

**2. What are the intended benefits of graded water tariff? Examine.****Approach**

Students are expected to write about graded water tariff and also examine the intended benefits of graded water tariff.

**Introduction**

As per the UN's Dublin Principle (1992), water is an economic good and hence should reflect its scarcity value. Fortunately, this has been recognised by successive National Water Policies. The 1987, the policy envisaged that the water rates should reflect the scarcity value of the resource and foster economy in water use. The 2002 policy envisaged that the water charges for various uses should cover at least the operation and maintenance charges of providing the service initially, and a part of capital costs subsequently.

**Body**

Graded water tariff:

- Graded water tariff is to fix an appropriate price for water on a graded basis, wherein higher consumption entails higher charges.
- The government has accepted the recommendation of the 15th Finance Commission, which has suggested fixing a graded water tariff to reform the water sector.

Per capita water availability has been declining over the years, and it has now touched the scarcity benchmark of 1,000 cubic meter annually. In such situation we need to study importance of graded water tariff and its intended benefits such as:

- According to the 15<sup>th</sup> finance commission, fixing water tariff is necessary because "inappropriate water pricing" is one of the major causes of over-exploitation of water in the domestic sector. Graded water tariffing can work on controlling over exploitation.
- It will enhance the revenue collection. Tariff do not get revised on a periodic basis, resulting in a large gap between the cost of supply of water and the revenue collected. Thus it will create revenue for local bodies and state governments from heavy water usage industries which can be used to subsidise water vulnerable section of society.
- Help in increasing the water use efficiency. Tariff of water will reflect its efficient use and reward its conservation. Graded water tariff will roll out equitable access of water for all and its fair pricing for drinking and other uses will be undertaken by a statutory regulatory authority. It will refrain water determined directly on a volumetric basis. It will be beneficial if Water charges be determined on volumetric basis after taking into consideration equity and efficiency.