

# Infrastructure Vs Basic Services

State level consultation on  
Reforms Process in Karnataka- Impact  
on People and Governance

21 June 2007

CASUMM, Bangalore

# Basic amenities vs. Infrastructure

- **Urban and rural citizens have a Constitutional right to basic facilities**
- **Free lifeline water supply**
- **Free and quality primary and secondary education facilities**
- **Quality and affordable basic health facilities**
- **Adequate food subsidies per family based on size- with parity to earlier availability**
- **Infrastructure is development of facilities for upper classes, industries, tourism, SEZs**
- **It is costly, diverting govt subsidies from basic amenities**
- **Leads to commercialisation by PPPs. Impacts : user charges recovery and revenue generation for urban and rural facilities like water supply**

# Skew in Basic Services and Infrastructure

NURM, UIDSSMT and IHSDP:

- Approx Rs 5000cr allocated from Gol for 63 NURM cities in 2006-07
  - Abt 35 cities have grabbed max share of this
- For all other medium towns/cities approx Rs 1300cr allocated from Gol in 2006-07 for both UIDSSMT and IHSDP
- Approx Rs 32000cr allocated from Gol totally for NURM. Out of this, only 9000cr (**less than 1/3<sup>rd</sup>**) for BSUP and 23000cr for UIG.

# BMR Road Network

Sate llite Town Ring Roads

Intermediate Ring Roads

Radial Roads

Tow n Ring Roads



# Land Acquisition, Displacement and destruction of livelihoods in Karnataka

<b>No. of Villages</b>	<b>Projects</b>	<b>No. of Farmers and labourers</b>	<b>Land (acres)</b>
111	Greater Bangalore	6,30,496	2,00,000
136	5 townships + Ring Road	84,430 18,000	45,450
140	41 SEZs	1,12,000	32,000
Not identified	KIADB	Within 10 months	25,000



# WBG : UNDP

- **WBG promotes** National Urban Strategy and Mega cities Strategy through Cities Alliance and Planning Commission 2007
- **WBG demands that** privatisation consultants be hired and subsidies withdrawn

- Since 2002 UNDP** dialogue to provide alternatives to Neo-Liberalism
- IPC, UNDP reports state** privatisation & commercialisation of public services ; not compatible with Poverty Reduction
- not compatible for achieving the M D Gs

# Financial reforms in ULSGs

WBG prescriptions

→ NURM actions

- **Full service cost recovery**
- **100% Metering and no subsidy**
- **“Pro-poor” PPPs & privatisation**
- **Separate big ticket infrastructure from basic services**
- 100% rational user charges for O & M
- All consumers pay for individual/home connection
- Water and Sanitation for Urban Poor (WSUP) formed in Bangalore by Unilever, Thames Water, Halcrow etc
- UIG and BSUP submissions

# Financial reforms in ULSGs, contd

WBG prescriptions

→ NURM actions

- **After NURM “market capital based” self reliant ULSGs**
- **Ring fencing and unbundling of basic services**
- NURF and NUIF based funding mechanisms
- Planning com report calls for breaking municipal monopoly on services and introducing competition



# Infrastructure: Subsidising the rich?

- Lobbies such as business, real estate, engineering and IT sector have demanded for increased funding (subsidy) for infrastructure – flyovers, corridors, elevated ring roads, underpasses etc for car and air travelers
- This is also used to promote PPPs and privatisation (BMIC)
- IFIs like WB, ADB have stepped in to sanction huge loans which local residents, including poor groups, have to pay back.
- There is cross-subsidy (transfer of resources) from poor-rich, rural-urban, small towns-metros

# Is the cost of such infrastructure democracy?

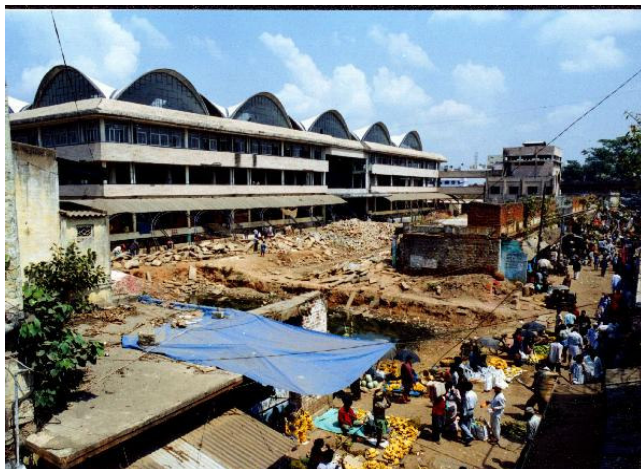
- UIDSSMT scheme for small towns launched in 2005 guarantees 80% grants for infrastructure projects. But World Bank (KMRRP) and ADB (NKUISP) introduced model based on Debt financing
- Citizen converted to customer / consumer
- Forced to pay increased property tax or service charges often for costly high end infrastructure which caters to rich
- Interest and capital returns benefit Global Bonds and debt markets
- Converts towns into global investment destinations
- IFIs extract a price for infrastructure loans – Constitutional democracy
- Need for restoration of Local Government democracy

# Urban renewal threatens both urban and rural livelihoods

*The Demolition of KR Market in Bangalore and its replacement by a “Modern” shopping center...eviction of hawkers and the poor...*



( Photos from Deccan Herald Bangalore)







# **Impact of Urban Renewal Projects**

- **Frees up land for private development (malls, supermarkets) & high end infrastructure (flyovers)**
- **Place reduced for urban poor for livelihood & housing**
- **Harassment & bribery increased**
- **Income reduced**
- **Street vendors (most of whom are women) forced into other jobs like prostitution to earn living**

# Financial Implications of Bangalore Metro- whose cost?

- How does capital cost of Rs 6400crs impact citizens? Give information on how long citizens will pay back and how will the balance not spent on basic services be sourced?
- How running costs met? Subsidy in perpetuity by GoK?
- Despite getting subsidy from Central Railways, which Bangalore won't get, DMRCL incurred losses of Rs 32.5cr in 2003-04 and Rs. 72.36 cr in 2004-05. An increase of 135% over a one year period! Who will bear the subsidy for Bengaluru?
- Has the commercial viability argument for building malls at every station been thoroughly examined? Isn't it only retailers, developers and builders who benefit?
- Who benefits if passengers pay more for feeder bus fares. No information on proposed feeder bus fares.
- **Who appoints consultants? JBIC or BMRCL ?**
- Transparency and accountability in the process?



# Land

- No information on who will own and benefit from land along, below and above metro track and stations, for how long and what criteria
- No information on how sites will be allocated inside malls. Will displaced shops find a place there?
- 110 acres of govt land has been given to BMRCL. Is this a subsidy, a lease or sale?
  - In the case of Delhi, DMRC uses 1 lakh sq ft (partly given by MCD) for commercial purposes. This caused conflicts with MCD who no longer benefits from this land

# Shelter & Urban Livelihoods

Who is affected by Metro?

- 1500 families including 300 slum houses to be evicted. No details of rehabilitation for two slums- Jaibheem and Malleswaram under-bridge slum
- Traders, coolies, hawkers, tenants, sub-tenants and local shops, to be displaced for global/national retail and big developers
- Compensation only for owners. Owners get TDR certificates. Who fixes this rate? No clarity on TDR procedures

# Our Impact : outcomes

- Meeting with Planning commission civil society window on NURM
- Interactions with villagers from SEZ and groups active in township areas
- Farmers, coolies, traders and business affected by APMC
- Traders, vendors and hawkers impact of Metro rail
- Workshop meetings and interactions with activists and researchers on water sector reforms and privatisation
- Interactions with politicians on legislative changes and NURM

# Future Plans

1. **NURM-BSUP: Studying slum housing projects**
2. **Southern cities network: Responses to urban reform**
3. **Follow up lobbying with the Planning Commission**

## **How do we build on increasing resentment to “Mission-mode” NURM to resist reforms?**

- Link with other movements: Urban reform resistance, Hunger Free Campaign, Rehabilitation Policy
- Provide inputs to GOK/GOI for alternative Slum Housing Policy
- To prioritize spending on basic amenities for poor, resist spending on high end infrastructure and subsidies that benefit the rich, and resist decreases in social and welfare spending (eg PDS)
- Demand accountability from the democratic political structure for providing subsidies for basic amenities to poor based on need, and fulfilling historical deficits
- Scrutinize all project contract documents and put pressure on IFIs, relevant govt agencies (eg KUIDFC), pvt sector lobbies at all levels through people's processes (Tribunals, jun sunwais, RTIs, media).
- Annual development plans to be prepared by Distt. Planning committees based on community needs/inputs



# Increased Rural & Urban Poverty

- From 64 lakh BPL families in 2000-01 reduced to 42.7 lakh in 2004-05
- Reduced food subsidies from Rs.295 crores in 2000-2001 to Rs.170 crores in 2003-2004
- Decrease in food grains quantity and criteria from per person to per family
- Food subsidy expected to be Rs 800 cr /year
- Increase in total urban and rural poor, no of BPL ration cards issued 86 lakh families in Sept 2007 out of total 1.16cr in state
- Above data shows 70-80% BPL families



**CASUMM**

Dec 2007

**With the Support of Action Aid India**

**We welcome your comments and questions on this Working Paper**

Email: [casumm@gmail.com](mailto:casumm@gmail.com)