

THE CORE OF PRICE POLICY FOR THE SALE OF CANAL WATERS

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THIS note attempts to provide an answer to the question: what is, and should be, the core of 'price' policy for the sale of State canal waters to the intended beneficiaries? The answer is developed with reference, and partly in reply, to the way in which the aim of price policy is usually enunciated in current discussions of irrigation tariff.¹

The answer is developed in two parts. The first part brings together the various policy statements issued by Government from time to time and some of the specific measures following these statements, and sets both against the view which seemingly underlies much of the current debate, viz. that there was little or no 'policy' in the past behind the framing of irrigation dues, that the tariff was fixed *ad hoc* and for the most part on the 'rule of thumb'.² The second part tries to examine in some detail specific aspects of the aforesaid formulation of water price policy, sets the latter against the actual methods of pricing and reimbursement under different canal systems in the country, and tries to indicate the valid core of water price policy by pointing up serious deficiencies which are common to *both* the prevailing Government practice and the prescriptive rules laid down in the above formulation.

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As regards the Government policy statements, there is, first, the report of the House of Commons Select Committee, 1879, which, as will become obvious, has influenced all subsequent Government pronouncements. The Select Committee was appointed "to Enquire into

¹ See :

Maharashtra State Irrigation Commission Report, Government of Maharashtra, 1962, p. 69.

Price Policy for Irrigation Undertakings — A Preliminary Study, Planning Unit, Indian Statistical Institute, New Delhi, 1961, (unpublished), p. 6.

Criteria for Fixation of Water Rates and Selection of Irrigation Projects, National Council of Applied Economic Research, New Delhi, 1959, pp. 68 and 72.

* The last of these, however, presents certain features which are discussed later in a footnote.

² Sain, Kanwar, *Finances and Economics of Irrigation Projects*, 1939, p. 232.

The National Council seems to follow Shri Kanwar Sain. See *Criteria for the Fixation of the Water Rates, etc.*, *op. cit.*, p. 61.

Also Maharashtra State Irrigation Commission, *op. cit.*, pp. 67 and 68.