

Free Power is Not Free

Swaminathan Aiyar

The myopia of the most intelligent politicians never ceases to amaze me. Many chief ministers have interpreted the results of the general election as an irresistible voter demand for free power for farmers. Andhra Pradesh and Tamil Nadu have lowered their farm power rates to zero, and Maharashtra has halved its already low tariff from 50 paise to 25 paise.

Cynics will point out that a swing of just 1% in the popular vote means the difference between victory and defeat in elections. So politicians do not wish to risk antagonizing a single section of the population for fear of losing that vital 1% of the vote. And so subsidies to every section of the population proliferate, to the point of emptying the treasury.

Politicians know this is short-sighted and unsustainable. But, the argument goes, since voters seem myopic enough to prefer subsidies to sustainable development, politicians should be no less myopic. They are simply following the wishes of the people, as in any democracy.

Wrong. All democracies do not have populist, bankrupt governments. Obviously people would rather get something free than pay for it. But politicians (and the media) need to educate voters that electricity is not like rain that drops from the heavens free of charge. Substantial costs are involved in producing, transmitting and distributing electricity. If the farmer does not pay for it, it has to be paid for by taxpayers like you and me.

Today, bankrupt state governments cannot maintain roads, cannot provide textbooks to schools or medicines to dispensaries, cannot undertake rural development. Giving free power to farmers means less money with the state government. That translates into fewer schools, medicines, roads, and jobs.

So, free power for farmers is not free at all: it is paid for through greater illiteracy, ill-health, unemployment and lack of road connectivity for the poorest, remotest areas. Free power is a cancer that spreads and has many other ill-effects. Consider these in turn.

First, because power is free but intermittent, many farmers do not bother to switch off their pump-sets. So they end up consuming power that they do not need, at the cost of those that do.

Second, many farmers have obsolete, power-guzzling pump-sets, but do not replace them with energy-efficient ones because power is free. If power is priced correctly, farmers will have an incentive to replace energy-guzzlers with energy-conserving equipment.

Third, free power encourages water-guzzling crops, and so can be environmentally disastrous. Low-rainfall areas like Punjab and Haryana simply should not be growing water-intensive crops like rice. Pumping water for such crops causes the water table to fall inexorably. These states urgently need to revert in the kharif season to crops like maize, which need much less water.

But as long as water is free, farmers will opt for rice. The high price of rice reflects the huge amount of water it requires, yet the cost of water is not felt at all by the farmer, only by the environment. In effect, the farmer is being subsidised to ruin the environment. Not just Punjab and Haryana, even other low-rainfall states like Maharashtra grow water-guzzling crops like sugar-cane that should only be grown in heavy-rainfall regions.

Fourth, free power deprives the poor of drinking water and small farmers of irrigation. When the water table falls because of over-pumping, no water is left in shallow dug wells supplying drinking

water and small-scale irrigation for small farms. Millions of those that can least afford it have been deprived of water this way.

Fifth, as the water table falls further, shallow tubewells run dry. So medium-sized farmers are also hit. Ultimately the deepest tubewells, affordable only by the rich, are the only ones that can still tap the water table. A recent World Bank analysis of power subsidies in Andhra Pradesh showed that large farmers got an implicit subsidy of over Rs 50,000 per year, small farmers got around Rs 8,000 a year, and landless labourers got nothing at all.

Sixth, shallow tubewells are fitted with inexpensive centrifugal pumps, affordable by small farmers. But such pumps can lift water only from a depth of 30 feet or so. When the water table falls further, lakhs of centrifugal pumps are rendered unusable. They have to be replaced by expensive submersible pumps. This constitutes a huge waste of existing equipment and an enormous, avoidable cost in new submersible pumps.

The litany of ills is long and cruel. Free power is not free. It is paid for by the poor, the illiterate and the sick. It is paid for by environmental destruction. It is paid for by depriving people of drinking water, and by rendering useless the centrifugal pumps of small farmers. This power is not free, it is outrageously expensive. Let us expose it as such, and halt its devastation.

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