

CPI(M)

Lok Sabha Election 2009

**AAM AADMI SUFFERS
IN 'HIGH GROWTH'
INDIA**

Bharat Nirman

“New Deal” or “Raw Deal” for Rural India?

CAMPAIGN FOLDER



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**Strengthen the Left and Democratic Forces
to Ensure an Alternative Secular
Government at the Centre**

Bharat Nirman was the Congress-led Government's flagship programme to provide the necessary boost to rural infrastructure with targets set for the period 2005-06 to 2008-09 for rural housing, rural electrification, telephony, all-weather road connectivity, safe drinking water and sanitation and expansion of irrigation capacity. This could have been an important intervention to reverse the impact of neo-liberal policies which result in huge cuts in government expenditure on socio-economic development, infrastructure and employment generation. The global meltdown and recession has only made the case for this investment in rural infrastructure even stronger since a stimulus is urgently required.

The National Common Minimum Programme (NCMP) had promised a time-bound plan to build rural infrastructure: "The UPA government will ensure that public investment in rural infrastructure and irrigation is stepped up in a significant manner ... The UPA will pay special attention to augmenting and modernizing rural infrastructure consisting of roads, irrigation, electrification, cold-chain and marketing outlets. All existing irrigation projects will be completed within three to four years. Household electrification will be completed in five years".

Unfortunately, the UPA government's design and expenditure on the Scheme left much to be desired and involved rigidities and conditionalities. Furthermore, the PPP model was doomed to fail in this sector and was a fatal flaw in design.

PPP: PROMOTING FAILURE THROUGH CONTRACTOR RAJ!

The condition that the Asian Development Bank (ADB) and the World Bank laid down to fund Bharat Nirman was the Public-Private Partnership (PPP) model. This PPP model also included the NGO mode of collecting as much as half the Project cost under the euphemism of community participation.

The argument for the PPP model is bizarre, because it insists that government bring the private sector into infrastructure investments through attractive subsidies, incentives and concessions, even though they are coming into the sector in the first place because the government cannot cover the enormous investment by itself! Of course, aside from different kinds of subsidies, 'efficiency' in delivery requires the anti-people measure of high user charges for cost recovery.

The irony is that PPPs have faltered in infrastructure, and private companies are increasingly reluctant to enter into PPPs, especially in areas with significant social responsibility

associated with service delivery, since these are seen as insufficiently profitable despite huge government concessions. The poor record of privatisation to deliver services like water to weaker sections of the society, small and marginal farmers, and to disadvantaged groups like Dalits and Adivasis is well known.

With clear support from the Prime Minister's Office, the Finance Ministry and the Planning Commission, the World Bank has positioned itself as among the most knowledgeable experts, using this position to unabashedly push its policies. The current Country Assistance Strategy (CAS) for India for the years 2009-2012 says that in PPPs, the Bank and IFC will bring international "cutting edge expertise" to India and the Bank "will continue to assist the central government by providing comprehensive analytical work to underpin policy and institutional reform".

In the past, their advice was highly flawed, designed to promote unsuitable and pre-determined policies. The privatisation-led approach has not only been ineffective, but also catastrophic for vulnerable sections of the society. It is likely to achieve little else apart from fat payments to consultants and private contractors. And yet, the UPA Government continued in its reckless stride towards promoting failure, egged on by the ADB and World Bank!

FLOUNDERING FLAGSHIP: BHARAT NIRMAN

Rural Electricity

Aim: Every village to be provided electricity; remaining 1,25,000 villages to be covered by 2009; 2.3 crore below-poverty-line households to be connected.

Performance: By December 2008, only 17.95% of targeted rural households electrified. Of the targeted villages, only 52% electrified.

The actual number of households without electricity is about 8.4 crore. However, instead of the State Electricity Boards, the responsibility for all this now lies with a combination of undefined NGO's, Panchayats and local franchises. Bharat Nirman only provides the funds through the Rural Electrification Corporation. Without a physical institution, this motley crowd of agencies cannot be held accountable for failing to fulfill the promises of rural electrification.

The change of responsibility from the state utilities to undefined entities for rural electrification is the result of the Electricity Act 2003, pushed through despite the Left's opposition. In order to privatise distribution, the Act took loss making rural areas (with lower density of population and

therefore higher cost of delivery) out of the responsibility of the new distribution companies. The CPI(M) has always insisted on changes in the Electricity Act to make rural electrification a state sector priority.

Rural Roads

Aim: Every habitation over 1000 population and above (500 in hilly and tribal areas) to be provided an all-weather road: remaining 66,802 habitations to be covered by 2009. Pradhan Mantri Gram Sadak Yojana (PMGSY) is 100 % centrally-sponsored. *Performance:* Only 55% of target achieved in terms of length and 34% in terms of habitations

Augmenting Irrigation Capacity

Aim: The NCMP emphasised: "Irrigation will receive the highest investment priority and all on-going projects will be completed according to a strict time schedule". But Bharat Nirman committed only an additional irrigation capacity of 10 million hectares to be created by 2009, an extremely low aim that would irrigate only 4.5% more of the sown area.

Performance: Even this modest aim not attained; only 5.08 million hectares or half achieved.

The CPI(M) has consistently opposed the Bharat Nirman approach to water resources, namely, over-emphasis on mega projects, privatization of water resources development, high price of water for farmers and domestic consumers, corporatization of management and regulatory institutions, and centralization of economic policy decision making. For example, 40% of Bharat Nirman's proposed targets are from ongoing projects, which are largely in the major irrigation sector and involve huge time and cost overruns.

This discriminates against areas outside snow-fed river valleys, like the rain-fed Eastern and Central hilly and plateau regions. Besides being home to India's Adivasis and other poor people, this region has the highest potential for staples, pulses and oilseeds, and therefore, its neglect undermines food security.

Rural Drinking Water Supply

Aim: Bharat Nirman promised that every habitation would have a safe source of drinking water: 55,067 uncovered habitations would be covered by 2009. In addition all habitations with water quality problems and "slip-back villages" would be covered.

Performance: Only 57% of uncovered and 43% quality-affected habitations. The coverage of all types of habitations declined sharply in 2007-08 and 2008-09, to 56% of the targets.

Water supply and sanitation are strongly intertwined with health, education, infrastructure as well as gender, social and economic justice. The norms of water coverage are already extremely inadequate, and make this poor performance even more shocking. One hand pump or stand post with a capacity of 40 litres per person per day, located within 1.6 km in the plains and 100 meter elevation in the hills, is provided for 250 persons (roughly 50 families) is considered adequate for full coverage! Water collection usually being a woman's job, they have to spend considerable time and effort to walk this distance through repeated trips. A habitation is deemed partially covered when only one-fourth water is available.

The Government has hidden behind faulty official statistics that suggest that nearly 97% of rural habitations are covered! The widespread crisis of drinking water in Indian villages, made clear through numerous field studies, reports and sheer common knowledge, cannot be wished away by such jugglery.

Furthermore, the so-called demand-driven and cost-sharing features will do little to secure the access to water for all, and the application of user fees and shared cost of infrastructure will only ensure that the elite will have access to water resources and the poor will be denied their right to water.

Rural Telephony

Aim: Every village to be connected by telephone: remaining 66,822 villages to be covered by November 2007.

Performance: 27% villages still not connected.

This telecom target should have been one of the easiest to meet, since the Universal Service Obligation Fund for providing rural telephony had accumulated reserves of Rs. 20,000 crore by March 2008, and only Rs. 451 crore was required to cover the remaining 66,822 villages. Obviously, providing village telephones has not been a priority for the UPA Government. It made no attempts to force private telecom service providers to fulfill their obligation for 10% rural telephones specified in the license conditions.

The state-owned BSNL has almost exclusively borne the burden of providing landlines, and now broad band services to rural areas. Despite the national and social responsibilities of BSNL, the Congress-led Government blocked its efforts to procure new cellular lines for more than 2 years. 50% of lines were released only after the agitation of the telecom unions, and the intervention of the CPI(M). This Government's focus has been to help private operators in various ways and the

current Rs. 100000 crore scam of virtually gifting the spectrum to favoured private players is but an example.

Rural Housing

Aim: 67 lakh houses for the rural poor by 2009 through Indira Awaas Yojana.

Performance: 85% of target achieved, 56 lakh houses constructed; tardy utilization and target attainment in last year. Celebrations on this front must be sobered by the recognition that the actual requirement for rural housing is 150 lakh rural houses, and targeting 44% of this under Bharat Nirman is already too low.

SCANT REGARD FOR RURAL INFRASTRUCTURE!

Food insecurity remains high and increasing, given the significant rise in prices over the past two years. While overall inflation has been easing, food inflation in India continues despite large food-grain stocks. And the real incomes of workers and cash-crop cultivators have not kept pace with this.

When the economic conditions call for bold and definitive measures, and the political situation for aggressive state action, the UPA instead gave us a half-hearted and unconvincing intervention. It would appear that the UPA government prefers the World Bank-IMF line to its own NCMP approach.

The new Government at the Centre will have to tackle the impact of the global economic downturn, and allocate much more money for rural infrastructure, essential for employment, agriculture and food security.

It is only an alternate set of economic policies which can ensure development of rural infrastructure and provide water, roads, housing, irrigation, electricity to millions of Indians.

Neither the BJP nor the Congress can provide such an alternative.

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