



SUCCESS STORY

A Water Revolution Fuels Industry

New water plant gives vibrant textiles industry a boost



Photo: USAID/Don Greenberg

The Control Room at the Water Intake Center in Tirupur, southern India.

“USAID’s guarantee of the \$25 million 30-year bond issue was absolutely critical in raising funds and gave us the credibility to tie up the rest of the financing. Without the USAID guarantee, the project may have been delayed for years,” said Hari Sankaran, a representative of Industrial Leasing and Financing Services. USAID technical assistance also helped ensure that residential customers would benefit from water delivery.

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For two decades, the textiles and garment industry in Tirupur, a city in the south Indian state of Tamil Nadu, was growing faster than anyone thought possible. By 1990’s, however, the town was running out of water — a critical input for dyeing and bleaching.

The Tirupur Exporters Association, the Government of Tamil Nadu, and a private company, Industrial Leasing and Financing Services, reached a deal on the first-ever government concession with the private sector for water supply in India. But they needed to secure financing. USAID stepped in, providing a \$25 million loan guarantee. The partnership then raised over \$220 million in loan and equity financing. It invested this amount in building an integrated water delivery system for industries in Tirupur and nearby areas, improving Tirupur’s water distribution network, constructing the city’s first sewerage collection system and treatment plant, and building low cost sanitation facilities for slums.

Since August 2005, when the facility began drawing water, 120 million liters per day of high quality water are available 24/7 to industry at a reasonable price. Municipalities have access to 65 million liters per day of continuous water supply, but provide only intermittent supply to residents because of local infrastructure constraints.

Tirupur’s garment industry is creating jobs to meet surging global demand. Exports are expected to grow 30 percent in 2006 and projected to reach \$2 billion by 2010. Without water delivery, exports would have grown just 10 percent. Unemployment in Tirupur is rare, and wages are well above Indian averages.

Tirupur residents are receiving high-quality drinking water every day, instead of waiting up to 10 days for poor quality water, or paying private vendors high prices for water. Many houses will get direct connections for the first time, freeing up time for work and school, and helping prevent disease. Also, for the first time, Tirupur will have a proper domestic sewerage system. Nearby ground and surface water will no longer be polluted. With help from USAID, Tirupur has energized water infrastructure finance by showing that private-public partnerships can deliver the goods. Thanks partly to this success, over 30 deals like Tirupur are in the pipeline throughout India.