Revised Cost Clearance for Sardar Sarovar Project

The Pro dam lobby arm twists Planning Commission to take a U turn

The title sounds too juicy. Is that possible in a democracy? Let us look at the facts.

The Planning Commission of Government of India gave investment clearance to the Sardar Sarovar Project in October 1988 for a cost of Rs 6406 crore at 1986-87 prices. The project is still far from complete. The Project applied for over six fold increase in cost of the project earlier this year. This is a narration of what happened to that application in Planning Commission.

But such small issues won't deter the *big people* from going ahead with *big decisions*. So the advisory committee on Water Resources "accepted the proposal." It is clear from the available records that there was little application of mind on the part of either the Central Water Commission or the Union Ministry of Water Resources or any members of the advisory committee before approving a 500% increase in Sardar Sarovar project cost.

However, let us see what happened at Central Water Commission/ Union Ministry of Water Resources before that in March 2010.

Water Resources Ministry and CWC So on 11 March 2010, when the application for revised cost approval came before the 103rd meeting of the Advisory Committee on Irrigation Flood Control and Multi Purpose projects, the note prepared by the Project Appraisal Organisation of the Central Water Commission claimed the Benefit Cost ratio for India's most controversial large dam was 1.63 even at the revised cost of Rs 39240.45 crores (2008-09 price level). Acting more like a lobby for big dams, the Central Water Commission did not raise any uncomfortable or critical questions about the claims of the Gujarat Government. At the meeting, in response to some questions by the chairman (who is also secretary, Union Ministry of Water Resources), the project authorities gave some factually wrong information. For example, as per the summary record of discussions (all information in this article is obtained under RTI) of the meeting, the project authorities said that among the reasons for delay was, "Besides, stay order from the Supreme Court in May 1995 till Oct 2000 halted physical progress of works although, dam height of 110 m was already attained by May 1995." Now it is a matter of fact that the dam reached the level of 110 m only in June 2004 and in May 1995 when the stay was given, this author was in the Supreme Court chamber and the dam height then was 80 m. But for SSP authorities, the CWC and the Union Ministry of Water Resources, *Kuch bhi chalata hai* (anything goes).

The summary record of the meeting accepts that the Command Area Development plan is yet to be approved. Incidentally, that plan was supposed to be completed by 1989. The summary record also notes the claim of the project authority that the project will be completed by March 2014, even though the attached data sheet mentioned the schedule stretching to 2016-17. About Benefit cost ratio calculations, there were many issues. The manipulations done by the project authorities were apparent.

For example, the document was completely silent on the issue of cost of debt the project authority has incurred and will have to incur, it was also completely silent about the CAG reports that showed that the project had diverted, mis-managed the funds and there were also big issues about corruption and poor quality of the work done so far. The project authorities also did not find it fit to explain as to why the canal network was delayed so much, when neither the court stay order nor the agitation against the project stopped them from building the canal network. But such small issues won't deter the *big people* from going ahead with *big decisions*. So the advisory committee "accepted the proposal." It is clear from the available records that there was little application of mind on the part of either the Central Water Commission or the Union Ministry of Water Resources or any members of the advisory committee before approving a 500% increase in project cost.

The ball then went to the court of Planning Commission through a letter from the Ministry of Water Resources on March 19, 2010. The brief chronology of events in the Planning Commission in this regard is as follows:

- *March 22 2010* PC asks about status of compliance of earlier PC clearance and about R&R.
- *March 24 2010* GOG replies, which is found unsatisfactory by PC.
- *April 7, 2010* A letter goes from PC to Gujarat government raising a series of 19 questions.
- *April 27 2010* The note in the Planning Commission file shows that the answers of GOG are not satisfactory.
- *May 10, 2010* Member (Water Resources), Planning Commission writes following note in the file:

"There are three issues with the SSP:

1. **Environment Compliance**
2. **R&R Compliance**
3. **Command Area Development**

On the first, the MoEF has set up a High Level Advisory Committee on 28th April 2010 for ascertaining *pari passu* compliance.

On the second, the Union Minister of State for Water Resources stated in the written reply in the Rajya

Sabha on 6th My that approval from the R&R sub group of the NCA is yet to be obtained.

On the third issue which is of primary concern to the Planning Commission, while providing investment clearance, it has to be emphasised that by all accounts the progress has not been satisfactory and business as usual will not work. A major change is required. I would suggest the GOG set up an Expert Group for advice on how best a PIM approach could be adopted in the SSP Command to improve farmers' access to water and water use efficiency."

"In view of the recent damaging observations of the CAG in its report tabled in the Gujarat assembly on 30th March 2010 (which suggests that only 18.64% of CCA has been developed and that utilised CCA is only 6.56% of envisaged CCA, it is imperative that a considered view be taken on the way forward and a wide range of experts be consulted on how performance can be radically improved.

The GOG should submit the report of the expert group to the Planning Commission By then the first interim report of the YK Alagh Committee on environment compliance set up by the MoEF should also become available and the clearance by the R&R subgroup of NCA obtained."

- *May 13, 2010* A letter is drafted for GOG following the above note.
- *May 17, 2010* Member (WR) suggests changes in the draft mentioned above and puts a note on the file:" Please note changes I have made in the draft. I just saw CM's letter to DCH. He may be apprised of our view."

Thus a draft of the letter from Planning Commission to GoG was prepared stating that the Planning Commission will be guided by the report of the High Level Advisory Committee, the report of the NCA R&R sub-group and the report of the expert committee as suggested above, before according investment clearance for SSP's revised cost. This did not seem to address all the outstanding issues on SSP, nor was it particularly radical, but it was at least attempting to find a middle ground as a way forward.

But this was clearly unacceptable to the pro dam lobby.

The events moved fast between May 17 and May 20, 2010 and on May 20, the Planning Commission issued the investment clearance without following the steps suggested by the Member (WR) as noted above. The recommendations of the Member (WR) were clearly brushed aside to push ahead with the project. Mr Avinash Mishra, Deputy Advisor (WR) in the Planning Commission, who signed the May 20 clearance letter joked how they took a U turn.

So what happened between May 17 and May 20, 2010? Superficially, a letter from Gujarat Chief Minister to the Prime Minister dated May 1, 2010, urging the PM to expedite the Planning Commission investment clearance for SSP was forwarded to the PC on May 12, 2010. That letter gets mentioned in the May 17, 2010 noting by Member (WR). Very interestingly, the next noting on the file is from MS Ahluwalia, Deputy Chairman, Planning Commission dated May 20, 2010, which reads: "Discussed the issue with Member (WR) and Member Secretary today. Draft Investment Clearance is put up for approval." The same day, the investment clearance for over six fold higher cost of SSP was issued by the Planning Commission, brushing aside the more reasonable approach suggested by Member (Water Resources) Shri Mihir Shah.

But the file notings give only ostensible picture. It is clear that the lobby in favour of the project was working behind the scenes to scuttle the moves that Member (WR), Planning Commission was suggesting. What, how, who and when of these events are unknowns and only one of the players involved in these events can unearth further truth. The only other possibility is that the Prime Minister and the deputy chairman of Planning Commission took the decision to bypass the recommendation of more reasonable, though not the most radical appropriate option available in the situation, suggested by Member (WR). That however, raises even more disturbing questions. Are the Prime Minister and the Deputy Chairman of Planning Commission part of the big dam lobby?

The sad reality is that such lobby is so easily able to brush aside suggestion for slightly objective consideration even for a Rs 40 000 crore decision.

When we released this note, Medha Patkar of Narmada Bachao Andolan sent a prompt response, which also said:

Your Note may also include the fact that while the clearance to the SSP was only for Rs. 6406 crores (until 2010), GoG had spent upto Rs. 30,000 crores (illegally), without any approval of the revised costs.

The cost of the dam as on 2007, as estimated by the Working Group on Water Resources of the XI Plan of Planning Commission is Rs. 45,000 crores, while the same may shoot upto 70,000 crores by 2010.

It is more than obvious that even the Ministry of Water Resources did not, but should have included the agenda to review the Benefit-Cost ration. Pointing out such large scale unaccountability on the usage of public funds and multiplication of costs, such a need for review was also indicated by the Comptroller and Auditor General (In 2004).

The issue is not just about ruling out Mihir Shah's suggestion, but the Planning Commission making such a shocking U-Turn neither to review the SSP from the angle of economic viability nor even take any action against such 6-time increased in spending without approval.

More questions, but where are the answers?

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