

## Farm Power Policies and Working of Groundwater Markets: Contrasting Gujarat with West Bengal

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Pervasive play of decentralised village-level irrigation service markets dependent on groundwater wells has been the hallmark of evolution of irrigated agriculture in South Asia. The structure, conduct and performance of these markets is closely linked to government policies related to agricultural power supply and pricing policies. During the 1980's and later, in most western Indian states, exemplified by Gujarat, subsidies on unmetered power supply to tubewells have catalysed highly competitive irrigation service markets that have proved beneficial to the poor but harmful to sustainable groundwater management as well as to the financial health of electricity utilities. In limiting these external diseconomies, Gujarat put tubewells on separate electricity feeders, and imposed a strict rationing of farm power supply. West Bengal in the eastern part is the only state which gave up flat electricity tariff, introduced Time-of-the-day (ToD) meters, and vigorously imposed metered tariff over the past 8 years. The two approaches have distinct impacts on the structure, conduct and performance of groundwater markets. This paper compares the two approaches and evaluates their impacts.