

CIVIC

The Jawaharlal Nehru
National Urban Renewal Mission (JNNURM)
– A critique

The most significant initiative of the UPA government in the last year has been the move to set up the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) with its promise of Rs. 1,25,000 crore to 63 chosen cities. The rationale is that cities are currently inefficient in raising resources to meet their growing needs and are also inefficient in governance. Hence the Centre proposes to bail out cities with funds to meet their infrastructure needs, however, on condition that cities carry out certain governance reforms (*some mandatory and some optional*) which will make them self-sustaining and efficient in the future.

The Centre is also under pressure to ensure that the 'Millennium Development Goals', with regard to halving hunger, reducing poverty and ensuring water and sewerage to all are reached. With 23.6% of the urban population in the country below the poverty line and 14.12% living in slums, providing 'Basic Services' to the Urban Poor (BSUP) is another objective under the JNNURM. Hence, the Centre has set up two sub-missions, one on Urban Infrastructure and Governance and the second on Basic Services to Urban Poor (BSUP).

Why are cities starved of funds: If the cities are emaciated and starved of funds today, it is largely because they have not been adequately compensated for the loss of octroi, etc. Also, the sharing of funds between the States and cities, as per the recommendations of State Finance Commissions set up under the 74th Constitutional Amendment (CA) has not been happening. These funds are supposed to be given to cities as **untied funds** for them to use as they wish with no strings attached, as the very spirit of the 74th CA is that local bodies should become 'local self-governments'. In Kerala, the local bodies get 40% of the State funds as *untied grants* to accommodate the 'people's plan'. "Without looking into these structural causes for cities' poor financial position- and setting them right - it may be unfair to impose on them which they may not agree with."

Do conditionalities & the 74th CA jell?: Anachronistically, the very first mandatory reform suggested under the JNNURM is also the implementation of the 74th CA. How does this jell with the conditionalities being imposed under the JNNURM for giving the funds? Aren't the two completely contradictory? Experts opine that putting conditionalities is the very reverse of the professed goal of decentralisation and is, in fact, a reversal to centralisation.



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Municipal budgets & elite interests: One has to also accept that, like self-willed but immature children, city governments are not doing all that they can for their citizens; hence a little bit of disciplining might be perfectly in order. For instance, most States have reneged on fully implementing the Constitutional directives on 74th CA itself. Also, the current bane of all municipal budgeting is that it gets hijacked to serve the interests of the elite (*in urban infrastructure it goes mainly to support the needs of the private car-based economy*) in the form of fly-overs, expressways, etc., a la big dams in rural areas, which guzzle a huge amount of funds to benefit only a few. The Bangalore Mahanagara Palike (BMP), for instance, routinely budgets funds for slum improvement which never get used. The building of convention halls, shopping arcades, multiplexes and golf clubs with JNNURM funds is currently on the priority wish-list of some leaders of Karnataka.

Fixed division of funds: One of the fixed allocations under the JNNURM, of allocating 65% of funds for city infrastructure while allocating only 35% for basic services to the urban poor appears to be abetting such misplaced priorities. But at the same time, there are mandatory conditionalities asking municipalities to internally earmark funds for basic services to urban poor within their budgets. However, without saying how much should be earmarked or fixing targets for achievements in this regard, one gets the feeling that this is a camouflaged statement meant to deceive the public into believing that the Mission's intentions are absolutely benign. Fears are also being expressed about whether these funds would be accessible by non-notified slums and if not, whether this would not in fact create new forms of exclusion and possibly, even further evictions. Also, is the promise of security of tenure being flaunted merely to identify tenants and sub-tenants and push them out?

Limit demands to MDG fulfillment: If this game-plan has to be beaten - and since the priority need is to fulfil the Millennium Development Goals for which most municipalities are not providing enough - all the resources required to meet the water, sanitation, housing, child nutrition, day-care (ICDS) needs, primary education, primary health care and social security of all those living in under-privileged areas should be realistically estimated and made the first charge on any resources that municipalities are able to raise under JNNURM. That may be all that the municipalities can raise over the next seven years. Only after they have fulfilled these basic needs could further resources raised by them be allowed to go towards their more five-star dreams of multiplexes, golf clubs, et al.

"The JNNURM, as it stands now, does not seem to benefit city residents or help cities to grow or prosper. It needs either to be scrapped or radically restructured. It mandates full implementation of the 74th Amendment decentralisation measures but many key provisions in it undermine this very mandate. Hence, it must be modified to meet the following demands or not implemented at all:"

7. Amend the Acts and Rules under the 74th Amendment within the next six months to incorporate the elements of community participation and public disclosure into it after intensive and inclusive dialogue and consultation among citizens and civil society groups.

8. Implement the revised 74th Amendment, including the setting up of the Metropolitan Planning Committee in the following six months. Implement other reforms proposed under NURM which are agreed to by citizens after intensive and inclusive dialogue. Agreed reforms to be implemented in a way that promotes the achievement of the Millennium Development Goals (MDGs).

9. Conduct massive capacity building of municipalities, elected representatives and communities on the 74th Amendment and NURM with the 5% funds earmarked for it under NURM.

10. Prepare genuinely bottom-up CDP plans by involving communities in ward and sub-ward sabhas. Consult groups of other civil society groups at city-level consultations. The BMP Council to be involved at each stage of CDP preparation and implementation. Fate of CDP drawn up by BDA to be decided. All plans to be consolidated into the CDP by the Metropolitan Planning Committee and District Planning Committees that will be set up under the 74th CA.

11. The Centre to be convinced to increase its grants under NURM from 35% of the cost of projects to at least 80% to prevent BMP from getting into a debt trap.

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Bitter pill packaged in benign wrapper? The fear is that the JNNURM is a bitter pill being packaged in a shiny wrapper. In order to access it, one will have to throw the shiny wrapper and eat the bitter pill. The wrapper consists of the promise of 1 lakh crore, cursory and tokenistic consultations with stakeholders in the name of people's participation; the lip service to the 74th CAA, the benign language of security of tenure to slum-dwellers and the promise of 25% land in all housing projects. The vested interests in the local bodies are eager to lay their hands on the promised manna, hence they won't mind making the citizens eat the bitter pill.

Game-plan with hidden agenda? There is not much reason to doubt the hidden agenda behind the JNNURM, as this is the same Government which has closed its eyes to gross human rights violations in the form of slum evictions and demolitions that have taken place in Delhi, Kolkatta and Mumbai in the preceding two years in the name of beautification and renewal of cities. Since the demolitions met with loud outcries and even reprimands from the UN, the game-plan appears to be to camouflage the same intentions under a shiny wrapper of benign benevolence. **It is significant that the JNNURM document nowhere gives an assurance that evictions and demolitions will be stopped.**

CIVIC's demands on JNNURM

1. All proposed policy changes should be preceded by a policy for the urban poor, ensuring them free, or nearly free, minimum basic services. No plans to privatise basic services should be initiated.

2. The Right to Shelter of all, declared a part of the Right to Life and Livelihood under Article 21 by the Supreme Court in 1981 and 1990 to be ensured by earmarking adequate land for the housing of the urban poor in Bangalore, for instance, disused factory lands. The earmarking of 25% for EWS in all housing projects to be made mandatory.

3. No slum evictions and demolitions to take place as it is a violation of Article 11 (1) of the International Covenant on Economic, Social and Cultural Rights (ICESCR) which India has ratified. All rehabilitation to be as per international conventions and the seven principles laid down by the UN Committee on Economic, Social and Cultural Rights

4. All projects must be in line with the guidelines laid down by the National Slum Policy, National Housing and Habitat Policy and National Street Vendors Policy.

5. The very first project to be taken up by all cities should be the upgradation of all slums and provision of basic services to all the urban poor. The total cost for this should be realistically estimated and should be made the first charge on NURM funds. Only when these are completely budgeted, should other projects be taken up.

6. NURM funds to be allowed to be used for strengthening primary education, primary health care, employment and social security to the urban poor.

Are progressive reforms really so? Considering the state of many municipal accounts, wherein the opening balance often does not correspond with the previous closing balance and audits have not been done for decades (BMP), there may not be much opposition from the people to the Centre imposing some ‘technical’ conditionalities, such as the adoption of a Fund-Based Accounting System (FBAS), e-governance and GIS for universal property tax coverage, etc., though some activists fear that these technological fixes tend to undermine political autonomy of local governments and get manipulated by the elite and powerful to serve their own interests.

Undermining federal nature: But conditionalities which impose undesirable policy changes - such as those prescribing on what items money can be spent or how much can be spent; making collection of user fees mandatory (*without a clear enunciation of a policy regarding these for the urban poor*); requiring repeal or introduction of certain laws which will benefit the elite; initiating public-private-partnerships, which in other words means forced privatisation of public services - appear to be a direct infringement of States’ freedom and the spirit of the 74th Amendment. Critics see the imposition of conditions on municipalities to privatise their services as “**seriously undermining the federal and democratic nature of decision-making in India**”. One condition even says that States have to agree to put a stop to all further recruitment for government positions. A former chief secretary of Karnataka questions how the Centre knows how many persons are needed or not needed in a particular State. He also points out that the States were not consulted even on the selection of cities to benefit under JNNURM.

Privatisation of services not a panacea: If the conditionality of JNNURM is on privatisation of basic services, despite the recent revealing experiences of the Delhi Jal Board in its plans to privatise operation and maintenance of water supply, it will have to be opposed through people’s sustained campaigns. The World Bank tried to arm-twist the Delhi Jal Board to accept the tender of its favourite US MNC, Price-Waterhouse-Coopers. The tender conditions were more or less on the lines of the infamous Enron agreement which would have only led to the bankruptcy of the Delhi Jal Board.

The refrain is always, “From where will the funds come, unless we bring in private investment?” There are many examples from Latin America which show that privatisation is not a panacea and that there are alternative ways of overcoming the cities’ inefficiency and corruption. These alternatives indicate that it is possible to make the ‘people’ own service agencies – as opposed to the public or private sectors - by making each citizen a share-holder in a citizens’ cooperative to run the service. These have proven to be efficient and free of corruption. If obligatory functions of the state, such as water supply, solid waste management, primary education and primary health care, etc., are to be privatised, then why do we need to pay taxes and why do

we need a government, is the cry of several activists. While talking of privatising services, there is no mention in the JNNURM of certain services being provided free, for instance, a minimum quantity of water for subsistence, as a human right of all, as in South Africa.

Tokenistic stakeholder participation in CDPs: The JNNURM is asking that a vision document for the city and City Development Plans (CDPs) should be prepared through multi-stakeholder consultations. But going by the *ad hoc* consultations conducted by BMP on May 6th, which were attended by about 25-30 persons from a whole Range, and in which the urban poor were hardly represented (*a councillor claimed that he was there to represent the absent urban poor’s interests*) how is it going to be ensured that all stakeholders’ views have been adequately taken into consideration? Critics point out that the plans are being made without clear “process guidance, adequate and up-to-date planning data, advocacy with stakeholders and their capacity building in order that they may participate effectively”. In fact, the CDP of Bangalore along with Vision and Mission statements has already been prepared by the consultants iDeCk, and the consultations with stakeholders being undertaken now appear to be merely to fulfil formalities.

Bypassing elected councils: The BMP was unaware of the JNNURM till May 6th. It is merely to pass a resolution accepting the CDP; it is hardly going to be the author of it. The fear that the whole process will be decided by bureaucrats and consultants which will by-pass the democratically-elected council, weakening democratic processes, is coming true. But the Council will be the one which will have to repay the loans.

The linkage of the CDP plan under the NURM with other statutory plans is also unstated, warn critics. For instance, what happens in cities, such as Bangalore, where a CDP was already prepared for the BDA by foreign consultants in a top-down manner with no inputs from the people? Is it going to be abandoned after it has swallowed crores of rupees? This time around too under the JNNURM, other empanelled consultants are waiting in the wings to put together the new CDPs – as per the suggestions of a handful of residents - and rake in the moolah.

Where are the DPCs and MPCs? Again, as per the 74th Amendment, planning is a function of the District Planning Committees and the Metropolitan Planning Committees. These have not even been set up in most States in what is a gross Constitutional violation. If these are not made functional before the City Development Plans are finalised under the JNNURM (*which are supposed to have a vision for the next 20-25 years*), where is the legitimacy for the *ad hoc* planning process now under way?

Multiplicity of new laws: It seems that the Community Participation Law and Public Disclosure Law are being imposed as mandatory reforms and as *fait accompli*. One wonders: where was the ‘community participation’ in

drafting the ‘community participation law’? One needs to question the legitimacy of the process by which these Bills have been drafted. There are also provisions in the Community Participation Law which may be in conflict with the way institutions and structures, such as wards committees, are currently constituted under the laws framed by individual States under the 74th CA. How will the two be reconciled? No doubt the 74th CA and ward committee Rules have their flaws. But wouldn’t it be preferable to amend existing laws themselves to bring in the elements of community participation and public disclosure so that there are no conflicts between the separate laws? Moreover, the Community Participation Law is asking for a modified version of the discredited system of nominations to ward committees from Area Sabhas and for nomination of elite institutional groups within the ward, which is hardly an improvement on what is existing now.

Investment in social sectors exempted: Among the items for which no funds under the JNNURM can be sought are primary health, primary education, employment opportunities and social security – in short, the very items that need focus to foster human development – to meet MDGs - and not just economic growth. Currently, the urban poor are forced to go to private schools and hospitals that they can ill afford because public provisioning of these is in a shambles. These may be the areas that a City would like to invest in but these are to be financed only through the existing departmental budgets which everyone knows are inadequate. **Investing in this social infrastructure provides the highest returns in terms of economic growth, much more than investment in roads, fly-overs, metros, airports, etc.** And decent employment for the unorganised poor and migrant workers is the need of the hour. But these are not to be financed under the JNNURM.

Space for livelihoods of the poor: If land is being freed to ensure that investment funds flow towards the high-end sectors, what about ear-marking land for securing the livelihoods of the urban poor by providing the space for carrying on their trades, etc., which alone will enable the migrants to survive on their own. Food-courts, hawking zones, workers sheds for carrying on activities such as agarbatti-rolling, beedi-rolling and a number of such household enterprises, unless provided for, will result in unsafe and unhygienic living conditions for the poor. Lack of space for carrying on their livelihoods will constrain their ability to make a living which they do mostly without any material support, subsidy, etc., from the government.

Social security for the unorganised: Social security is to be provided under “existing universal schemes”, but there are no “existing universal schemes” for social security for the unorganised. However, there is mention of social security as a contributory insurance scheme with private companies. It is obvious that the poor will never be able to bear the full

cost of their social security considering their meagre earnings. The state’s contribution towards their social security is indispensable. Whatever happened to the Centre’s many draft bills to provide comprehensive social security coverage to the unorganised?

From where will cities raise funds? The most crucial element of the JNNURM, however, is the requirement for the local bodies of mega cities to raise 50% of the funds themselves and for the State governments to cough up another 15%. Only then will the 35% in the form of grants from the Centre under JNNURM be released. Considering that most municipalities prepare illusory budgets for thousands of crores each year but are never able to raise more than about 50% of it (from property tax, loans and grants), the big question is: from where will municipalities raise their share of thousands of crores in the next seven years?. One can imagine the fate of the municipalities if they have to pay interest on thousands of crores to get the money under JNNURM. The only other alternative will be for the citizens to tighten their belts and pay up higher property taxes, cesses, users’ fees *et al*, if they want their wish-list for their city to be actualised.

JNNURM – castles in the air? Critics feel that the Centre knows that the cities will never be able to raise their share. And if the fate of crores of rupees promised by the Centre to the State governments under Sarva Shiksha Abhiyan, which lapse because the State governments fail to provide their share of 25% - is anything to go by, the State governments may not be able to cough up their share of 15% of the funds for JNNURM. So, the whole idea of JNNURM appears to be a mirage provoking citizens to build castles in the air.

JNNURM & neo-liberal agenda: Activists fear that the real intention of the Centre in dangling the promise of Rs. One lakh crore is a ruse to force the local bodies to undertake the neo-liberal reforms that it wants them to, viz. free the land market, undo the checks and balances that prevent concentration of land in the hands of the real estate lobbies, MNCs, land mafias and what-have-you. YUVA of Mumbai has expressed deep apprehensions that NURM could be used as an instrument to “*intensify the deprivation of critical populations from the process of decision-making and access to land, infrastructure and resources*”.

The other ruse appears to be to force local bodies to go with a begging bowl to International Financial Institutions to raise their share of funds. These IFIs, such as WB, ADB, USAID, etc. - who are currently the shadow players behind the Mission - will, in turn, demand their pound of flesh in terms of interest on loans and further conditionalities to privatise public services and give the contracts to their favoured MNCs, chosen and imposed by them. The MNCs, in turn, will laugh all the way to the bank, as was going to happen in the case of the Delhi Jal Board, if people, helped by the NGO Parivartan, had not used the Right to Information Act effectively to expose the game-plan of the IFIs and protest vigorously.