supply tariffs; (iii) ground water extraction charges; (iv) non-potable & recycled water pricing; and (v) discounts and amnesty schemes.

Suggested Sub-Topics:

- Efficiency and allocation – How pricing affects water use efficiency and allocations.
- Equity and Access – Impact of pricing on vulnerable populations and access.
- Sustainability – Pricing strategies for ground water management.
- Policy and Governance – Role of institutions, regulations & pricing mechanism in water management.
- Comparative Analysis – Case studies of success and failure stories in water pricing.
- Reuse of treated water – probable barriers and possible solutions.

Expected Outcome:

The purpose of the session will be to propose a National Water Tariff Reform initiative that includes strengthening tariff structures to better reflect “full cost of supply plus scarcity signals”; encouraging State water regulatory authorities to harmonise pricing; water reuse and recycling policies - proposed shift toward pricing that promotes sustainable alternatives; ground water pricing framework for more dynamic pricing based on criticality and ecological needs with more stringent NOC; integration with broader water governance - Water rights, extraction permits, and pricing may become more integrated with basin-level planning, climate adaptation policies, and data-driven resource management.