

To

The Hon'ble Minister of Water Supply and Sanitation

The Department of Water Supply and Sanitation

Government of Punjab

From

Devyansh Khanna

Co-Founder, Project Blue Tax

Date: 10/10/25

Subject: Proposal for the Pilot Implementation of "The Blue Tax – A Quantitative Water Policy"

Respected Sir,

India is facing a water pollution crisis, with a large number of its cities being plagued by unclean rivers full of sewage and industrial pollutants. Despite efforts by both the government and NGOs, no substantial and sustainable progress has been made to combat this issue. We propose the Blue Tax Initiative, a levy on excessive water consumption by households and industries for use in water cleaning programs. Although it is a modest tax when considered per person, it is projected to generate an estimated INR 28–30 crore per month in municipal revenue in the city of Amritsar alone, providing enormous funds concentrated towards water restoration.

Problem Statement

In India, 46% of the 603 rivers monitored by the Central Pollution Control Board were classified as polluted as of 2022.

This pollution mainly comes from two factors: the release of industrial waste into rivers used by the population and the dumping of untreated sewage — both of which contaminate rivers with heavy metals as well as organic pollutants.

As a case study, in Gangnauli, Uttar Pradesh, it is estimated that around one-third of its inhabitants suffer from cancer due to the presence of lead and chromium in the Krishna River, which is used for general purposes by the inhabitants.

In Amritsar, many of the tributaries of rivers like the Beas have suffered intense pollution due to industrial waste contamination by factories and mills, making them undrinkable

and unusable for any common activities.

This being given, the rural populations in localities like Loharka Road are forced to use this water regardless, as they have no other water sources. This leads to the development of diseases in rural families.

This is not just limited to rivers, as groundwater has also been severely polluted. In Amritsar, only 55 out of 142 water samples were found to have safe concentrations of uranium as per a 2015 study, and it may be estimated that this number is even lower now.

If this problem continues, Amritsar could fall into a similar state as Gangnauli, the “Cancer Village of India.”

Objective

The Blue Tax initiative seeks to allocate funds specifically for water restoration. It aims to accomplish this through financial accountability and the creation of a sustainable water fund.

The Blue Tax, if executed ideally, should be able to:

- Reduce the contamination of water bodies by providing a financial incentive for water treatment to industries.
- Create a sustainable fund for the restoration of already damaged water through a “polluter pays” method.

The Blue Tax Framework

“Blue Tax” works on the principle of “polluter pays.” It levies proportional tolls on pollution and overuse of water, targeting only those who violate water sustainability, and has higher amounts for more severe offenders.

The framework of the tax is described below:

The tax is levied on two groups:

1. People (usually in households) who use more than the required amount of water (calculated as approx. 180 L per day in urban settings).

2. Industrial plants that pollute water through the release of chemical effluents and untreated sewage.

The industrial tax is as follows:

Type of Industry	Criteria	Tax
Compliant	Releases only treated sewage, no heavy metal or effluent contamination	N/A
Moderate Offender	Releases sewage that has BOD and COD values under 1.5× the recommended numbers	₹0.25–1 per litre per day, depending on the severity
Severe Offender	Releases sewage that falls over the 1.5× mark	₹10 per litre per day

This tax, while a small amount for one litre, increases dramatically when industrial waste is involved.

For a severe offender or illegal unit, this tax can lead to payments that are not affordable for the plant to continue releasing toxic waste. This incentivizes industrial plants to treat their sewage before release, greatly lowering water contamination.

For households, the tax is levied on overconsumption of water and taxes as follows:

Uses ≤180 L of water per person per day	N/A
Uses >180 L of water per person per day	Rs. 1 per litre above limit per person

In contrast to the industrial plan, the household tax is a modest amount, as only about 20% of households in Amritsar fall in this bracket. It accounts for variation in household size and increases with greater overconsumption.

As an estimate, each person that qualifies for the tax must only pay around ₹50 per day.

Quantitative Impact

This tax has a substantial cumulative effect. Using a conservative estimate that around 15–20% of a city's population falls in the taxation category, and that less than 100 L per day are exceeded on average, the Blue Tax fund can raise over ₹28 crore per month.

This does not count the industrial tax, which serves a discouraging purpose, but it can also raise short-term funds of around ₹10 lakh per day for serious offenders.

The industrial tax serves to reduce the amount of untreated sewage polluting the water bodies in cities. The ₹10 lakh per day payout forces plants to start sewage treatment to protect profits, i.e., profitable sustainability.

The household tax protects the water usage interests of rural populations by creating a water fund. This can be used for projects such as cleaning major rivers and infrastructure to increase water access to the impoverished.

Request for Action

This letter addresses the Municipal Corporation of Amritsar to consider launching a pilot program for the Blue Tax initiative and implement it in parts — such as limiting the launch to selected areas or imposing a downscaled version of the tax.

This program is aligned with the UN's SDG 6, as well as with water policies such as the Punjab Water Resources (Management and Regulation) Act, 2022.

A city-wide launch in Amritsar would influence other cities in Punjab to follow suit with Blue-Tax-resembling policies.

A committee for the supervision of program execution would also be necessary, perhaps falling under the command of an existing department.

The water crisis poses an existential threat to all of humanity. We, however, cannot alter all of humanity. This does not mean that we should not take action where we can.

Therefore, I humbly request the consideration of this letter by the Government of the Municipal Corporation of Amritsar, and the pilot implementation of the Blue Tax Initiative for Water Restoration.

Yours sincerely,
Devyansh Khanna
Co-Founder, Project Blue Tax