

ADB Footprints

An overview of ADB's Investments in India



Peoples' Forum Against ADB

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Introduction

While the Asian Development Bank (ADB) is commemorating its 50 years with fun and fanfare, people's movements and CSOs in India chosen to hold diverse actions of protest and resistance in over 120 places across the country, highlighting the colossal damage their lending has caused to people and environment, and their continued operations without transparency and accountability.

Almost a decade ago people came together in Hyderabad, during the 39th Annual Meetings saying we are Better off without ADB and that sentiment has not just remained but only intensified in the last ten years.

After having been a sole multilateral development bank (MDB) in Asia for five decades, with the emergence of Asia Infrastructure Investment Bank (AIIB) and New Development Bank (NDB) and the fast pace at which AIIB is outshining ADB (and other MDBs) with its expanding membership and lending volume, ADB's position as a sole leader is being challenged. This is at a time its credibility due to the damages it lending caused to people and environment is at its lowest ebb.

India was a founding member of the ADB when it started in 1966 and is currently the fourth largest shareholder of ADB. ADB commenced operations in India in 1986 and has since lent \$35 bn. Currently India has a lending of \$13 bn from ADB.

Globally, ADB's lending have been skyrocketing. According to its Annual Report 2016, it lending increasing by 18% from previous year. 46% of its \$27 bn lending went to two sectors – Infrastructure and energy.

If ADB has been working to reduce poverty and improve the life and livelihood of the people, if it has indeed created jobs and strengthened the infrastructure of the country why do people oppose its investing with such passion? How do these lending roll out on the ground? What impacts do these lending cause to humans and environment? How does their lending undermine the law of the land? While it claims to have a robust set of safeguard policies to minimise harm due to its lending, how far is its commitment to implement it? These are some of the questions in booklet is trying to address, by looking into some key sectors and investments. This is not a comprehensive analysis of 50 years of lending to a particular sector, but an attempt to see the larger trends emerging from its past lending.

This booklet is an attempt to answer some of those questions. Though this is not a comprehensive analysis of the last 50 years of ADB's lending in various sectors, it gives a broad understanding of the pattern and its trajectory in a few key sectors. It tracks the changes of the lending strategies over the decades and the reasons and impacts of those changes. It also in detail discusses the electricity reforms brought about in various states. It particularly looks at the ADB sponsored states, which were hailed as success models and show us the reality. It looks at the impact of ADB's investment in one of the rapidly changing sector of health. This change fuelled by ADB and other IFIs will have long lasting and devastating effects on the people. The article on corridors, locates the Vizag – Chennai Industrial corridor from the perspective of global capitalism's push for infrastructure. It also delves in the laws of immunity that protects ADB and other IFIs, in the context of another law of immunity – AFSPA in the North East India. It reviews the environment safeguard policies of the ADB and the Indian laws and bodies protecting the environment. It shows how despite written laws, the ADB and the Indian authorities are complacent in the near extinction of the Great Indian Bustard, which is already critically endangered.

~ Peoples' Forum Against ADB

Asian Development Bank in India: Peddling the Development Mirage of Pro-poor, Inclusive, Equitable and Sustainable Growth

Souparna Lahiri

Though India is a founding member of the Asian Development Bank since 1966, ADB commenced its operations in India only in 1986. This, in many circles, could be due to the Government of India's perception that India's borrowing would strain ADB's resources, without contributing much to addressing its requirements. However, in the mid-80s, India reconsidered and decided to borrow from ADB mainly due to (i) the need for increased foreign borrowings to finance the investment needs of its economy; (ii) the views of some ADB shareholders that India's participation in ADB's lending operations would strengthen ADB's role and profile as a regional institution; (iii) potential access to Asian Development Fund (ADF) at a time when the World Bank Group had reportedly advised India to diversify its sources of concessional financing; and (iv) the possibility of the People's Republic of China joining ADB.¹ ADB was thus regarded essentially as a source of limited amounts of supplementary external financing.

ADB was also aware that India was highly experienced in dealing with multilateral financial agencies, and had enjoyed long term relationship with the World Bank in shaping its borrowing operations. Moreover, India's reluctance to entertain advice from external sources, especially on policy issues, was well known. That is the reason, perhaps, why the 1986 country operational strategy did not attempt to explicitly link ADB lending to policy or institutional reforms.

Operations during 1986–1990 remained confined to areas of ADB's traditional strength, particularly in core infrastructure sectors. During this period, 'projects were "nominated" by the Government of India for ADB financing, effectively limiting ADB's ability to discuss any policy issues.'²

¹ Country Assistance Program Evaluation for India, September 2007, Operations Evaluation Department, Asian Development Bank, Manila

² Ibid

³ Country Operational Strategy Study, India, July 1996, Asian Development Bank, Manila

As ADB assistance gradually rose to \$700 million by the fifth year of operations (1990), ADB could strengthen its foothold, especially as India's foreign exchange position began to face increasing pressure.

As of 31 December 2016, ADB's cumulative lending, grants and technical assistance (TA) approvals amounted to \$39,954.76 million out of which private sector non sovereign financing amounts to \$5,413.27 million. On an average, the ADB annual assistance amounts to \$1.3 billion. In 2016 itself, ADB approved \$3,076.19 million for India projects.

ADB's priority sectors

ADB's cumulative assistance is dominated by energy (31.77%), transport (32.82%), finance (12.11%) sectors and water and other urban infrastructure and services (9.72%). Priority lending along these sectors is reflected in ADB's India country strategy since 1986. In fact, during the first two decades, ADB lending was mainly channelled towards energy sector (improvement of generation and power sector reform, particularly in Gujarat, Madhya Pradesh and Assam), planning and development of expressways, national highways, ports and shipping, railways and economic corridor under the transport sector.

Priority lending also included public finance in the forms of sales tax and income tax reforms, reform of public finance, fiscal reforms, VAT reform and budget procedure reform. ADB also invested in pension fund and insurance reforms, development and reform of mutual fund industry, in institutional strengthening of national stock exchange and development of secondary debt market.

Assistance for financial sector development and restructuring includes lending for restructuring of housing finance institutions, capacity development of HUDCO and institutional strengthening of ICICI and other financial institutions.

Till December 2006, ADB provided loans and technical assistance for improved urban infrastructure development, sustainable urban development and municipal reforms mainly in the states of Kerala, Karnataka and West Bengal (Kolkata).

ADB's lending strategy and rationale

Bank's operational strategy, first introduced in 1989, recommended that the Bank promote industrialization by supporting efficiency in physical, human and financial resource use. This overall objective was to be achieved through three initiatives:

(i) strengthening the industrial policy environment in order to encourage greater private sector participation, (ii) supporting the development of physical and financial infrastructure through public and private sectors, and (iii) identifying private investment to serve a catalytic role in areas where the policy environment was being improved or where new technology was being introduced.

In 1996 and 2003 country strategies (following ADB's 1999 Poverty Reduction Strategy (PRS), ADB reoriented its overall and sector strategic focus basically to:

- (i) Implement and sustain structural reforms that ADB initiated
- (ii) Promote private sector participation by facilitating changes in the policy, regulatory and institutional frameworks at the state level,
- (ii) Encourage corporatization, restructuring and commercialization of the public sector, and
- (iii) Enhance further reforms of financial and capital markets to mobilise more resources from the Indian market.

ADB argued that "for the first ten years it had largely supported national-level policy reforms, such as in the hydrocarbon subsector and financial and capital markets, that fall exclusively under the Center's jurisdiction. While continued support was warranted in these areas, for the Bank to play a more catalytic role in the unfinished economic reforms agenda, the Bank's strategy must be reoriented in its overall strategic focus to support the growth and development process. The strategy should be to better integrate and address more systematically the root problems of the infrastructure subsectors, which largely fall under state domains."

While supporting Indian government's new economic policy of 1991 and the IMF dictated structural reforms, ADB's strategic emphasis was to promote efficiency and higher sustainable growth to improve employment opportunities, while reducing poverty. "To set India on this growth path, fundamental policy changes must be extended to address inefficiencies at state and sector levels, and to promote more aggressively industrial restructuring and private sector participation."³

India's 10th Five Year Plan strategy consisted of four basic themes: high growth, equitable growth, human development, and reforms. The strategy combined high growth with equitable growth and social development. The 10th Plan also indicated that the role of the Government in public services will continue to decline while promoting increased role of the private enterprises. ADB dovetailed its country strategy to the Five-Year Plan and hailed it as a sound one to maximize the poverty-reducing impact of development and similar to the Bank's poverty reduction strategy, which is based on pro-poor growth, social development, and good governance. "The strategies of the Government and ADB thus fit together well. Although the 8% growth target will be difficult to achieve, the basic strategy of the 10th Plan is appropriate and merits strong support from India's development partners. The most important role they can play is in introducing *international best practices*⁴ to strengthen fiscal and other structural reforms highlighted in the 10th Plan."⁵

With the proposed strategic objective and priorities identified, ADB needed to shift its focus to state level operations, which opens up a huge market and projected profit margins, therefore, for the private sector. In India, the states play a predominant role in the provision of infrastructure and social services and in executing Central Government policies and programmes. From the Bank's perspective, there were clear advantages to gradually shift a part of its operation to the state level over the medium term. ADB will find it easy to deal with a smaller administration, can manage the scale of operations with limited loan size and projects, facilitate better integration of its policy prescriptions through its projects and maximise the impact of Bank operations on a regional dimension.

³ Country Operational Strategy Study, India, July 1996, Asian Development Bank, Manila

⁴ Parenthesis by the author

⁵ Country Strategy and Program 2003-2006 India, Asian Development Bank, Manila

However, ADB was fully aware of the significant variations in the states' resource endowments, their socioeconomic level of development coupled with differences in structural features of their economies and growth patterns, and, therefore, the complexities involved in state level operations.

Given the federal nature of the Indian Constitution and the autonomy of the states, both the ADB and the Central Government knew that affecting reforms, policy, institutional and governance changes in introducing private sector operations across states will need political consensus building which is time consuming and carries an inherent risk of possible failures. But, they also knew that the states have major legislative, administrative, and fiscal prerogatives in many economic and social sectors. Here in came the role of ADB and such external development partners to work as agents facilitating consensus building within the states through limited scale finance and project operations opening up the discourse of fiscal deficit, economic sustainability, loss making and inefficient public sector, strain on government exchequer, deteriorating public services and lack of social sector funding.

Multilateral development banks like ADB were able to extend and affirm the Indian State's neo-liberal development model through their limited but focussed inter-play of power hungry state governments and the pliable bureaucracy. The political entities and their accountability mechanisms were thus completely bypassed.

Wielding Maximising influence with limited resources

During the 1950-1970 period, official development assistance financed over one fourth of the development outlays and imports in India.⁶ Trends in aid inflows, generally, mask the quiet but influential role external assistance play in sectors where investment requirements are high. External assistance has contributed over 20 percent of the power investment and 12.5 percent of social sector investments. This is largely because about 40 percent of external assistance in the 1990s has supported the energy sector, most of which was directed for power subsector. Another 17 percent of external assistance supported the social sector. Almost two thirds of the authorized official development assistance supported Central Government

⁶ Economic Survey 1994-95, Ministry of Finance, Government of India

programmes, with the remaining one fourth devoted to state-specific programmes.

ADB, in its country operational study (1996) has since articulated that:

In view of the Government's limited resources and implementation capacity relative to the country's vast requirements, the significance of private sector and external flows in India is envisaged to rise concurrently. The Bank's involvement, while small in quantitative terms in contrast to the country's development requirements, is perceived by authorities as pivotal in supporting India to embark on a high growth path. This stems from a qualitative significance and impact of the Bank's assistance which, if targeted well on the main pressure points, will address state- and sector-level inefficiencies, encourage policy change, create synergies and a multiplier effect, and leverage other assistance. These factors would yield benefits to the economy far greater than are obvious by the absolute levels of assistance provided.

Going by the figures of 2013, the total finance extended by all of India's development partners represents only about 0.5% of GDP. Apart from ADB and World Bank, major development partners include Department for International Development of the United Kingdom, the Japan International Cooperation Agency (JICA), Agence Française de Développement (AFD) and KfW. The World Bank lends a proportionally higher share for social services and rural livelihoods. JICA, AFD, and KfW focus predominantly on infrastructure.

ADB directed its state level assistance mostly to three sectors which deal with public services – power, road and transport and urban development, and its country level assistance to public sector companies were provided in tandem recognising their role in influencing state level operations.

Till 2005, ADB approved energy sector (mostly power subsector) loans to the tune of \$17,745,000; a total of \$17,318 was approved in the transport sector till 2000 and for urban development, till 2006, ADB approved loans worth \$11,700,000.

ADB's initial contribution was prioritised towards power sector aiming at improving supply-side efficiency of the economy, changing the policy,

institutional, and regulatory framework to so-called enhancing the efficiency of public sector operations and to encourage private investment. The ailing state electricity boards were shown as the main reason behind lack of private sector investment.

In the power sector, ADB initiated assistance to Gujarat, Madhya Pradesh and Assam with an explicit commitment to reforms. Since then, it has provided programmatic support to states that were committed to reforming and restructuring the power Sector and have demonstrated the political will to substantially reform their public-sector operations.

It has also used its support to Power Grid Corporation for installation of inter-state transmission lines with a coercive condition to leave out supply to the states which are not committed to reforms.

ADB used its Private Sector Infrastructure Facility to fund two loans to Industrial Credit and Investment Corporation of India and Industrial Finance Corporation of India, each of which supported private sector funding of nine generation subprojects.

The loss-making State Electricity Boards of Gujarat, Madhya Pradesh and Assam were roped in for restructuring and unbundling, commercialisation of operations, autonomy of unbundled entities, profitable tariff setting, and leaving distribution to private operators. These three unbundled and reformed SEBs were publicised as successful models of power sector reforms.

As the other states undergoing power sector reforms like Orissa, Andhra Pradesh, Karnataka, Tamil Nadu under World Bank assistance, joined these three states, the restructuring process induced necessary policy changes, enactment of state level legislations and formation of regulatory bodies. Together, these state level developments created a pressure up to the national level the need for enabling sectoral policy and legislation. The influence was skilfully built up by the Banks. In carefully couched words, the ADB sectoral evaluation study (2007) has clearly stated that “the combined efforts of ADB and the World Bank, with their common focus on restructuring, influenced the Government to undertake the major reforms implemented under the 2003 Electricity Act”. The same evaluation went on to further conclude: “ADB, along with other development partners, in

particular the World Bank, has been in continuous dialogue with governments at the central and ... state levels over power sector reform. In the last few years, that dialogue has clearly led to major improvements in sector policy and essential reforms. The importance of power to economic development is accepted throughout the governments and ADB programs have focused on projects that were well thought through..."

Regarding extending support beyond the three states, ADB has been quite tough on the conditions that it needs to follow. It gave a very clear signal that the states should need to show a clear reform commitment before lending begins, a program loan should be divided into tranches, and a project loan and TA should again be adopted. There should be reform covenants to be met before lending begins and as a condition for tranches, as with the previous loans.

ADB has claimed that the creation of independent regulation has proven to be a significant help in removing the politics from tariff setting and creating an environment in which the power sector can become more commercially focused.

In the road sector, so far, the government policy of build-operate-transfer (BOT) investment, and therefore, the private sector involvement, is limited to highways, expressways, and bridges that can be tolled, and roads are considered as public goods. With the supplementary assistance from ADB and other development partners, the resources mobilised out of cess on petrol and diesel, is being used to develop national highways, state highways, and rural roads.

While the National Highways Authority of India (NHAI) was created under an act of parliament in 1988, NHAI was not formally established until February 1995. National Highway Development Program (NHDP) was initiated in 1998 and it is currently implementing projects worth \$1 billion per year. The Asian Development Bank (ADB) and World Bank, both claim to be the catalysts in NHAI's establishment. Over the years, ADB has worked closely with NHAI facilitating institutional changes and organisational restructuring for private sector promotion, and commercialization of operations and maintenance. ADB is transforming

NHAI into a highway management organization with strong and extensive private sector involvement in infrastructure development.

ADB's advice to the Indian Railways (IR) is to focus on its core business of transport services and adapt to changing market requirements. IR's viability is pitched between competing for long-haul bulk traffic on a commercial basis and a re-thinking on the the less profitable passenger services. ADB strongly feels that IR's policies for investment, tariffs, employment, and other aspects are subservient to social and public sector obligations, and these policies need to be reviewed. 'IR needs to concentrate on long distance intercity traffic and gradual transfer of responsibility for local and suburban services to state and local government bodies.'⁷

ADB's support to railways is conditional on IR's adoption of significant structural reforms which should include (i) development of strategies to restructure IR; (iii) organizational restructuring, new tariffs, rationalization of human resources (read retrenchment); restructuring of ancillary activities; and (vi) encouragement of greater private sector involvement in developing, constructing, operating, and financing railway infrastructure and related facilities.

ADB found out quite early that intervening in urban development sector, right at the municipal level is not a cake walk; not like that of the power sector where it was relatively easy to work with the state governments and the bureaucracy. The municipal corporations deal with basic services like water supply and sanitation, housing and space for the urban poor on one side and the land and property issues on the other. Though, these urban local bodies (ULBs), are part of the decentralised governance structure, they are financially, organisationally weak and lack appropriate human resource and expertise to deal with issues like waste management, cost recovery and other land related issues. The ULBs are fully dependent on the state governments and their elected councillors/corporators are extensions of the political parties in governments. But, ULBs are mired in very local interests and issues and the pressure of a myriad of urban users from the slum dwellers, urban poor to the elites and the rich. It is a complex world and for

⁷ Country Operational Strategy Study, India, July 1996, Asian Development Bank, Manila

an external agency like ADB, not a very conducive sector for consensus building.

At the same time, ULBs are mine field for business operations and profit making by the private sector; water supply, solid waste management, sanitation, land use change to commercial ones – all are alluring enough for investment. For ADB, they are also the ones to recover cost of their investment.

ADB identified problems of tax and cost recovery, land acquisition, and institutional inadequacies of urban sector agencies. It advocated changes in land and taxation policies, and offered conditional assistance depending on willingness to adopt aggressive taxation, cost recovery, land acquisition, and settlement policies. The Kerala experience of political resistance against ADB conditionalities was reflected in the change of strategy when both ADB and World Bank came up with the idea of a Special Purpose Vehicle (SPV) as an implementer for their urban development and related projects in Karnataka. That is how the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) was established. It was also a conscious decision by the ADB management that Bank support for urban infrastructure will be only appropriate for states that the Bank targets for more fundamental state-level policy reforms that help generate greater pressure and urgency for reforms of local and urban finances and institutions.

ADB has also supported the Government of India's 63 cities wide urban development programme, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) through its technical assistance and loan programme.

Investment Impact: Rhetoric Vs Reality

For ADB, its power sector loan and technical assistance projects targeting the three states of Gujarat, Madhya Pradesh and Assam were highly successful. Preceding public sector reform programs, project covenants with high hurdles, and the conditional release of tranches upon meeting these

covenants, have proven to be a successful approach to ensuring policy changes.⁸

Its sector evaluation study pointed out that loan projects had 'limited direct intervention regarding poverty'. The pledge for good quality and reliable power to be made available to all consumers, were never met because demand has always grown as fast as has supply capacity. ADB assistance has been least effective in the areas of human resource development and in attaining the desired quality of governance in the distribution sector, including in relation to management and accounting practices.

Various reports regarding the power situation in the three states where ADB has provided assistance reveal that (i) power shortages still occur;(ii) supply to both the farm and domestic sectors is yet to improve; and (iii) there is considerable dissatisfaction regarding false and over-billing and high tariff increase in the states.

Losses remained very high in the Western (44%) and Northern (32%) distribution companies In Gujarat. In terms of commercial viability, the restructured companies in Madhya Pradesh and Assam were suffering from losses of Rs.952 crore and Rs.1081 crore respectively in the post restructuring period. Subsidies were provided to the tune of Rs.270 crore and Rs.70 crore respectively. T&D losses shot up to 41.3% in Madhya Pradesh and 51.76% in Assam. At one go, domestic tariff in Gujarat increased by 91% and by 164.70% in Madhya Pradesh. Assam, today, has one of the highest tariffs in the country starting from Rs.4.95 at the lowest slab to Rs.7.53 for the highest slab. Governments of Gujarat and Madhya Pradesh committed Rs.3070 crore and Rs.4431 crore from its public fund to take up the liabilities of the SEBs during the restructuring process.⁹

Regarding rural electrification in ADB target states and its support for India Government's aim for Electrification for All by 2012 - 83.46% households in Assam remained unelectrified; 27.88% of the rural households remained under dark in Gujarat. The same figures for Madhya Pradesh was 37.88.

⁸ Sector Assistance Program Evaluation for India Energy Sector, 2007, Operations Evaluation Department, Asian Development Bank, Manila

⁹ Power Sector Reforms, Reorganisation and Restructuring of SEBs: Issues and Concerns and Some Suggestions, Himachal Power Engineers Association, 2008, Shimla, PPT

Notwithstanding the above situation, ADB, in 2009, still claimed that in the power sector, financial restructuring together, with tariff restructuring, and lower costs have reduced the incidence of subsidies, leaving more fiscal resources available for other purposes. The Bank was also satisfied that its efforts to help create successful, replicable models for policy and institutional power sector reform, including in low-capacity states, have had a major demonstration effect for reform efforts in other states.

In the transport sector, ADB feels that governance has undergone a positive change with the gradual development of an enabling environment that allows the entry of the private sector into therehabilitation and maintenance of transport infrastructure. "This is apparent in the ADB-supported evolution of the National Highways Authority of India (NHAI) from a developing and operating agency to a catalyst for private sector participation. Besides helping to improve the capacity of the national agencies and targeted state governments in road and railway sector planning and management, ADB's policy dialogue has had a positive impact on issues such as policy reforms, sector restructuring, private sector participation, and socioeconomic considerations."¹⁰

In terms of project impact, the country assistance programme evaluation blames the lower than forecasted traffic volumes and implementation problems, in particular the poor performance of contractors and suppliers for affecting the efficiency of transport sector projects. The evaluation report also raised the issue of sustainability of the ADB financed projects impacted by lack of operation and maintenance fund. Sustainability was affected, apparently, due to insufficient tariff rise and fiscal problems.

ADB points out that the urban sector in India has witnessed different forms of public- private partnerships (PPPs) such as management contracts (Karnataka Urban Water Supply and Sewerage Board with the Anglian Water Supply Co. UK); service contracts (solid waste management contracts by the Municipal Corporation of Hyderabad); and private sector participation in water and sewerage (Tirupur Water Supply Project and Alandur Sewerage Project) in the form of build, own, operate; build, operate, transfer; build, own, operate, transfer; build, operate, lease, transfer

¹⁰ Country Assistance Program Evaluation for India, Operations Evaluation Department, September 2007, Asian Development Bank, Manila

and other PPP initiatives. However, it blames lack of adequate institutional structures and appropriate regulatory frameworks for pricing urban utilities and for authorizing the concessionaries to penalize users for non-payment of tariffs, etc. behind the failure to successful replication of these early initiatives. However, ADB is silent on the overall failure of the privatised water supply projects and their disastrous impact in Nagpur, Bhopal or Hubli-Dharwad.

Referring to urban projects as complex and difficult to implement, the Bank claims that the sector assistance has had a 'visible impact on the level and quality of basic urban services, along with direct poverty reduction through targeted livelihood programs.' It showcases the Karnataka Urban Infrastructure Development Project 'which led to further state wide and country-wide policy initiatives. The JNNURM is shown as one more feather in its support to urban sector assistance.

But all these success stories and claims fall flat when its own 2009 country assistance strategy says that "ADB's urban development projects in India are *less likely to be sustainable.*"

An all-round failure of ADB's development model

Having failed to come up with very little expected outcomes in power, road and transport and urban development sectors where ADB has invested the most, the Bank has tried to take credit on the private sector development in India with the corporate private sector accounting for about 75% of total gross domestic investment and a quarter of gross domestic savings.

But its own OED reports do not agree. ADB's country assistance evaluation report clearly says that "Despite the emphasis given in various COS documents to private sector development, only 3.3% of all public sector ADB projects (5.5% in terms of value) approved for India since 1991 have had private sector development objectives. Private sector development was mainly supported through assistance for public resource management, financial, hydrocarbon, and power sector reform programs that, among other things, promoted the privatization of public enterprises (although not very successfully), and private sector participation in the respective sectors... ADB's attempts to support private infrastructure development

through financial intermediaries have not been successful, as this assistance did not address demand-side problems.” That is the final nail on the coffin.

When its reports further admit that “ADB’s contribution towards shaping and influencing macroeconomic and sector policies has been comparatively limited in India because of the modest size of its assistance in relation to the country’s investment needs and the distribution of ADB assistance across numerous agencies with concomitant loss of continuity, relationships, and dialogue”, you know that the Bank is now trying to find excuses to its failure in India as a development finance institution. But, as it happens, the failure is blamed on ‘unfinished reforms’ and to finish that unfinished agenda further assistance is required.

Even after effecting highly disruptive and disastrous structural changes in the economy and core sectors of the country, if MBDs like ADB (or the World Bank) fails to even fulfil an iota of its ambitious target of inclusive, pro-poor and sustainable growth, it is better that they cease to operate and shut down their operations and don’t waste public funds anymore. Half a century of existence and thirty years of operation in a country like India should be enough to say that ADB’s neo-liberal development model has failed. It now needs to respond to the scars of destruction and disruption that it has contributed to. Perhaps, it should pay reparations?

India's Power Sector Reforms: IFIs like ADB remain immune to the mess that they created

Raman Kannan

Odisha is the first State in India to have undertaken reform and restructuring in power sector. The Odisha Electricity Reforms Act 1995 came into force with effect from 1st April 1996. The Odisha State Electricity Board was unbundled. The Grid Corporation of Odisha Limited (GRIDCO) was entrusted with the responsibility of Transmission and Distribution Systems. Subsequently in April 1999, the distribution business of GRIDCO was privatised when GRIDCO disinvested 51% of its share of its equity holding in four distribution companies to private investors BSES and AES.

The restructuring process was carried out under the support and guidance of the World Bank, DFID & various international advisors. There were structural changes like formation of the regulatory commission and unbundling and privatisation of Orissa electricity board. Expenses on account of foreign consultants were to the tune of Rs.3 billion. But, there were no tangible benefits for the consumers. The promised changes and efficiencies were yet to happen. The State Government, on May 30, 2001 appointed a six-member committee headed by Mr. Sovon Kanungo to comprehensively review the reform programme. The Kanungo Committee findings were damaging, and the report highlighted that (i) even after five years of restructuring the T & D losses which were expected to reduce to 21% were still at 45%; (ii) there was substantial decrease in the bill collection efficiency from 84% to 77%; (iii) GRIDCO's loan burden increased from Rs. 8200 million to Rs. 33000 million transferred to consumers in the form of higher tariff; (iv) the cost of generation increased extensively; (v) electricity tariff increased by a huge rate of 15% per year, but the power sector continued to make losses to the tune of Rs. 4000 million every year; and (vi) management of all the four companies that was transferred to BSES and ASES did not improve. These companies neither brought in additional capital nor made adequate provisions for working capital requirements as promised to the government.

ADB's assistance for power sector reform

During the same period, the Asian Development Bank (ADB), in its India strategy pushed for power sector reforms and promised both the central and state governments loan assistance if state electricity boards are restructured and private corporates are allowed 'entry' in to the sector. The bank's country assistance strategy in 1996 was blunt. "Bank's major strategic thrust in power will primarily be to 'leverage' its assistance to support, directly and indirectly, reforms of the state power subsector with emphasis on restructuring and commercializing State Electricity Boards (SEBs). As such, Bank support for rehabilitation and new generation and reinforcing and expanding existing transmission and distribution systems will be in states that have undertaken or are willing to adopt power sector reforms."¹¹ ADB's power sector strategy, therefore, focussed on:

- (i) launching direct initiatives to reform the state power subsector, with particular emphasis on restructuring and commercializing SEBs;
- (ii) promoting foreign and domestic private investments, particularly in generation and distribution, in states that have financially sound SEBs or are adopting substantive reforms to turn their SEBs around;
- (iii) rehabilitating existing and constructing new generation facilities at the state level, *subject to agreements on (i)*;¹²
- (iv) rationalizing power tariffs, both at the bulk and retail level; and
- (v) improving demand management and efficiency.

ADB also made it clear that it will support development of new generation primarily in private sector. In the public-sector, support for generation will be restricted and conditional on SEBs' restructuring.

The reform programme

Since ADB's power sector operations in India began in 1986 there were 24 public sector loans for 21 projects with a total value of \$4.6 billion (29% of the total public sector lending to India) in the next twenty years. This was supported by an additional \$337 million of loans through ADB's private sector operations.

¹¹Country Operational Strategy Study, India, 1996, Asian Development Bank, Manila

¹² Parenthesis ours

ADB's first loan to India was the \$150 million *North Madras Thermal Power Plant* in 1986 intended to rationalize the tariff structure of the Tamil Nadu Electricity Board (TNEB) and reduce the "heavy cross-subsidization" of agricultural and residential consumption. In 1996, ADB provided a Technical Assistance (TA) for a *Reorganization Plan for Gujarat Electricity Board*. In 2000, ADB approved *Gujarat Power Sector Development Program*, a \$350 million "policy" and project (infrastructure) loan to promote sweeping power reforms in Gujarat. In 2001, ADB approved the \$350 million *Madhya Pradesh Power Sector Development Program* loan to assist the restructuring of Madya Pradesh State Electricity Board (MPSEB). In 2002-03, ADB approved two TAs to help restructure Assam State Electricity Board (ASEB) and boost the capacity of the regulatory commission to promote power sector reforms. In 2003, ADB approved \$250 million *Assam Power Sector Development Program* loan to further assist power reforms. These three states had earlier received assistance from ADB's public resource management programs that focused on revenue reforms, public sector reforms, and creating an enabling environment for public-private sector participation.

Back in 1992, ADB provided \$250 million loan for *Power Sector Efficiency Project* which recommended that future lending to SEBs through Power Finance Corporation (PFC) should be extended "only if borrowing states have embarked on a reform agenda." A \$150 million loan in 2002 (*State Power Reform Project*) was intended for on-lending to SEBs "that make firm commitment to institute reforms." In 2000, ADB provided \$250 million loan to Power Grid Corporation for Power Grid Transmission II to build transmission projects that would "leverage sector reform at state level" and "switch power supply from delinquent or nonreforming states to states that have good payment records and have implemented or will implement sector reform." It was designed to "differentiate between states undertaking sector reform from those that are not." It further added that "transmission services to delinquent states will be suspended but states that have implemented power sector reform programs will receive preference for investment." This is how international finance institutions like ADB operates with impunity and scant regard with respect to the sovereignty and federal concept enshrined in the Constitution of its member country.

It is clear that during this period ADB was pushing hard for power sector reforms (even at the cost of violation of the basic tenets of the Constitution of its member country) and its strategy was to leverage its assistance to support comprehensive reform of the institutional and regulatory frameworks at the state level, within an appropriate national power policy supported by a national legislation. And that it achieved.

The Electricity Act, 2003: the reform avatar

In July 1998, the Electricity Regulatory Commissions Act was passed, a Central Electricity Regulatory Commission (essentially for tariff rationalization of central utilities and inter-state power projects) and several State Electricity Regulatory Commissions (SERCs) were established. However, since the Act does not contain provisions for power sector restructuring, states that were undertaking comprehensive sector reforms needed to introduce their own electricity reform acts (Andhra Pradesh, Haryana, Karnataka, Orissa, Uttar Pradesh) and ADB supported states like Gujarat and Madhya Pradesh were in the process of introducing such legislations.

Also in 1996, the central government formulated a Common Minimum Program with states, including a minimum agricultural tariff benchmarked at half the cost of supply, encouraging private participation, planning 100% metering, and setting up regulatory commissions. In 2001, the Energy Conservation Act was passed to promote energy efficiency and demand-side management. And finally, following the submission of its report by the Standing Committee on Energy of the Indian Parliament in December 2002, the two houses of the Parliament passed the Electricity Act in May 2003 and the Act came in to force on 10th June 2003. The preamble to the Act is self-explanatory where it says, “An Act to consolidate the laws relating to generation, transmission, distribution, trading & use of electricity & generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions & establishment of Appellate Tribunal and for matters connected therewith or incidental thereto”.

The passing of the Electricity Act opened the floodgate to power sector reform and was hailed by the IFIs like both World Bank and ADB, the private corporates and even the credit rating agencies. ADB in its evaluation report,¹³ termed the enactment of the legislation as ‘a significant step in the national reform process. It aims to introduce competition to the power sector, provide power for all, and create an enabling framework for the accelerated and more efficient development of the power sector’. The same evaluation report went on to boast that “*The combined efforts of ADB and the World Bank and their common focus on sector restructuring have influenced the Government to undertake the major reforms implemented under the 2003 Electricity Act.*”

With un-bundling, restructuring and corporatisation being legitimised, ADB power sector loans were approved for some more states like Uttaranchal, Himachal Pradesh and Bihar. In Gujarat (2004-2008), three loans to private sector companies were approved to construct and operate new power plants: (a) \$54 million for Torrent Power Generation Ltd, later cancelled; (b) \$105 million to Gujarat Paguthan Energy Corporation Private Limited (GPEC) for wind projects; (c) \$450 million to Tata Power’s Mundra Ultra Mega Power Project. In 2011, ADB approved \$100 million for Gujarat Solar Power Transmission Project to develop a public-private partnership (PPP) model. In 2007, ADB approved \$620 million Multi-tranche Financing Facility (MFF) loan for Madhya Pradesh Power Sector II Investment Program to build new transmission lines and continue assisting reforms by financing other costs of adjustments, e.g., financial restructuring plan, improving legal and regulatory compliance. In 2011, ADB approved \$400 million MFF loan for Madhya Pradesh Energy Efficiency Improvement Investment Program to install high voltage distribution systems by the new distribution companies (discoms). In 2009, ADB approved up to \$200 million MFF loan for Assam Power Sector Enhancement Investment Program to partially fund Assam’s \$764 million power sector investment plan to 2014.

ADB approved up to \$300 million MFF loan for Uttaranchal Power Sector Investment Program, \$800 million MFF loan for Himachal Clean Power

¹³ Sector Assistance Program Evaluation for India Energy Sector, 2007, Asian Development Bank, Manila

Development to build hydropower generation facilities. In 2011, ADB approved \$350 million loan for Himachal Pradesh Clean Energy Transmission to increase transmission system capacity internally and for export to the national grid and a capacity development component to assist the state to achieve its power sector reform objectives. In 2010, ADB approved \$132 million loan for Bihar Power Sector Improvement Program to develop hydropower projects and expand transmission and distribution lines; the loan is premised on “fundamental restructuring” of distribution operations in Bihar.

All along, both the ADB and World Bank have cited the Electricity Act 2003 for SEBs to be restructured and corporatized as mandatory and to bring in private sector players. Therefore, ADB, in its rationale for power sector reform loan projects, has been referring to the Electricity Act as a commitment to power sector reform, thereby shifting the onus to the Governments and SEBs, rather than as a loan conditionality. But this argument has been strongly contended by the power sector unions. Citing section 131(2) of the Act and deliberations of the Parliamentary Standing Committee on Energy (Thirty First Report, 2002), the Power Engineers Association came out with a strong legal opinion that: “There is no legal obligation under Electricity Act 2003 on any State Govt. to create separate Generation, Transmission and Distribution companies. SEB may continue in the bundled form as ‘One Company’ carrying out the functions of Generation, Transmission & Distribution in which case the company would be the distribution licensee & State Transmission Utility which would also be owning generation assets. Further State Govt. can also seek consent of GOI to continue as SEB itself.”

The Madhya Pradesh SEB unions called for a thorough review of the unbundling philosophy of power sector reforms, especially in light of a July 2009 decision of the Appellate tribunal on Electricity which pointed out that unbundling SEBs is not mandatory under the provisions of Electricity Act 2003.

The Impact

ADB’s sector assistance program evaluation of India’s energy sector (2007) identified the following gains: (i) ADB’s approach to lending at the state

level worked well and should be used as a model for future assistance; (ii) sustained technical assistance was crucial to the success of state programs, both before and after loans were made; and (iii) corporatization via the introduction of commercially and financially sustainable principles into state entities, and increasing the quality of governments considerably improved efficiency and delivered better services to customers.

The evaluation report further added: “ADB’s assistance has focused largely on the weakest links in the provision of electricity, which are the state electricity boards. They suffered the most from policies that were designed to improve the livelihoods of the poor and to strengthen the agricultural sector to make India self-sufficient in food. This is still the weakest part of the sector, and ADB signalled its continuing relevance when it approved loans to Uttaranchal in 2006 and a loan to further strengthen Madhya Pradesh in 2007.” The study concluded that the policy shift adopted by ADB in 1996 has resulted in a direct positive and sustainable impact: (i) Financial restructuring together with tariff restructuring, as well as lower costs, have reduced the need for subsidies. This means fewer funds are required for the power sector, leaving more available for social sectors.

Other than showing concern about the sustainability of one of the new entities formed under the Assam Power Sector Reform Programme, there is nothing in this report to indicate that sustainability of the unbundled entities is indeed a problem.

CRISIL Limited and Investment Information and Credit Rating Agency (ICRA) Limited (India), in its

2006 review of the state electricity boards was quite moderate and noted (i) the state electricity boards have increased cash collections and there is an overall decrease in subsidy levels, (ii) supply costs have been contained, and (iii) business processes of the state electricity boards have been significantly commercialized. But overall technical and nontechnical losses remained high, metering of consumers was incomplete, collections could still be significantly improved, and tariff filings in many states were not finalized. “Aggregate technical and commercial losses are in the range of 50% of the power generated. High technical losses are due to the sector’s low priority

for funding; long lines to remote locations, which exacerbate losses; high transformer losses; and poor load control, which overloads the system.”¹⁴

Public Service International (PSI) conducted studies of two of the reform projects in Madhya Pradesh and Bihar, the findings of which do not support ADB’s lofty claims.

Madhya Pradesh power sector

Power sector reforms in Madhya Pradesh (MP) were initiated through the Madhya Pradesh Vidyut Sudhar Vidheyak, 2000 (the Reform Act) brought into force in July 2001. The Act provided for restructuring of the MPSEB. In June 2005, MPSEB was unbundled into a generation company, transmission company, and three distribution companies (discoms); MPSEB remains the principal employer of the 58,000 employees. Operation and Maintenance contracts were entered into between MPSEB and the new successor companies. In 2006, power trading company (TradeCo) was also established.

MPSEB technically has no asset, no source of income, and financial liabilities to employees are part of MPSEB. These liabilities, however, do not appear in the MPSEB balance sheet, but only in footnotes. A number of facilities were withdrawn, e.g. Earned Leave (EL) encashment, Leave Travel Concession (LTC), House Rent Allowance (HRA) and even pension payment was at risk.

From a staff strength of 97,000 in 1991-92, it was reduced to 48,000 in 2008, which in fact was what ADB advised and that that no recruitment should take place. The retirement age was reduced from 60 to 58 years. This resulted in adverse impacts on MPSEB employees – increasing pressure and excessive workloads on the existing workforce; increase in average age of workers; understaffing; lower quality of electricity service; increasing dependence on outsourcing; and looming threat of ‘pocket privatization’.

Collective agreement with the MPSEB unions were withdrawn. Electricity was transferred out of purview of MP Industrial Relations Act, but even under the Industrial Dispute Act the unions were not allowed to enter in to tripartite negotiations. The unions took strong exception to a 2008 Project

¹⁴ Ibid

Completion Report of ADB which concluded that there were no unresolved issues related to

employees. Moreover, the unions were also firm that no consultations took place with the unions at any point; there was no disclosure of information about the ADB-assisted power reform project, and letters from unions were not even responded to.

The MPSEB unions called for a review of the unbundling policy and raised a number of problems that continue to plague the power sector: unfunded generation sector; overreliance on expensive private power; increased expenditures under the unbundled set-up; more bureaucracy and inefficiencies; improvement in transmission & distribution (T&D) through subsidy provided by ADB loans; high tariffs caused conflicts, resulted in public ire and the workers had to bear the brunt.

The PSI Mission report concluded that:

The Indian power sector was being sought to be deliberately dismantled and destroyed by a set of unworkable prescriptions that have failed disastrously in some states of India and will only lead to more disastrous results. Privatization of the power sector would disempower India's poor communities since they would not be able to afford the prohibitive electricity rates imposed by the private power corporations. This would result in unplugging the electricity source for the rural poor.

Restructuring of Bihar SEB

In the run up to the restructuring, the government of Bihar had initiated an urban franchise model to take over operation and maintenance as well as billing and collection for a period of 10 years in four cities of Bihar. In 2006, Bihar had also initiated a model of rural franchising, handing over more than 325 11-kV feeders to private businesses.

The sanctioned post of permanent employees of BSEB in 1973 was 40,000. In the next 20 years, the number of employees came down to 20,000 and as on January 01, 2010, the employee strength of BSEB was only 9,000. Apart from the permanent employees, there were around 4,000 contract workers and 5,000-6,000 casual labourers getting only a daily minimum wage of Rs.133. No other benefits are extended to them. In the transmission sector, 3,000

workers were appointed by the BSEB as junior linemen and switchboard operators and were paid only Rs.600 per month. Another set of 7,000-10,000 private workers are operating in the transmission and distribution sectors of BSEB who attended to day to day fault and repair workers and derive their remuneration from the tips paid by the customers. As of June 15th 2011, when the loan agreement for the Bihar project was signed, around 7,000 employees out of a total strength of 9,000 were issued with transfer orders.

In the aftermath of the restructuring of BSEB in 2011, around 7,000 workers who were working as temporary workmen with bare minimum wages were continued as agency workers under the payroll of various private agencies to whom supply and distribution has been contracted out, much against the report and recommendations of the state labour department. Changes were made in the service and benefit conditions of the staff and employees in the restructured BSEB without any information and consultation with the trade unions in violation of the Industrial Dispute Rules, Section 9 (A). Appointment of family members on compassionate ground of employees who died on duty, since 2013 was stopped.

Discriminatory practices initiated in the pay grade and pay band of fourth class workmen. Posts in non-executive cadre remained vacant leading to increasing workload of the existing appointees.

Demand for parity in pay and other services and benefits in accordance with the sixth pay commission for pre-2006 pensioners remained unresolved. While the existing employees and workers of BSEB before restructuring continued to enjoy the guarantee from the State Government of Bihar against their service conditions and benefits, the new recruits after restructuring will not get that guarantee.

On the other hand, comparing the tariff order of Bihar Electricity Regulatory Commission (BERC) of 2008-09 with the tariff order of 2015-16 for three categories of domestic customers including the rural metered customers, it was found that:

- i. At the minimum slab of 1 - 50 units consumption, the tariff increased by a whopping 61.5% in 5 years.
- ii. For the slab between 51 to 100 consumption units, the increase is 54.8%.

- iii. For the slab of more than 100 units consumption, the increase is 60%.
- iv. Between consumption of 100 and 200 units, the increase is 37.7%.
- v. Between 201 and 300 units, the increase is 35.9%.
- vi. More than 300 units, the increase is 29.7%

It is, therefore, clear from the above data that the tariff increase has been maximum for the low consumer, poor segment of the people, including the rural poor with an increase up to 61.5%.

Who is responsible for this mess?

As the Indian power sector, the employees and the consumers continue to suffer from the ADB's neoliberal prescription, the push for further deepening of reforms continues with ADB providing loans, grants and TAs worth \$12,014 million (32.20% of the total ADB investment) at the end of 2016. While ADB remains gung-ho, it has quietly shifted the responsibility of this mess to India's development strategy.

Since the 1990s, the push for power sector reform, for ADB, was first, a support to the Indian government's new economic policy and then establishing a sustainable economic and financial model as part of its country partnership strategy. From 2003 onwards, ADB's reform prescription was dovetailed with India's five year plans to be regarded as part of the country's development strategy. In the latest country strategy (2013-2017), ADB says that 'India's Twelfth Five Year Plan sets the context for ADB operations during the next 5 years'. This is evident from their irresponsible and unwise political statement that it is making quite often. In the 2007, evaluation report, after commenting that corporatization is providing benefits similar to those normally attributed to privatization, ADB says:

"The positive outcomes have isolated national anti-reform movements. The effects of reforms are incremental, rather than "big bang," and follow an Indian development model rather than one imposed by outside assistance agencies." The ADB, therefore, has successfully wriggled itself out of the mess that they have created and earned itself a "self-imposed immunity".

ADB's intervention in India's healthcare services: Better with or without?

Susana Barria

Introduction

Poverty reduction in Asia is the overarching aim of the Asian Development Bank (ADB) development assistance, according to its own governance policy. Increasing cost of medical care has been identified as one of the top causes of rural indebtedness in India¹⁵. Experts are warning that India is steadily moving towards a path where illness in a household will push the entire family into financial ruin¹⁶. The ADB could make a sizeable contribution to poverty reduction by strengthening the capacity of the public health sector to provide quality healthcare, free at the point of delivery¹⁷. Yet, what transpires from the rationale and design of the projects that ADB has undertaken in the country goes in another direction. If looking from the perspective of its own mandate, the ADB is setting itself for failure in its intervention in this crucial sector.

Till date, there have been six projects in India that cover healthcare services (either as part of a generic projects that also covers key social sectors, or healthcare services specific), and they are relatively recent - all of them were started in the last decade. Most projects are aimed at creating knowledge and building the capacity of the state machinery (technical assistance) to promote and implement Public Private Partnerships (PPPs). This has also included legal and administrative reform. In this process, the Government of India has received \$US 7.8 million in funding, and has contributed US\$ 8.85 million. Most recently, the National Urban Health Missions (NUHM) has come onto the agenda of the ADB, leading to the first loan of this

¹⁵ Bijoya Roy, Siddharta Gupta (2011), Public-Private Partnership and User Fees in Healthcare: Evidence from West Bengal, *Economic and Political Weekly*, 17 September

¹⁶ <https://scroll.in/pulse/806776/the-latest-nss-data-is-a-stark-reminder-of-the-alarming-breakdown-of-public-health-services>

¹⁷ Studies have shown that a shift to a larger role of the private sector in healthcare undermines universality as private providers give preference to serving higher income groups, and risks to result in an overall lower quality healthcare with lower efficiency, but higher costs. See for instance, Sanjay Basu et al (2012), *Comparative Performance of Private and Public Healthcare Systems in Low- and Middle-Income Countries: A Systematic Review*.

institution related to healthcare services sector (of US\$ 300 million, approved in May 2015)¹⁸.

This note takes a critical look at the promotion of PPPs in healthcare services through technical assistance projects of the ADB, as well as identify initial areas of concern with the ADB engagement with the NUHM.

ADB's promotion of PPPs in healthcare services

For the past 15 years, the Government of India has entered into collaborations with the private sector for the provision of healthcare services. The abysmal budgetary allocations and consequent gaps in services provision and in access where there are not enough or no public facilities at all, have provided the grounds for the rationale to the expansion of PPPs. The services provided under PPPs range from diagnostic services, dialysis services, cataract surgeries, supportive services like diet, security and waste collection, and management of primary health facilities¹⁹. The ADB is not the only multilateral institution that has promoted PPPs in healthcare, the World Bank private sector arm the International Finance Corporation (IFC) has also been active in this area. But in both cases, it looks like the intention and model are misdirected.

Since 2008, the ADB has focused on promoting PPPs infrastructure, including in healthcare with three technical assistance projects under the broad title of Mainstreaming Public Private Partnerships Initiative. The projects aim at supporting the government in developing, structuring and implementing PPPs, including, initially, pilot projects (see Table 1). Through these projects, the ADB has supported the Department of Economic Affairs (DEA) PPP cell with consultants, guidelines and reference documents, web tools, including a website under the Government of India (Department of Economic Affairs) and maintained by Pricewaterhouse Coopers (www.pppinindia.gov.in). According to the project documents, the ADB has

¹⁸ The ADB had earlier engaged in projects related to health outcomes, such as "Addressing Social and Health Issues Associated with Road Improvement" in North Eastern States and "Supporting Clean Village Environments for MDGs" including health related MDGs, however, this paper will focus on the projects targeted at the provision of healthcare services and that therefore have a major impact on shaping the country's health system.

¹⁹ Bijoya Roy (2017), "Why Public-Private Collaboration is Bad News For Healthcare in India", The Wire, 20 March, <https://thewire.in/117527/ppp-healthcare-health-policy/>

Box 1: ADB's vision for PPPs in healthcare in India

"The Asian Development Bank (ADB) has been assisting the Government of India since 2006 to develop PPPs across sectors in India, through a programmatic joint PPP Initiative, Mainstreaming PPPs in India. Under the initiative, a special task team of the ADB, together with the Government of India's Ministry of Finance and KPMG consultants undertook a rapid assessment study to develop possible PPP solutions for meeting the challenges of India's health and education sectors."

"A number of suggested PPP models for possible pilot projects have been conceptualised in this report after further consultations with government and private sector professionals in India. A number of these models are already being tailored for structuring some initial projects under way in the country."

Source: ADB, Publication Announcement, "Improving Health and Education Service Delivery in India through Public-Private Partnerships", August 2010

hospital on a long term basis with an aim to address the lack of 'infrastructure', i.e. facilities (on the line of a private finance initiative, or 'PFI' model);

b) inviting diagnostic companies to provide their services within the premises of existing (public) facilities (on the lines of a build-own-operate model);

c) contracting a private company for a specific function (department) on the basis of 'management expertise' (management contracts). More specifically, hospital PFIs are advised in the case of Andhra Pradesh, Orissa, Rajasthan and Tamil Nadu; private provision of diagnostic services in Rajasthan and

built the capacity of 14 States, 4 Line Ministries as well as Urban Local Bodies, to develop and implement PPPs.

As part of this series of projects, the ADB published a report in August 2010 "Improving Health and Education Services Delivery in India through PPPs" which gives a framework for the expansion of PPPs in these sectors and makes proposals for 'potential' PPPs frameworks for the states of Andhra Pradesh, Orissa, Rajasthan, Tamil Nadu and Uttarakhand.

For healthcare services, the document proposes 3 'models' of PPPs:

a) purchasing of healthcare services from a private

Tamil Nadu, and contract management for specific services Orissa, Rajasthan, Tamil Nadu and Uttarakhand²⁰.

Finally, 'for-profit mobile clinics' are proposed to address the lack of access to healthcare in rural areas, in which the government would hire the services of a private company to provide primary healthcare in a specific area. The paper advises to develop for-profit mobile clinics in Andhra Pradesh, Orissa, Rajasthan, and Uttarakhand²¹.

Though the list of PPPs in healthcare infrastructure listed on the PPP Cell website only covers the period since 2006 and until the end of 2014 (last updated) and only covers a few of the many PPPs in the sector in India, it gives a snapshot of the kind of PPPs the government

BOX 2: Few Types of Public Private Arrangements

Private Finance Initiatives: Public sector contracts to purchase services from a private company on a long-term basis, often 15–30 years. Under the contract, companies construct and maintain the infrastructure to deliver the required services. Private finance is raised to fund the initial construction works. Typically the private provider (or a 'special purpose vehicle') collects fees to cover principal and interest payments, the cost of any required facilities management service, and an economic return to the private provider.

Build, Own, Operate: A private provider installs and operates equipment against a user charge from patient, to cover cost of equipment, management and economic returns. These contracts are typically for a shorter period of 5 to 10 years. The ADB document proposed this model for diagnostic services specifically.

Management contract: A private provider uses existing infrastructure and introduces private sector management techniques, typically for 'soft' (non-medical) departments, such as laundry, security, etc. but this can also be considered for medical departments. Typically a fee is collected from the public facility/institution that is contracting the service provider to cover management of the service and economic returns.

²⁰ ADB (2010), "Improving Health and Education Service Delivery in India through Public-Private Partnerships", August, pp 42-45.

²¹ ADB (2010), "Improving Health and Education Service Delivery in India through Public-Private Partnerships", August, pp 42-45.

has engaged into (See table 2)²².

Uttarakhand has 3 PPPs in healthcare reported on the website, started in 2010 and 2011, for specific medical departments on a contract management basis. Two of them are for a nephrology and dialysis units (departments) in existing public facilities (Base Hospital in Haldwani and Coronation Hospital in Dehradun) and one for a cardiac care unit in an existing public facility (Coronation Hospital in Dehradun). The dialysis and cardiac unit in Dehradun are PPPs with Apollo and Fortis respectively and the dialysis unit in Haldwani is by a dialysis company, Rahi Care.

The website lists one PPP in healthcare in Rajasthan, started in 2011 as a multi speciality hospital and research institute in Jaipur (Manas Arogya Sadan Heart), developed by the Metro Institute of Medical Sciences Private Limited, probably a PFI scheme (at a reported cost of 56 crores). In Andhra Pradesh, there is 1 PPP reported, a dispensary in the Maddilapalem area of the State capital, Visakhapatnam, on a PFI basis too.

The other reported PPPs are in Punjab (4), Maharashtra (2) and Jharkhand (1). All of them are hospitals under the PFI model, in some cases with the involvement of large private companies, such as Apollo in Jharkhand and Max in two cases in Punjab. For hospitals, the concession time varies between 30 and 90 years – during which the government will be paying the private hospital to provide healthcare services²³.

Bankability of PPPs in social services

While the ADB recognises that the social sector is qualitatively different from the ‘hard infrastructure’ sectors (power, ports, roads, etc)²⁴, it fails to recognise that a fundamental difference is that health is a right essential for a life with dignity, and therefore providing healthcare is a responsibility of the government and its access cannot be left to a person’s ability to pay.

²² As this web tools have been created as part of the ADB technical assistance projects it might be that for the 12 PPPs reported on the site the ADB had a role to play through its technical assistance, such as advising and creating supportive documents.

²³ In the case of the dispensary in Andhra Pradesh the concession time is 32.5 years, and in the case of the Dialysis and cardiac care units, the information is not available.

²⁴ ADB (2010), “Improving Health and Education Service Delivery in India through Public-Private Partnerships”, August, pp 5-6.

In contrast, as it is visible from its publications, the ADB gives central importance to the 'bankability' of PPP project²⁵. A project is considered bankable if it has the ability to attract financiers and investors, for which it requires a convincing business case – it will be able to provide (financial) returns on investments. Foreseeably, returns will be created through out-of-pocket payments by patients, private insurance (to which individuals contribute), government subsidies either through insurance schemes or fees to the private provider.

PPPs also have an impact on the workforce, as workers that would earlier have been employed by the government pass into the private sector, often on contracts with lower pay and poorer working conditions.

Further, cases have been documented where PPPs in healthcare have created massive, chronic drain of public resources, such as in Lesotho²⁶. Experience has also shown that it does not provide access to cheaper capital, one of the key arguments to seek private sector participation in the development of social sector infrastructure²⁷.

Thus, this model considers the interest of the private partner first (bankability), does not aim to address the issue of the impact of the cost of healthcare on poverty, provides worse working conditions to healthcare workers, and results in a drain of resources from the government that would be put at better use, would the services be provided by the public sector directly instead of contributing to private sector profits.

Ensuring access or creating a market?

The ADB documents recognise that there is a crisis of access to healthcare services in rural areas. However, the 'solution' that is proposed is to

²⁵ ADB (2010), "Improving Health and Education Service Delivery in India through Public-Private Partnerships", August, pp v, 2, 6 and 33.

²⁶ Oxfam (2015), "Why is the World Bank Group dragging its feet over its disastrous PPP policy on funding healthcare?", 20 November, <https://oxfamblogs.org/fp2p/why-is-the-world-bank-group-dragging-its-feet-over-its-disastrous-policy-on-funding-healthcare/>

²⁷ In England, taken as the main 'global' experience on PPPs in the ADB document, the House of Commons Treasury Select Committee said PFIs "should be used as sparingly as possible due the higher cost of capital, the lack of savings and benefits, complex and costly procurement procedures as well as inflexibility". Oxfam (2015), "Why is the World Bank Group dragging its feet over its disastrous PPP policy on funding healthcare?", 20 November, <https://oxfamblogs.org/fp2p/why-is-the-world-bank-group-dragging-its-feet-over-its-disastrous-policy-on-funding-healthcare/>

develop for-profit mobile clinics – so that the private sector would invest in the healthcare infrastructure²⁸. This is while healthcare cost is already one of the top reasons for households to fall into poverty. As households in rural areas would not have enough ability to pay for the proposal to be ‘bankable’, the ADB proposes that the government would be footing the bill for these services, therefore creating a market for the private sector where there isn’t one yet.

Public health experts have argued shifting to a larger role of the private sector in healthcare undermines universality as private providers give preference to serving higher income groups, and risks to result in an overall lower quality healthcare with lower efficiency, but higher costs²⁹. ADB recognises that India already has a two-tier health system, or two streams: the public and the private, that provide to different populations based on the ability to pay. Yet, it does not attempt at addressing this situation from a perspective of developing a unified system that ensures health for all, including the poor, with quality and equity. Instead, it develops proposition to create scope for revenue generation in the public sector.³⁰

In all, under the discourse of access to healthcare, the intent seems to be the creation of a market for private providers.

Bringing PPPs into primary health care

An additional stream in ADBs engagement with healthcare in the last couple of years is with regard to the National Urban Health Mission, first with a technical assistance project (approved in December 2013) and later with a loan of US\$ 300 millions granted in May 2015 (see Table 1). The available documents show that ADB sees NURM as an opportunity for PPPs with for-profit providers³¹. The latest National Health Policy (NHP 2017)

²⁸ ADB (2010), “Improving Health and Education Service Delivery in India through Public-Private Partnerships”, August, page 45.

²⁹ Sanjay Basu et al (2012), Comparative Performance of Private and Public Healthcare Systems in Low- and Middle-Income Countries: A Systematic Review

³⁰ ADB (2010), “Improving Health and Education Service Delivery in India through Public-Private Partnerships”, August, page 8.

³¹ ADB, News Release, “\$300 Million Loan Signed to Support India’s National Urban Health Program”, 29 July 2015, <https://www.adb.org/news/300-million-loan-signed-support-india-s-national-urban-health-program>, and ADB (2015), “Proposed Results-Based Loan and Administration of Technical Assistance Grant India: Supporting National Urban Health Mission”,

proposes PPPs with for-profit private providers in urban primary health services.

It is too early to assess the impacts of the ADB engagement with the NURM, yet, it is worrying that the available documents define the achievement indicators for “increased access to equitable and quality urban health system” as increased institutional deliveries and complete childhood immunisation³². If they are not able to charge for each healthcare service (treatment) separately, for-profit providers have a tendency to limit the services they provide to a ‘package’, i.e. a limited amount of services. Reducing access to healthcare to only these two indicators might lead to private providers of primary services to limit their services to these two functions. De facto greatly limiting the provision of primary healthcare in urban areas.

Are PPPs delivering?

After the fifth year, the ADB assessed its first phase engagement before coming up with its fourth technical assistance project for PPPs. In this second phase, the focus is on the *long term delivery of PPPs projects* (technical assistance project approved in 2014). There is a reason for this focus, though it is not spelled out clearly in the ADB documents (neither the Project Data Sheet available online, nor the Project Report dated December 2014).

A series of case studies of PPPs across the country, undertaken in 2016, have shown that the private partners have not delivered on the contract agreement they had entered into with the governments. As an instance, the experience with a PPP for dialysis care in New Delhi showed that the government was not able to get the private partner to deliver³³. The other 3 case studies give a similar story and also highlight that PPPs in healthcare have been a blackhole for government resources without assurance of results. In cases where private sector found it unsustainable (like in

Report and Recommendation of the President to the Board of Directors, Project Number: 47354-003, April, page 5.

³² ADB (2015), “Proposed Results-Based Loan and Administration of Technical Assistance Grant India: Supporting National Urban Health Mission”, Report and Recommendation of the President to the Board of Directors, Project Number: 47354-003, April, page 3.

³³ Public Health Resource Network, Jan Swasthya Abhiyan, Oxfam India (2017), Public Private Partnerships in Healthcare: Outsourcing of Haemodialysis Services in Delhi: A Case Study, January.

Uttaranchal³⁴) or the government evaluation of the PPP project showed gaps (like in Raichur hospital³⁵), the PPP projects were discontinued and delivery of services was taken over by the government³⁶.

Yet, despite failures and the state doling out substantial subsidies there is no roll back at the policy level.

Conclusion

Despite the rhetoric it is evident that the ADB has no intention to reduce poverty and promote sustainable development. A close look at its projects in healthcare services point to its contribution to poverty, to weakening the public health system, to the promotion of unsustainable health financing models that lead to a growing debt burden, and to worsened working conditions of healthcare workers.

On the other hand, the ADB's projects design show the institutions intention to support the development of the private sector. Yet, there is no engagement with the need to develop a framework for a responsible and accountable domestic private sector. Not only are the efforts of the ADB miss directed, but they are irresponsible in the context of the rampant cases of abusive and unethical practices in the private healthcare sector.

PPPs in healthcare have been a tool of the government of India to promote and expand the role of the private sector in healthcare for many years. It has arguably not waited for the ADB advise to get on to that route. Yet, the ADB could have played an important role in supporting a pro-poor and pro-development assessment of existing PPPs. Instead, uneder-cover of a pro poor and pro development rhetoric, it is supporting the creation of business opportunities for the private sector, at the cost of patients and of weakening the public health system. Thus, both the Indian health system and patients would be better off without ADB's technical and loan assistance.

³⁴ Bijoya Roy, Presentation, Outsourcing of CHCs in Uttarakhand, TISS, National Seminar on Evidence building on Public Private Partnerships in Healthcare, 20 January 2017

³⁵ Karpagam S, B Roy, V K Seethappa & I Qadeer (2013) Evidence Based Planning – A Myth or Reality: Use of Evidence by the Planning Commission on Public Private Partnership, Social Change, Vol. 43, No. 2, pp 213-226

³⁶ Bijoya Roy, Pannel discussion, "People Over Profit: Countering Privatisation of Healthcare", 7 April 2017, India International Centre, New Delhi.

Will Asian Development Bank's Safeguard Policies help save the Great Indian Bustard?

A critique of the efficacy of ADB's Safeguard Policies, as it celebrates its 50th birthday

Leo Saldanha

The Asian Development Bank's (ADB) states the Objectives³⁷ for its Safeguard Policies as to:

“(i) avoid adverse impacts of projects on the environment and affected people, where possible;
(ii) Minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and
(iii) Help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.”

In appreciating how ADB conforms with its policies, it is useful to examine how it approaches environmental and social review of the projects and schemes that it finances. This is important because there is widespread concern, and also documented evidence, indicating that ADB does not normally conform with its own standards. Which means, the Bank insisting loan recipients must conform with in-country standards is even more remote. This is an important consideration in reviewing compliance with the Bank's Safeguard Policies as it claims that loan recipients must comply with “both ADB’s and DMCs’ (Developing Member Countries’) safeguard requirements”. We will examine the efficacy of this claim by reviewing ADB's assessment standards in financing utility scale solar projects, a sector that is gaining significant importance across Asia which is reflected in the massive financing that is directed to it, in which ADB is a key promoter.

The Environmental Standards in the Safeguards Policy require ADB must take extraordinary care when any development is proposed in ecologically sensitive areas, particularly when it may lead to disruption of critically

37 See, Asian Development Bank, *Safeguard Policy Statement*, June 2009, p 14, accessible at: <https://www.adb.org/site/safeguards/policy-statement>

endangered species. This is set out in Item 8 of the Standards³⁸ in unequivocal terms:

“8. Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.”

And its standards on Involuntary Resettlement Safeguards³⁹ has this condition:

“2. Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons’ concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.”

38 Ibid, p. 16.

39 Ibid, p. 17.

From the wording of these standards, which are particularly selected to indicate the specific rigour necessary in reviewing project applications, it is clear there cannot be any remiss on the part of ADB officials. They need to be particularly attentive to potential impact of the project on critically endangered species or on involuntary displacement of human populations in the site impacted by the development.

Indian Standard of environmental and social impact review of developmental projects:

The Indian standards of environmental and social review of proposed projects are quite complex, and they can broadly be categorised as those governed by Environment Clearance mechanisms as governed by the Environment Protection Act, 1986 (and in particular the EIA Notification, 2006), and of regulatory standards relating to pollution control. In case there are forest lands involved, then the projects would require clearance from State and Central Forest Ministries, with the double safeguard employed to ensure no forest is unnecessarily diverted to non-forest purposes. Additionally, pursuant to the passage of the Forest Rights Act, 2006, any diversion of forest land also demands the consent of Forest Rights Committees⁴⁰. Besides, there is the requirement of securing consent of 70% of the impacted population as per the Land Acquisition, Resettlement and Rehabilitation Act, 2013.

While most of Indian environmental laws have approached the issue of development from the Principle of Sustainable Development, environmental jurisprudence evolving from recent directions of the Supreme Court of India, as held in *Centre for Environmental Law, WWF-I vs. Union of India and Ors*⁴¹, highlight with concern that we have reached a stage when it is insufficient to address developmental considerations of humanity from mainly anthropocentric positions, based merely on Sustainable Development premises, as has been the case for decades now. Given the

40 See decision of Supreme Court of India dated 18th April 2013 in *Orissa Mining Corporation vs. Ministry of Environment and Forests* in Civil WP. No. 180/2011, popularly called as the 'Niyamgiri case', accessible at: <https://forestrightsact.files.wordpress.com/2016/04/omc-180-of-2011.pdf>

41 See decision of Supreme Court of India dated 15th April 2013 in *Centre for Environmental Law, WWF-I vs. Union of India and Ors* in Civil WP. 337/1995, popularly known as the Lion Relocation case, accessible at: <https://indiankanoon.org/doc/27900105/> Also see the Supreme Court of India's 7th May 2014 decision in *Animal Welfare Board of India vs. A. Nagaraj and ors.*, also known as the Jalikattu case, accessible at: <https://indiankanoon.org/doc/39696860/>

highly worrying state of affairs of the planet as a whole, and the dire implications for human and non-human populations if efforts are not focussed immediately to restore ecological balance, the Supreme Court has advocated that *ecocentrism* must guide all developmental decisions and with the following rationale:

“Sustainable Development, it has been argued by various eminent environmentalists, clearly postulates an anthropocentric bias, least concerned with the rights of other species which live on this earth. Anthropocentrism is always human interest focused thinking that non-human has only instrumental value of humans, in other words, humans take precedence and human responsibilities to non-human are based on benefits to humans. Eco-centrism is nature-centered, where humans are part of nature and non-humans have intrinsic value. In other words, human interest does not take automatic precedence and humans have obligations to non-humans independently of human interest. Eco-centrism is, therefore, life-centred, nature-centred where nature includes both humans and non-humans.”

On this basis the Supreme Court directed the Government of India as follows:

“(a) NWAP (2002-2016) has already identified species like the Great Indian Bustard, Bengal Florican, Dugong, the Manipur Brow Antlered Deer, over and above Asiatic Lion and Wild Buffalow as endangered species and hence we are, therefore, inclined to give a direction to the Government of India and the MoEF to take urgent steps for the preservation of those endangered species as well as to initiate recovery programmes.

(b) The Government of India and the MoEF are directed to identify, as already highlighted by NWAP, all endangered species of flora and fauna, study their needs and survey their environs and habitats to establish the current level of security and the nature of threats. They should also conduct periodic reviews of flora and fauna species status, and correlate the same with IUCN Red Data List every three years.”

National Green Tribunal directives on land diversion for large infrastructure projects, especially solar parks:

Citing this order of the Supreme Court in a case challenging the diversion of ecologically sensitive grassland ecosystems in Challakere taluk, Chitradurga district of Karnataka State for a utility scale mega solar park and also a complex network of military-industrial-nuclear facilities, the National Green Tribunal (Southern Bench) in response to a PIL by this author and Environment Support Group acknowledged that such diversion of habitats critical to endangered species, such as the Great Indian Bustard, must not be undertaken any further. It then directed the Karnataka Forest Department to come up with an action plan to immediately protect the species, and taking note also of Karnataka Government's assurance that no more would such sensitive ecosystems be diverted for industrial and infrastructure projects.⁴²

In particular regard to utility scale mega solar power plants, the Tribunal held that the diversion of pasture lands and arid forests which are typically use in siting such projects, based on the specious claims of developers and public agencies that they are “degraded” lands, are critical habitats for Bustards and such other critically endangered species, such as the Lesser Florican, Indian Wolf and Black Buck. The Tribunal found it extremely disturbing that the Indian Ministry had accorded *carte blanche* environmental clearance to massive solar projects, based entirely on the unverified claim that they were “environmentally benign”. To put an end to this reckless schema, the Tribunal directed the Indian Environment Ministry to immediately review the prevailing exemption of solar parks from the requiring environmental review and clearance, and to come up with a proper policy to ensure their environmental and social impacts were fully comprehended before they are approved. Three years after the ruling, this order has not been complied with by the Ministry, and that despite subsequent directions from the Central Information Commission as well.⁴³

42 See the ruling of the National Green Tribunal (Southern Bench) dated 27th August 2014, in *Leo F. Saldanha and Environment Support Group vs. Ministry of Environment and Forests and ors.*, accessible at: <http://esgindia.org/resources/resources/esg-application-ngt-challenging-illegal-.html>. This order has been subsequently confirmed by the Supreme Court of India.

43 See release of Environment Support Group dated 28th October 2015, entitled “*Central Information Commission directs MoEF& Karnataka Government to make public information on military-industrial-nuclear complex proposed at Challakere, Chitradurga Dt., Karnataka: Slams*”

During this very period, the ADB has ramped up its lending to such utility scale solar projects. Clearly, given the widespread media coverage these directions have received, it would be expected of ADB to ensure their exposure to such projects followed the principles involved in the directions of the Supreme Court of India and the National Green Tribunal – which is the Precautionary Principle. This in keeping with its Safeguards Policy where it is stated that “ADB needs to develop its approach toward strengthening country safeguard systems (CSS) and using them in ADB projects, taking into account the World Bank’s experience in piloting the use of CSS.” The ADB's safeguards policy also requires that the recipient is compliant with both ADB's as well as the Country's safeguard requirements.

ADB's massive lending for Utility Scale Mega Solar Power Projects, environmentally and socially destructive:

ADB and India are promoting utility scale mega solar projects without any policy to assess long term environmental and social impacts caused due to diversions of large swathes of productive and biodiversity rich lands, and this despite knowing well that the impacts are irreversible and permanent. Typically, a mega watt of solar power demands 5 acres of land, if tightly packed with panels leaving no land space open for any other use. Going by prevailing designs of solar parks, it would entail that in meeting the 100 GW of solar production target set by Government of India, 500,000 acres of land would be needed. Even though we are very far from achieving this massive targeted production of solar power, current patterns of development of solar parks indicate that almost all projects are coming up on common lands or “degraded” forest areas, as is the case in Challakere's Sagitaur promoted project spread over 1000 acres.

Invariably, such mega solar parks require the comprehensive removal of any and all vegetation, total erasure of land features which results in major damage to surface water flows and water harvesting structures, completely destroys the local biodiversity, blocks all access to the land and makes the area absolutely inhabitable. So if the location of the projects happen to be in the migratory pathways of Great Indian Bustards, say, it effectively means

and fines Ministry for denying information and misleading public”, accessible at: <http://esgindia.org/campaigns/press/central-information-commission-directs-m.html>

the habitat of this critically endangered species is snatched away from the bird, thus forcing it closer to its extinction. And this is exactly what ADB appears to be funding in Karnataka, Telangana and Andhra Pradesh.

When ADB prides itself in adopting globally evolving best practices for social and environmental compliance, it follows that it should insist on comprehensive environmental review of such mega projects that utility scale solar projects are. Thus, the classification of these projects should be of Project A type, as their environmental and social impacts are substantial. Instead, in every one of the solar parks that ADB is financing in India, the projects are classified as B, which means weaker review of impacts and much faster clearance of proposal, and possibly requiring no consultation whatsoever with impacted communities and other concerned. In effect, the entire process of review of these projects is undertaken between the Bank, project proponent and supporting public authority, with little or no information at all being shared publicly. If there is information to the public, it is only after such projects have been cleared and only when they are featured in some news article. In the meantime, the projects are well on their way of implementation.

ADB's finances Mytrah and ReNew projects in violation of Supreme Court and National Green Tribunal directives:

In 2016, a direct loan of \$175 million has been extended by ADB to Mytrah Energy (India) Ltd. towards development of 5 utility scale solar power projects in arid regions of Telangana and Karnataka states. In the project clearance documents accessible on ADB's website⁴⁴, it is stated that "The identified sites are not considered to be along a major fly route for migratory birds and there are no known bat populations in their vicinities." This is quite in contrast with known evidence of the migratory routes of the Bustard which covers Ravulpalli and Aspari sites of Mytrah, where forest

44 See, for instance: <https://www.adb.org/projects/49241-001/main#project-pds>. And according to Hindu Business Line dated 8th July 2016, in "Mytrah Energy bags mandate for solar projects across four States", it appears this company has only just commenced its ambitious programme of mega solar park development, and the article may be accessed at: <http://www.thehindubusinessline.com/companies/mytrah-energy-bags-mandate-for-solar-projects-across-four-states/article8824799.ece>. See also, "Mytrah Energy signs pacts for 2000-MW renewable projects in Andhra Pradesh", Economic Times, 3rd February 2017, accessible at: <http://economictimes.indiatimes.com/industry/energy/power/mytrah-energy-signs-pacts-for-2000-mw-renewable-projects-in-andhra-pradesh/articleshow/56960044.cms>.

land and commons are diverted to set up the plants. And this is not the only case.

Another massive solar power project that ADB has financed is that of ReNew. This involves a loan extension of \$390 million for building up 709 MW of solar and wind farms of the company in various states of India. In a Press Release issued in January this year⁴⁵, ReNew stated as follows:

“ReNew Power Ventures Private Limited, India’s leading renewable energy development company today announced that it has secured long-term debt financing of US\$ 390 Million from Asian Development Bank (ADB).

This is the first transaction to include in its financing plans funding from ADB as well as Leading Asia's Private Sector Infrastructure Fund (LEAP). LEAP is a funding arrangement provided by Japan International Cooperation Agency (JICA) and is administered by ADB.

The proceeds from this ADB investment will be utilized by the company to develop and expand capacities in Andhra Pradesh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh and Telangana.”

The ADB's review of ReNew's projects concludes environmental and social impacts are not significant and thus categorises them as B, on the following justification⁴⁶:

“The project is classified as category B for impacts on the environment. The potential environmental impacts of the subprojects are generally site-specific, reversible, and mostly associated with construction activities which can readily be addressed through mitigation measures. These typically include land clearing for site preparation and access roads, transportation of components and materials, excavation and construction of foundations, and installation of equipment. *Issues may potentially include occupational and*

45 See “ReNew Power secures US\$ 390 Million debt funding from Asian Development Bank - Investments for projects of 709 MW across Andhra Pradesh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh and Telangana”, 12th January 2017, accessible at: <http://renewpower.in/wp-content/uploads/2017/01/ReNew-Power-secures-US-390-Million-debt-funding.pdf>

46 See, “India: ReNew Investment Project”, accessible at: <https://www.adb.org/projects/47926-014/main#project-pds>

community health and safety, visual intrusion, noise and vibration, soil erosion, and threat to bird and bat population. Effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts will be incorporated in the Initial Environmental Examination reports and environmental management plans. ReNew will apply ADB's prohibited investment activities list, ensure that investments abide by applicable national laws and regulations, comply with ADB Safeguard Policy Statement (2009) and establish and maintain an appropriate Environmental and Social Management System (ESMS)." (Emphasis supplied)

A closer review of the location of ReNew's solar parks reveals that they are all invariably in areas known to be on the migratory paths and also breeding areas of the Great Indian Bustard: Siruguppa in Bellary District of Karnataka⁴⁷, Chincholi Taluk in Solapur District of Maharashtra, Adoni in Andhra Pradesh and Cumbum in Andhra Pradesh. ReNew proposes to initially locate smaller parks which it intends to expand with more capital infusion in subsequent years. This is normally the case with all solar power projects, given the need to optimise investments made in transmission and distribution facilities and also a variety of other attendant infrastructure that is developed in the process. It is thus moot to state that once a solar park is established, it is likely to expand, massively and quite fast too.

Duplicitous stand of Indian Ministry of Environment in protecting the Great Indian Bustard:

Interestingly, the Indian Ministry of Environment has required a small chemicals production factory, M/s OC Specialities Pvt. Ltd., of Solapur, Maharashtra, to secure clearance from the National Wildlife Board and Maharashtra State Wildlife Board, as the industry is proposed within a mile of the Great Indian Bustard Sanctuary at Nannaj⁴⁸. Clearly, the Maharashtra

47 See, for instance, "*Great Indian Bustards sighted on banks of Tungabhadra*", The Hindu, 6th March 2016, accessible at: <http://www.thehindu.com/news/national/karnataka/great-indian-bustards-sighted-on-banks-of-tungabhadra/article8320839.ece>; and "*Great news! Indian Bustard sighted again*", Deccan Chronicle, 8th March 2016, accessible at: <http://www.deccanchronicle.com/nation/current-affairs/080316/bengaluru-great-news-indian-bustard-sighted-again.html>.

48 See the application of M/s OC Specialities Pvt. Ltd., which includes a 'Wildlife Report' along with an application to National Wildlife Board seeking wildlife clearance for the chemical factory, accessible on the Indian Environment and Forests Ministry website at: <http://environmentclearance.nic.in/writereaddata/EIA/05042016SNTJ4864OCSPLEIA.pdf>

State Forest Department and Indian Environment Ministry is reacting to the threats that exist to the very survival of the species, and such extraordinary care is essential when siting a chemical factory. Such extraordinary care is in no way unnecessary when siting utility scale mega solar power projects, which substantially, in fact comprehensively, alter the features of the land. This, in effect, would mean for the Bustard, a lost habitat. Given that the Bustard uses the last few remaining patches of open grasslands and scrub jungles to survive, flying, as it were, from one patch to the next, the cause of protecting this majestic species demands no less than a comprehensive effort to ensure it is protected – for only about 160 individuals are left in India and Pakistan combined. And yet, in the ADB or Indian Government's decisions promoting utility scale mega solar parks, projects that demand hundreds of thousands of acres of land almost all of which will be from commons and “degraded” forests, there simply does not appear to be any concern whatsoever for the protection of this most critically endangered species. It goes to say then that there is simply no alertness at all in ADB towards conservation of threatened species and their habitats.

The Problematic Country Safeguard Systems ensures a race to the bottom?

The Using Country Systems argument is often used by International Financial Institutions to promote a view that it is respectful of the sovereignty of the country. In practice what this means is that project proponents are typically required to comply comprehensively with regulatory systems of the country, failing which the loan agreement is jeopardised. The ADB, and other multilateral banks, use their Safeguard Policies to ensure that there is greater scrutiny of project impacts by reviewing them per the Bank's internal standards. So in effect, a project proponent has to pass the application through two regulatory standards, each operating independently, but also inter-dependently. But what if there are no regulatory standards for a particular type of project, as appears to be the case with Utility Scale Mega Solar Power Projects? Interestingly, in the case of such projects in India, there are specific directions from the Supreme Court and National Green Tribunal to not proceed with any such project unless there is a clear regulatory policy. In fact, the Tribunal's order specifically restrains diversion of ecologically sensitive areas to solar parks,

till such time a policy is in place. While the India Government is clearly in violation of judicial directions, it follows that the ADB is also a willing participant in such violations given that it has lent hundreds of millions of dollars, overlooking legitimate environmental and social concern that Courts have raised repeatedly.

To what effect the Safeguards Policy of ADB?

All this brings us to ask what, in effect, does the Safeguards Policy of ADB really amount to. Experience suggests that in most cases when violations of human rights and environmental standards in projects financed by ADB are brought to its attention, the typical response is to side-step these serious concerns, even ignore them. Often, ADB hides behind the claim that the project is conforming with the Country's regulatory standards, thus exempting the Bank from any responsibility of review and responsibility. The Safeguards Policy appear to be merely guiding documents which have no binding values unless the ADB voluntarily invokes it in a particular instance; otherwise it remains a document in the shelf with little value of offering relief, compensation and possibility of rehabilitation for impacted communities, ecosystems and species.

This has been the experience of most communities impacted by ADB funded projects, and across Asia. As the release of *NGO Forum on ADB* explains⁴⁹, ADB financed projects “caused so much problem (in) the Tata Mundra Coal Plant that has poor project management resulting in poor resettlement site and unfair compensation for the affected communities”. Not very different is the experience in “the Nam Theun 2 Dam project that has caused landlessness and drainage problem in in Bangladesh, (and) the Khulna-Jessore Drainage Rehabilitation Project”. *NGO Forum on ADB*, which has been monitoring the bank since 1992, has witnessed increase in “unemployment, loss of livelihoods, social unrest, and human rights violations (wherever there are) ADB funded programs and projects”. This, the Forum considers, is largely because of a paradigm of development that ADB pursues, of promoting “private capital to control previously owned public domains”. In a well-documented case, of the Marcopper Mining Disaster, which ADB financed, it resulted in the “disappearance of one crab

49 See Releases on *NGO Forum on ADB* website, accessible at: <https://www.forum-adb.org>

species called 'Bagtuk'''. And in the decade long plight that ADB has enforced on the Khmer people, its "Railway Rehabilitation Project t spanning 335 kms" has ended up "displacing at least 4164 families".

Will ADB do everything to save the Bustard from certain extinction?

The question that now remains as ADB commemorates 50 years of its existence is if it will end up writing the obituary of the Great Indian Bustard in the process, and many other such critically threatened species across Asia given its penchant to support massive development of infrastructure projects, almost always without due regard to the long term and irreversible impacts. Unless ADB comprehensively reforms its approach to financing development, it may end up causing widespread displacement of livelihoods, and thus accentuating poverty and conflict. If its uncritical support of Utility Scale Mega Solar Power Projects is any indication, there is every need to be concerned that ADB is not a wee bit concerned of the lack of compliance of projects it finances of even Judicial directions, leave alone Country Safeguard Systems. Given its highly influential role as financier, it is for ADB to decide as it celebrates its 50 years to ask itself what it can do now to ensure that the majestic Great Indian Bustard not only survives, but also returns to spread its wings across the grasslands of peninsular India, as they once did, only decades ago. The return of that species would indicate that our pastoral and farming communities are also prospering, and thus, there are chances of tackling poverty with all sincerity. Not merely tokenistically based on numbers generated by certain economists on the basis of GDB based growth – numbers that seek to destroy more than to create.

Development Under Laws Of Immunity

Ram Wangkheikpam

According to Jairam Ramesh, a senior economist and politician who has been into several Ministries in the central government in Delhi, when writing about North East and the New Asia, he puts broad policy changes when dealing with the region. According to him, the first is the 'Culture Paradigm' that seeks to preserve and enrich the rich exotic, endangered multitude of cultures and to be protected from the big bad wolf called 'economic development'. Then according to him, the 'Security Paradigm' sets in may be because of the war with in 1962. The security issue was already there as the Armed Forces Special Powers Act of 1958 was in place in some parts of North East. "*The Security Paradigm – of thinking of the Northeast as a security frontier in a geostrategic sense – began to animate government thinking towards the region*". He then went to argue that from the '70s, "there was a transition to the 'Politics Paradigm': the region required political representation; the diverse tribal cultures and diverse sub-nationalities required participation in 'mainstream' democratic process". New states began to be formed to allow representation in the democratic process and "with this many of the problems associated with this region would tend to get nullified or minimized". However, problems persist and continued, and this is when the new 80s mantra of 'Development Paradigm' came in "that if we build schools, bridges, internet centres, IITs and refineries, the people will be happy. Give them development and they will forget about problems of identity, problems of assertion, problems associated with creating a nation out of essentially tribal communities". "And that would be development. People would then be *homo economicus*, not looking at aspects like what tribe they belong to, and so on". But clearly these policies have failed to 'deliver' on all front.

Current reports from 'development-mongers' clearly indicate that there are still no proper roads, no institutional infrastructure worthwhile, no proper train connectivity, no sufficient electricity nor energy grid, the states still cannot stand on their own and the list goes on. At the same time, the issue of sovereignty and autonomous demands with pockets of violence still lingers. One might argue instead that all the approaches or paradigm was at

play continuously, however, it is the security angle that predominantly informs all other activities. Whether it is about policies or projects, there seem to be two issues that seem to determine the outcome. One is the China factor, and the other is in how to resolve/contain the armed resistances- the sovereignty demands. Government documents are mostly shy of mentioning these issues and they prefer to talk about 'development' without the context being addressed. There seem to be an effort to destroy collective bargaining with the violence of the neo-liberal market.

Going back further into history, It was the British East India Company (EIC), an early modern mercantile corporation, who took control of the region gradually, and EIC was merged latter under the Imperial British Government. It was the want of commerce and trade routes that EIC took to slowly taking over the principalities through conquest and consolidation. "The commercial logic of the EIC made them think of 'frontiers' as expansion zones that would connect them with profitable markets and sources of wealth". They made roads, trade routes rather, bridges, railways and other infrastructures that serve their purpose. One that helps extracts from the region and the other to expand their power and economic interest towards the east. To be able to penetrate the North East the British had to continually face the raids from the tribes and 'please' the principalities. At times they had wars such as with the King of Manipur 1891 when they finally over took the kingdom. Parts of the region, in particular, Manipur and Nagaland, witnessed one of the world's violent times in defending against the Japanese. War preparations such as airports and roads for tanks and trucks are still the defining feature of the region since then.

Some protection regimes such as the Inner Line act (Bengal Eastern Frontier Regulation 1873), McMohan Line (1914) and the Excluded and Partially Excluded Areas (1935) were put in place to serve their interest, however, the principle of this acts were followed consecutively by the new independent India in the form of inner line permit, 6th schedule etc. It was the East India Company who was given the right to raise their private army to defend their tea estates or dig oil protecting their commercial interest. Like true colonialist, they studied the different communities (which their anthropologist called uncivilized tribes) and they studied the rivers, streams, cultures, ways of life, brought 'modern' education and the Bible.

They were building roads, highway to Burma (as related to the war), railways – all to extract, subjugate, control and defend and build for the Empire. An element seen in British records also reveals their civilizing the barbarians and tribals mindset that by building roads they are ‘civilizing’ the wild uncivilized tribes and communities. Records of such utterances are not difficult to find. It is not that the British did not faced any resistance, but they were too powerful.

After the British left in 1947, gradually, the region merged to the Indian union and then after the Big Game with the British, Independent India’s planning began which Jayram Ramesh tried to explain how the different paradigms were applied over the years. If it were the British who created the idea of North East, the region continues to be shaped largely by those designs of the colonial days. The history of North East is a description of an era of violence.

What politicians like Jairam and government documents including new institutional players such as ADB and World Bank does not talk about is that beginning 1958, and gradually, the entire North East is declared “disturbed’ and the political tool for subjugation the Armed Forces Special Powers Act is imposed. What is a Disturbed Condition? How does a village, district, state, region under AFSPA function? How does a planner plan in a disturbed afspa condition? Do they plan a ‘development’ road to deal with the disturbed condition? Yes indeed! Professor Bhagat Oinam at JNU argues that “the security angle has always been playing a very strong role in the formulation of policies, and that “even what we call developmental policy is merged with how to contain insurgency, how to contain violence not in the sense of democratizing or empowering the people to sustain for themselves”. According to him policies are framed taking into consideration a premise, which acts on the assumption of the lack of development being

Impunity is the ability to act without negative consequences. **Impunity** is a type of **immunity**, and the two words come especially close together where **immunity** refers to freedom from prosecution, but **immunity** in this sense is generally a legal term and doesn't appear often in other contexts. Where someone is able to act with minimal risk of negative consequences, legal or otherwise, *impunity* is the better word.

responsible for the insurgencies and ethnic crisis in some states of the NE. Thus, this would be the backdrop, from which all problems would emerge and to which the Central Government responds accordingly by applying pieces of legislation such as the Armed Forces (Special Power) Act (AFSPA), for instance⁵⁰.

Armed Forces (Special Powers) Acts (AFSPA), are Acts of the Parliament of India that grant special powers to the Indian Armed Forces in "disturbed areas". According to The Disturbed Areas (Special Courts) Act, 1976 once declared 'disturbed', the area has to maintain status quo for a minimum of 3 months. One such act passed on September 11, 1958 was applicable to the Naga Hills, then part of Assam. In the following decades it spread, one by one, to the other Seven Sister States . Another one passed in 1983 and applicable to Punjab and Chandigarh was withdrawn in 1997, roughly 14 years after it came to force. An act passed in 1990 was applied to Jammu and Kashmir and has been in force since.

The Armed Forces Special Powers Ordinance of 1942 was promulgated by the British on 15 August 1942 to suppress the Quit India Movement. Modeled on these lines, four ordinances – the Bengal Disturbed Areas (Special Powers of Armed Forces) Ordinance; the Assam Disturbed Areas (Special Powers of Armed Forces) Ordinance; the East Bengal Disturbed Areas (Special Powers of Armed Forces) Ordinance; the United provinces Disturbed Areas (Special Powers of Armed Forces) Ordinance were invoked by the central government to deal with the internal security situation in the country in 1947 which arose out of the Partition of India.

It was not just a matter of a draconian act like AFSPA which is imposed through a figure like the Army, but it is also the air of suspicion and insecurity that permeates not only the institutions and policies of the government but the forest, streets, the playground, in homes. All 'development' direction is defined by the Indian state's sense of security. This may be the reason why dependency on the central government is being designed with an intention to integrate the region with the mainland⁵¹. Key institution for the development of North East such as North East Council

⁵⁰ See HBF 2009 paper 'Government of India's North East Policy' by Anne-Sophie Maier

⁵¹ Sharma, H.I, "Understanding Underdevelopment in Manipur – A Critical Survey". EPW. November 17, 2012. Vol XLVII No. 46.

(NEC) is considered to be security apparatus that decides which road or which industry project should be prioritized. Governors of all the NE states are member of North East Council for instance indicates the prioritization of this security mindset. And hence, those doing 'development' are primarily implementing a security paradigm. In this sense, AFSPA permeates even the development institutions. Travelling to moreh or Nathula pass will only amplify the fact that security concerns override trade for now!

The security paradigm did not vanished, but it continues to linger in the form of creating a powerful state, but this time with a more 'dominating' paradigm of economic growth and market under a neo-liberal agenda. This is where institutions like ADB comes to play a critical role - of bringing their long term expertise of liberalization, privatization and globalization along with funds.

Much like the air of suspicion and insecurity that pervades the air, in this new era, there is a new hope created that our 'underdeveloped' world of poverty and misery will be done away with provided we follow a specific development prescriptions. These come in the form of policy and institutional reforms and associated projects. Much like the institutions and policies influenced by the security paradigm, we are now witnessed to an era of institutions, Polices and projects that are defined by a certain kind of doing development. Development becomes the thing to do, the religion- the gospel truth, and those doing development are fully protected when doing their 'holy' duty.

It is a striking similarity that those imposing development are protected by a law much like those imposing security. ADB is protected by an immunity law that allows its personals to do a certain kind of development with impunity! According to the Asian Development Bank Act, 1966 (Act no. 18 of 1966) as modified upto 2013 Article no 50 states that "The Bank shall enjoy immunity from every form of legal process,". Article 55 further states that "All Governors, Directors, alternates, officers and employees of the Bank, including experts performing missions for the Bank: i) shall be immune from legal process with respect to acts performed by them in their official capacity, except when the bank waves the immunity". This means that when ADB builds dams, privatize water and commons, opens up corridors, funds large scale mining projects etc, the officials of the bank are

free from any legal fear. Free from any legal entrapments. While AFSPA is geographically restricted, ADB immunity is spread to several communities and nations and hence its implications are wider. In other words, it's a more powerful institution than the Indian Army that enjoys a draconian law.

A comparative box of the law of AFSPA and that of ADB is given here to show the similarities of the immunity and impunity enjoyed by an Indian Army and a Development Doer of the bank.

Under AFSPA numerous lives have been lost and there has been a correspondent number of protests and court fights. The Army insists their boys cannot be in the field without this immunity law. It helps them do their duty without the fear of the consequences. The Supreme Court has sometimes upheld the Act but on some occasions asked for misuse or even at times removal of the immunity accorded. But all seem to agree to the fact that complete immunity and hence impunity is dangerous and must be taken away⁵². Can ADB follow suit?

Comparative Box of ADB Immunity Law with AFSPA

The Asian Development Bank Act, 1966 (Act No. 18 of 1966)	Armed Forces Special Powers Act (AFSPA) Act 1958
5. Conferment of status and certain immunities, exemptions and privileges on Bank and conferment of certain immunities, exemptions and privileges on its officers and employees :- (1) Notwithstanding anything to the contrary contained in any other law, the provisions of the Agreement set out in the Schedule shall have the force of law in India:	
ARTICLE 48 PURPOSE OF CHAPTER To enable the Bank effectively to	An Act to enable certain special powers to be conferred upon members of the armed forces in disturbed areas in the state of

⁵² <http://www.indialegallive.com/news-of-the-day/il-news/12925-2-12925>

<p>fulfil its purpose and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.</p>	<p>Arunachal, Assam, Manipur, Meghalaya, Nagaland, Tripura, Mizoram.</p> <p>Any commissioned officer, warrant officer, non-commissioned officer or any other person of equivalent rank in the armed forces may, in a disturbed area,-</p> <p>(a) if he is of opinion that it is necessary so to do for the maintenance of public order, after giving such due warning as he may consider necessary, fire upon or otherwise use force, even to the causing of death, against any person who is acting in contravention of any law or order for the time being in force in the disturbed area prohibiting the assembly of five or more persons or the carrying of weapons or of things capable of being used as weapons or of fire-arms, ammunition or explosive substances ;</p> <p>(b) if he is of opinion that it is necessary so to do, destroy any arms dump, prepared or fortified position or shelter from which armed attacks are made or are likely to be made or are attempted to be made, or any structure used as a training camp for armed volunteers or utilised as a hide-out by armed gangs or absconders wanted for any offence ;</p>
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	<p>(c) arrest, without warrant, any person who has committed a cognizable offence or against whom a reasonable suspicion exists that he has committed or is about to commit a cognizable offence and may use such force as may be necessary to effect the arrest ;</p> <p>(d) enter and search, without warrant, any premises to make any such arrest as aforesaid or to recover any person believed to be wrongfully restrained or confined or any property reasonably suspected to be stolen property or any arms, ammunition or explosive substances believed to be unlawfully kept in such premises, and may for that purpose use such force as may be necessary, and seize any such property, arms, ammunition or explosive substances ;</p>
<p>ARTICLE 50</p> <p>IMMUNITY FROM JUDICIAL PROCEEDINGS</p> <p>1. The Bank shall enjoy immunity from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities, in which cases actions may</p>	<p>7. Protection of persons acting in good faith under this Act.- No prosecution, suit or other legal proceeding shall be instituted, except with the previous sanction of the Central Government, against any person in respect of anything done or purported to be done in exercise of the powers conferred by this Act.</p>

<p>be brought against the Bank in a court of competent jurisdiction in the territory of a country in which the Bank has its principal or a branch office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.</p>	
<p>2. Notwithstanding the provisions of paragraph 1 of this Article, no action shall be brought against the Bank by any member, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member or from any agency or instrumentality of a member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank</p> <p>and its members as may be prescribed in the Agreement, in the by-laws and regulations of the Bank, or in contracts entered into with the Bank.</p>	

India's Unsustainable & Inequitable Corridors

Why Is ADB Pushing Us To A Dark Future?

Rishit Neogi

Introduction

Today, if affluent, educated, urban Indian voters are asked, “what is an industrial corridor”, chances are that 9 out of 10 will not know the answer. And yet, India's corridor programme and policy is set to bring more than 90% of the country under its influence. Of numerous corridors planned, the biggest – Delhi-Mumbai Industrial Corridor (DMIC) is billed as the largest single infrastructure project in the world, stretching over thousands of square kilometers, consisting of high-speed railway lines dedicated exclusively to freight, 23 manufacturing centres, six airports, two power plants, a six-lane highway and 24 new Smart Cities. Approximately 180 million people will be affected.

An industrial corridor is global capitalism's latest offering to developing and under-developed regions. Regions those are termed as ‘far behind’ in terms of market economic prosperity and technology but are otherwise rich in untapped natural resources. Take for example – Latin America, Africa and Asia.

Global financial institutions that control the flow of finance have now chosen to lend money exclusively to ‘infrastructure’ that can reduce the distance between raw material deposits, industrial manufacturing sites and the consumer market. Future profits will depend on truncating such ‘economic distance’ through better roads, ports and railways.⁵³

Thus, the priority is constructing a global network of interconnected infrastructure corridors, logistics hubs and new cities aimed at speeding up the circulation of commodities between sites of resource extraction, production and consumption.⁵⁴

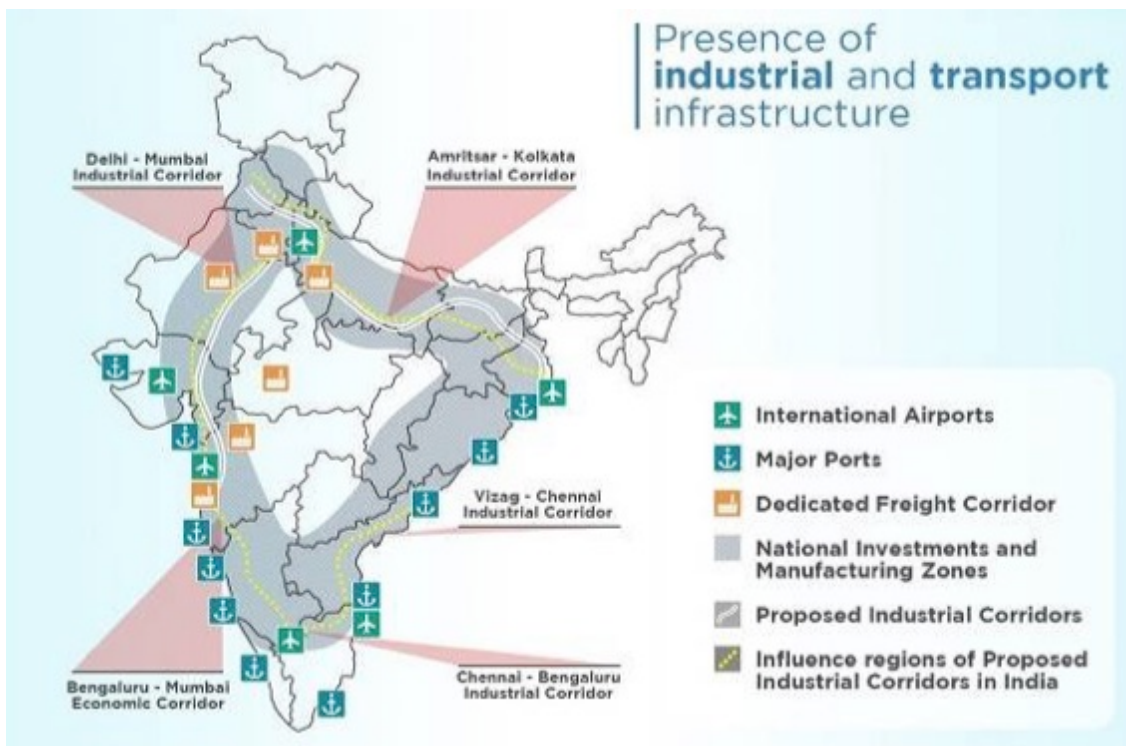
⁵³ World Bank. 2009. *World Development Report 2009: Reshaping Economic Geography*.

⁵⁴ Hildyard, Nicholas. 2016. “Infrastructure financial extraction and the global south”, *Licensed Larceny*. Manchester University Press.

In a typical fashion, each stage of planning, execution and development of these industrial corridors will entail massive profit maximization at the cost of taxpayer's money and natural resources which toiling masses of the country own and use for their sustenance.

The scale of industrial corridors planned across the world threatens to engulf everything – from forests, mountains and rivers to farms, livelihoods and ultimately the very basic notion of democracy.

India's corridor policy was thrust top-down unilaterally by the Union government in 2007 without extensive consultations with village



Source: The Economic Times. 2016. "Advertorial, Emerging Growth Corridors in India make 2016 a great year to invest in real estate", *The Economic Times Wealth*, 12 July.

communities that were to be most affected by it. Even a quick search of parliamentary debates shows no evidence that a project of this scale was properly discussed with elected representatives before launching it in public.

Immediately, taxpayer's money was being spent to hire top-notch global consultants to prepare feasibility studies. Detailed project reports, talks with multilateral lending agencies and investment pitches in global conferences is underway for the Delhi-Mumbai Industrial Corridor (DMIC), Chennai-Bengaluru Industrial Corridor (CBIC), Bengaluru-Mumbai Economic Corridor (BMEC), Vizag-Chennai Industrial Corridor (VCIC) and Amritsar-Kolkata Industrial Corridor (AKIC).



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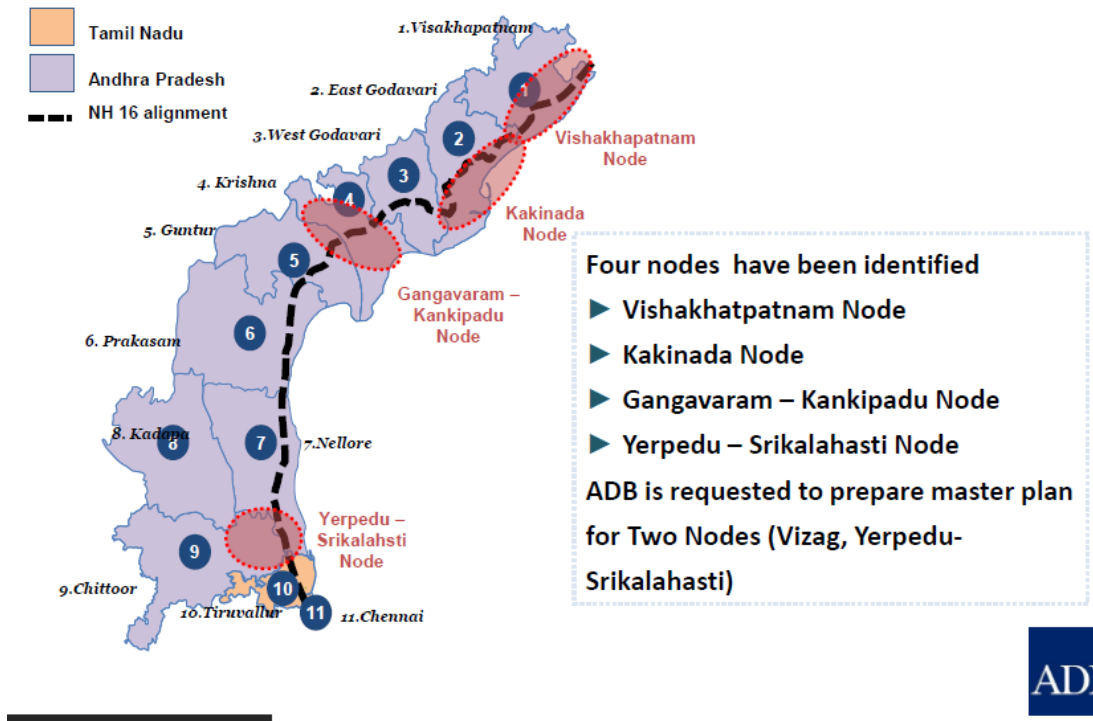
Source: Consulate General of India, New York. 2014. "Presentation: India – the investment destination". <https://www.slideshare.net/KeglerBrown/succeeding-in-india>

Top financial institutions from World Bank (WB) to Japan International Co-operation Agency (JICA) and Asian Development Bank (ADB) have already divided chunks of these corridors between themselves to feed loans into this super-race for infrastructure. Using euphemisms veiled as technical terms, these loans pose as ‘assistance’ from developed to developing countries. They highlight a miniscule percentage of interest on these loans, but when calculated over periods of 25-30 years on such high Principal amounts, it’s a huge drain on the exchequer.

ADB and VCIC

ADB President Takehiko Nakao met with Prime Minister Narendra Modi on 15 February 2015 and planned to maintain the high lending level of \$7--\$9 billion during 2015--2017. This was to continue ADB financing for new and improved roads and urban infrastructure and renewable energy (solar parks and transmission lines). In addition, it was resolved that ADB will

Four Industrial Nodes in VCIC



support the development of industrial and economic corridors and will assist development of 10--20 smart cities.⁵⁵

ADB is actively engaged with both the State government of Andhra Pradesh (AP) and the Union government of India in developing the Vizag-Chennai Industrial Corridor (VCIC), a key part of the East Coast Economic Corridor.

Adb Funding

Visakhapatnam-Chennai Industrial Corridor Development Program (VCICDP) will comprise of a **multitranche financing facility (MFF)**, a **grant**, and a **policy-based loan (PBL)**. The MFF and the grant will support priority infrastructure investments in the Visakhapatnam-Chennai Industrial Corridor (VCIC) and the PBL will support policy reforms and institutional development in the state.

Asian Development Bank (ADB) on 20 September 2016 approved \$631 million in loans and grants to develop the first key 800-kilometer section of a planned 2,500-kilometer-long East Coast Economic Corridor.

The Visakhapatnam-Chennai Industrial Corridor section of the East Coast Economic Corridor, connecting four economic hubs and nine industrial clusters, will mark the first industrial corridor developed along India's coast. The East Coast Economic Corridor will ultimately extend from Kolkata in West Bengal in the northeast of India to Tuticorin in Tamil Nadu near the southern-most point of the country.

ADB's loans and grants comprise **\$500 million** loan to **build key infrastructure** and **\$125 million** loan to help with **industrial policies** and business promotion.

There will also be a **\$5 million grant** from the multi-donor Urban Climate Change Resilience Trust Fund that is managed by ADB to build **climate change resilient infrastructure** and a **\$1 million technical assistance** to help the Andhra Pradesh local government manage the corridor.

The Indian government will provide extra funding of \$215 million to the \$846 million project.

⁵⁵ Kurimoto, Satoshi. 2015. *ADB's Support for Industrial Corridor and Smart Cities in Andhra Pradesh*. 5 March.

Out of \$1 billion funding AP government would contribute \$100 million

The First Tranche of \$245 million was signed on 28 February 2017. Another component of the approved ADB funds was signed on 23 February 2017 was a \$125 million policy-based loan by Raj Kumar, Joint Secretary (Multilateral Institutions), in the Ministry of Finance, who signed the loan agreement for Government of India. The project agreement was also signed by Hema Munivenkatappa, Special Secretary to Government (Finance) on behalf of the Government of Andhra Pradesh. Along with the ADB loans, agreement was also signed for a \$5 million grant from the multi-donor Urban Climate Change Resilience Trust Fund.⁵⁶

Rosa Luxemburg in her 'The Accumulation of Capital' analyzed that capitalism doesn't only expand through military conquest but also through loans.

In 2015, abruptly, the Andhra Pradesh cabinet scaled up the approved project funding proposal, in other words, budget of VCIC from \$400 million to \$1 billion.⁵⁷

The ADB agreed to give loan on LIBOR (London Inter-bank Offered Rate) plus 0.5 percent interest for a period of 25 years.⁵⁸

ADB And Consultation

In 2014, ADB was also chosen to undertake feasibility study of Vishakhapatnam-Chennai section of the East Coast Economic Corridor project linking Kolkata-Chennai-Tuticorin. A concept note was prepared by ADB. During the same time, a consultative panel of ADB comprising of experts from Price Waterhouse Coopers and John Arnold, Independent Consultant working under the guidance of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, met Vishakhapatnam Port Trust Chairman M.T. Krishna Babu and senior

⁵⁶ Micro Finance Monitor. 2017. "ADB Gives \$375 Mln Loan for Visakhapatnam-Chennai Industrial Corridor", Micro Finance Monitor. 28 February. <http://www.microfinancemonitor.com/adb-gives-375-mln-loan-for-visakhapatnam-chennai-industrial-corridor/44400>

⁵⁷ Reddy, B Dasarath. 2015. "ADB to fund \$1 bn for Vizag-Chennai industrial corridor project. ADB and AP govt entered into an agreement earlier this year for development of VCIC project", *Business Standard*. April 22.

⁵⁸ The Hindu. 2016. "ADB to release funds for industrial corridor", *The Hindu*. 25 November.

officials from AP State Special Economic Zone, Jawaharlal Nehru Pharma City and AP Industrial Infrastructure Corporation (APIIC) to discuss the core issues of the Vizag-Chennai Industrial Corridor (VCIC). ADB at this state was touted as the key partner together with government policy of Public-Private-Partnerships (PPP) -- seeking private investments in mega infrastructure projects to develop several National Manufacturing Zones, multi-product and product-specific SEZs and clusters in addition to significant improvement in logistic sector by constructing airports, ports and improving road and rail connectivity.^{59 60}

Later that year, an eight-member team headed by South Asia Regional Cooperation Director Sekhar Bonu visited the multi-modal logistics park near the airport, Hetero drugs, and the industrial cluster at Nakkapalli, Brandix apparel SEZ and the APIIC SEZ at Achyutapuram and Gangavaram port meeting Gangavaram port Director Brahmaji, Collector N. Yuvaraj, AP Urban Finance and Infrastructure Development Corporation Managing Director Y. Madhusudhan Reddy and making a feasibility study of the Vishakhapatnam-Chennai Industrial Corridor (VCIC).⁶¹

ADB And Policy

AP government earlier tried to get Centre's attention by demanding the special status but in mid-2015 it became clear that it will not be granted to AP. The TDP government decided to give up its campaign for seeking the same and instead plead for a financial package from the Centre amounting to nearly Rs. 50,000 crore in line with what Bihar is seeking.

The finance and planning departments were preparing a comprehensive development package for AP chief minister Chandrababu Naidu for submitting it to Union finance minister Arun Jaitley. Jaitley explained the hurdles in the path for granting special status to AP and assured any assistance in lieu of the demand for status, senior BJP leaders assured they would strive for a 'fat financial package' for AP.

⁵⁹ Express News Service. 2014. "ADB Team Discusses Core Issues of VCIC with VPT Chief", *Express News Service*. 8 July.

⁶⁰ Patnaik, Santosh. 2014. "Vizag-Chennai Industrial Corridor plan raises expectations", *The Hindu*. 9 July.

⁶¹ The Hindu. 2014. "ADB team on a feasibility study of Vizag-Chennai Industrial Corridor", *The Hindu*. 12 December.

In the first part, the package listed incentives that would be granted only by the Centre. In the second part, State-specific projects were listed. And the third part drew up the reimbursement from Centre for exemptions given by the State governments to industries and SEZs.

The development package sought 'special incentives' to industries that set up shop in 13 districts of AP like income tax exemption, investment rebate, rebate on capital gains, and tax holiday for employment-generating sectors, giving weight to the fear that instead of SMEs and MSMEs, the corridors will only favour the mega-investors.

The package requested the Centre to fund three major projects in the State – Metro Rail projects in Visakhapatnam and Vijaywada, international airport at Bhogapuram, the Vizag-Chennai Industrial Corridor, a petro-chemical corridor near Kakinada, logistic hub, a Buddha tourist centre and a petroleum and natural gas university.

The AP government would also insist on a share in the royalty that is being paid by the petro and gas companies to the Centre for oil and gas exploration in the Krishna-Godavari Basin. Reliance Industries Limited, Cairn Limited, ONGC and GSPCL have been exploring the KG Basin for the last ten years and AP has not got any share in the royalty paid by these companies to the Centre.⁶²

The State government was to sign a pact with the National Industrial Corridor Development and Implementation Trust (NICDIT) during the 23rd edition of the CII Partnership Summit in Visakhapatnam. As per the NICDIT's new role, the Central government will bear 50 percent of the equity through funding and the State government will contribute 50 percent by giving the required land. AP would be the first State to sign the share-holding agreement.⁶³

⁶² Prasad, B. Krishna. 2015. "With no special status, AP to seek Rs 50k crore package from Centre", *Times of India*. 4 August

⁶³ The Hindu. 2017. "State to ink pact with NICDIT", *The Hindu*. 20 January.

AP's LAND POLICY

Land Banks

On the other hand the AP government has issued orders authorizing the Board of Directors of APIIC to hike borrowing limit to Rs. 5000 crores which has to be used from time to time for land acquisition and for standing as guarantor for a Rs. 2000 crores loan proposed to be taken by it (APIIC) from the Housing and Urban Development Corporation (HUDCO).

APIIC has targeted to create a land bank of 10 lakh acres for Rs. 10,645 crores, of which Rs. 2000 crores was indicated by the APIIC VC & MD as an immediate requirement to acquire land for projects committed in the Visakhapatnam district.

ADB and JICA funds will not be available for that purpose, so the G.O. issued paved the way for APIIC to proceed with acquisition of land for industries in the VCIC and Peninsular Region Industrial Development Corridor (PRIDE Corridor) and CBIC.⁶⁴

Meanwhile, in Ongole, Minister for Transport Siddha Raghava Rao participating in *Janmabhoomi-Maa-Vooru* (our-birthplace-is-our-village) meeting held in Kanigiri said that the district will allot 12,5000 acre near Valivetivaripalem for VCIC which passes through the district.⁶⁵

Land Rights In AP

The Communist Party of India (Marxist) is taking up the cause of farmers in Prakasam district from whom 22,000 acres were acquired in 2008 for the Vadarevu and Nizampatnam Industrial Corridor (VANPIC), a mega-infrastructure project comprising development of two seaports and an industrial corridor that never took off.⁶⁶

The VANPIC deal was signed between the State, Ras Al Khaimah Investment Authority and Matrix Enport Holdings Pvt. Ltd headed by Nimmagadda Prasad in 2008 in Guntur and Prakasam districts. A port and

⁶⁴ The Hindu. 2016. "APIIC's borrowing limit raised to Rs. 5,000 crore", *The Hindu*. 27 December.

⁶⁵ Deccan Chronicle. 2014. "12,500 acre allotted for Visakhapatnam and Chennai corridor", *Deccan Chronicle*. 12 October

⁶⁶ The Hindu. 2017. "CPI(M) to agitate for justice to farmers", *The Hindu*. 14 February.

industrial corridor with an investment of over Rs. 16,000 crores over 25,000 acres was planned. For this, 1800 acres land was acquired through negotiations with land owners carried out by VANPIC promoters. However, the project ran into controversy because of irregularities surrounding the deal and is currently being probed by the Central Bureau of Investigation (CBI) as part of a wider graft case involving Y. S. Jaganmohan Reddy, son of the late Y.S. Rajasekhara Reddy, the former chief minister of the State. Jaganmohan Reddy is a law maker from Kadappa in Andhra Pradesh.⁶⁷ Excise minister Mopidevi Venkataramana has been arrested for his role in the controversial VANPIC project. He had connived with another accused and industrialist Nimmagadda Prasad to enable the latter to take control of the 24,000 acres earmarked for the industrial corridor. According to the remand report, the minister never gave a true picture of how much land was to be acquired for the project. The cabinet approved only 4,000 acres, that is, 2,000 acres each for the two proposed ports, at Vadarevu and Nizampatnam in Prakasam and Guntur districts, respectively. The industrial corridor concept itself as well as the plot to acquire and hand over an additional 24,000 acres to Prasad companies is a clear conspiracy, it said. Those who had initially complained to high court about the irregularities in the VANPIC put the figure at 15,000 acres in the absence of reliable data. It was CBI which exposed the grand idea behind the corridor as being a 24000-acre 'swallow' exercise. The concessions to be accorded to the project, too, were inflated beyond the cabinet approvals and the minister in-charge allowed several irregular concessions like waiver of stamp duty and registration fee, seignorage fee etc.⁶⁸

In 2012, farmers had removed the fence put by VANPIC during their agitation and started raising crops across villages. Ahead of the the 2014 general election, the then Leader of the Opposition N. Chandrababu Naidu had symbolically tilled a piece of land at Pathapadu and had promised to return their land after coming to power. Andhra Pradesh Rythu Sangam district secretary V. Hanuma Reddy and CPI(M) functionary M. Vasantha Rao issued statements against the silence of now elected CM on the issue of

⁶⁷ Manoj, P. 2013. "AP cabinet cancels Rs. 16,000 crore port, industrial corridor project", *Live Mint*. 19 November.

⁶⁸ Kumari, M Sagar. 2012. "Mopidevi made Vanpic a 24,000 acre scam: CBI", *TNN*. May 25.

returning the lands.⁶⁹ Politbureau member B.V Raghavulu decided to lead the stir after MLC polls.⁷⁰

During the nation-wide stir against dilution of the 2013 Land Acquisition Act by several States including Andhra Pradesh, it was reported that APIIC has allotted 89,000 acres of land to industries out of a total land bank of 1.4 lakh acres and still has 50,000 acres of land bank unallotted.⁷¹

According to Right to Fair Compensation and Transparency in Land Acquisition, Resettlement and Rehabilitation Act, 2013 (RFCTLARRA, 2013), if any land acquired remains unutilized for a period of five years from the date of taking over the possession, the land will be returned to original owners of the land or, the legal heirs of the original owner of the land or, to the land bank of the state govt. The central Act has left it to the State government to decide whether to return the land to original owners, or their legal heirs or the land bank.

Recently, the Supreme Court took up the hearing of a petition for the return of lands acquired for the Special Economic Zones (SEZ) in Andhra Pradesh and other States that remain unused.⁷²

CPI (M) also took up the cause of the small and marginal farmers, including Dalits, whose land was being acquired for the Donakonda industrial corridor. Donakonda Industrial Park is to come up over 5,000 acres in the Prakasam district. Titan Aviation, a subsidiary of Titan Metals and Minerals in collaboration with several Ukrainian companies is reportedly contemplating to make spares for fixed wing and Boguslaev helicopters and maintenance repair and overhauling, produce engines for various aircrafts, helicopters, missiles, space shuttle programmes in Association with Antonov Aircrafts.⁷³

⁶⁹ The Hindu. 2017. "Ryots in Prakasam turn restive, seek return of unused land", *The Hindu*. 10 January.

⁷⁰ The Hindu. 2017. "CPI(M) to agitate for justice to farmers", *The Hindu*. 14 February.

⁷¹ Jain, Sreenivas et al. 2014 "Truth vs Hype, the myth of land acquisition", *NDTV*. 30 November.

⁷² The Hindu. "Ryots in Prakasam turn restive, seek return of unused land", *The Hindu*, 10 January.

⁷³ Times of India. 2017. "Aerospace Industry to come up in Donakonda in Andhra Pradesh", *ToI*, 31 January.

A team led by the All India Kisan Sabha (AIKS) joint secretary Vijoo Krishnan, with AIKS vice-president S. Malla Reddy and Andhra unit secretary P. Peddi Reddy guided by the Andhra Pradesh Rythu Sangham and AP Sugarcane Farmers' Association State president M. Haribabu also launched a campaign in the villages to be affected in the proposed industrial corridor in Machilipatnam and Pedana mandals in Krishna district.⁷⁴

Leader of the Opposition in Andhra Pradesh Assembly Y.S. Jaganmohan Reddy opposed the government proposal of acquiring 1.05 lakh acres of land for the construction of sea port and industrial corridor in Machilipatnam at a rally in Krishna district, at the same time maintaining that he was not opposing the construction of port but only the acquisition. He recalled that when Mr. Naidu was in Opposition, he opposed allocation of 5,200 acres of land for the construction of Machilipatnam port but now wanted to acquire over 30,000 acres of land for the same.⁷⁵

In AP, along the VCIC and CBIC, Krishnapatnam and Gangavaram ports are already fully operational with capacity of 75 and 45 million metric tonnes per annum (MMTPA) respectively.

In another large scale land grab proposed in the name of development of a new 'greenfield' capital city of Andhra Pradesh near Vijaywada in Guntur district called Amravati, the proposal is to replicate Singapore across 31,000 acres (Phase I) of land acquired from 29 villages, going upto 1 lakh acres in subsequent phases. Chandigarh, which is the most acclaimed Greenfield capital city, required less than 9000 acres in Phase I and less than 6000 acres in Phase II. Despite opposition from farmers, sharecroppers, workers and others, the AP government has commenced acquiring land by the controversial mechanism of 'land pooling'.⁷⁶

On 5 January 2017, a division bench of the joint High Court for the states of Telengana and Andhra Pradesh pronounced a judgement barring the use of Government Order 123, or GO123, a notification issued by the ruling Telengana Rashtra Samithi (TRS) government in July 2015 in response to

⁷⁴ The Hindu. 2016. "AIKS campaign against farm land acquisition in Masula", *The Hindu*. 13 November.

⁷⁵ UNI. 2016. "Jagan opposes acquiring land for sea port, industrial corridor", *UNI*. 1 December.

⁷⁶ NAPM. "Land Ordinance, Corporate Land Grab and Green field capital for Andhra Pradesh", National Alliance of People's Movements Press Release. 19 January.

several petitions filed by villagers. A short, two page order, GO123 allowed the government to purchase land from “willing land owners” for any purpose including development projects and directed that a district level land procurement committee could be set up to negotiate with the land owners.⁷⁷ Later, a rehash of the GO123 was introduced as Telengana Land (Acquisition) Amendment Bill, 2016.⁷⁸

Again and again attempts are being made to somehow acquire unaccountable area of land under some pretext or the other. The Land Ordinance of 2014--15 introduced by the Union government was a brazen attempt to dilute mandatory clauses of the progressive legislation of RFCTLARR 2013. Widespread protests forced the government to back out. Soon, respective States started tinkering with their State Laws to find new mechanisms of land grab by completely bypassing the mandatory consent clause of affected communities which remains as the biggest hurdle to land acquisition. Novel methods like Land Pooling and Private Negotiations don't even stand any justification when the RFCTLARR 2013 is in place.

This year, around 200 farmers and fisherfolk, women and children were indiscriminately lathicharged and arrested for trying to enter their own land which was illegally fenced and walled off by Divy's Lab, a company awarded with an SEZ on 3000 acres of land in Tarangimondal on the coast of the district of East Godavari in Andhra Pradesh. The High Court has ordered status quo pending final judgement, which was flouted by the company. Infuriated villagers moved a contempt petition, yet the company continued with its construction of wall.⁷⁹

The Gandikota reservoir of Kadapa district is set to displace 9,000 families, and rehabilitation process is far from satisfactory.⁸⁰

Out of the total 2,600 acres required for the Bhogapuram Airport project, 2200 acres have been acquired and the project is looking for speedy environmental clearances.

⁷⁷ Maganti, Rahul. 2017. “In Vemulaghat, a struggle against Telengana’s oppressive Land Acquisition Efforts has been ongoing for 200 days”, *The Caravan*. 20 January.

⁷⁸ NAPM. 2017. “Backdoor Entry of Unconstitutional GO123 is Anti-people, anti-farmer”, National Alliance of People’s Movements Press Release. 28 February.

⁷⁹ Secretary, Rashtriya Koyla Majdoor Union. 2017. Press Release. 24 February.

⁸⁰ News Network, Times. 2017. “Gandikota reservoir to displace 9,000 families”, *TNN*. 11 January.

AP and Environment

Ministry of Environment and Forests and Climate Change (MoEFCC) inaugurated a 1600 MW super critical Damodaram Sanjeevaiah Thermal Power Station (DSTPS), promised all clearances and boasted clearing 11 thermal power plants in Nellore district alone.⁸¹

The Defence Research Development Organisation's proposed test facility on the coast in Krishna district requires diversion of 155 hectares of forest land from the Krishna Wildlife Sanctuary, a notified protected area that is home to endangered and vulnerable wildlife species like Fishing Cat and Smooth Indian Otter, and is adjacent to a beach that is a nesting site of the Olive Ridley Sea Turtles, a species protected under the Schedule I of the Wildlife Protection Act of 1972. Yet, the National Board for Wildlife granted clearance. The Forest Advisory Committee (FAC) of the MoEF has deferred recommending clearance for the project set in an eco-system that is primarily an estuarine area with mangroves, rivulets distinct to the Krishna Delta Complex.⁸²

ADB and Infrastructure

The new infrastructure will be built in the four main centers along the corridor -- Visakhapatnam, Kakinada, Amaravati, and Yerpedu-Srikalahasti - as well as in nearby industrial areas. It will include 138 kilometers of state highways and roads, effluent and water treatment plants, 488 kilometers of drinking water pipes, 47 kilometers of storm drains, 10 power substations, and 281 kilometers of power transmission and distribution lines.⁸³

Idea of infrastructure as we knew it -- as a community effort to plan, finance, create and care of public utilities is fast replaced with the idea that infrastructure is assets that create income streams and guaranteed returns.

⁸¹ PTI. 2016. "Amravati will get all Environmental Clearances in a month, says Prakash Javadekar", *Press Trust of India*. 27 February.

⁸² DNA. 2017. "MoEF panel defers clearance of DRDO test site in Andhra", *DNA*. 10 January.

⁸³ ADB. 2016. *ADB Approves Funds to Build India's First Coastal Industrial Corridor*. News Release. 20 September.

So a road is now a 'toll' road. If a public utility cannot generate profit then it's not considered infrastructure.⁸⁴

According to IMF, 62% of Public - Private - Partnership (PPP) contracts result in higher tariffs. Private owners of public infrastructure raise tariffs leaving many poor people without access to water or electricity. Emergence of infrastructure as a vehicle of accumulation through contracted income streams over long periods of time means that \$1.4 trillion global investments are now diverted to infrastructure.⁸⁵

PPP emerged as a backdoor route to privatization that emerged in the 1990s as an alternative to outright divestiture of state-owned and operated infrastructure assets. In 134 countries PPPs are resurgent after a slowdown in the aftermath of 2008 global financial crisis. Initially it focussed on energy and transport but is now increasingly looking at 'social infrastructure' like schools, hospitals and healthcare. Lending for PPPs by institutions like World Bank has increased three-fold over the last ten years. IFC between 2002--12 gave \$6.2 billion to 176 PPPs.⁸⁶

Hidden within the PPP contracts in clever, legal terms are many 'guarantees' that show the power of the private sector to dictate terms and conditions like -- guaranteed profits, minimum revenue guarantees, concession revenues, take-or-pay contracts and availability payments which all mean that a PPP whether functional/unfunctional, used/unused will continue getting paid for its services to the people by the government.⁸⁷

In most cases, when the private player is expected to make an investment, it is automatically assumed that it will only pay by borrowing from some other public finance institution. What makes it more revolting is that the security or guarantee for the loan of the private player is ensured through a public entity or mechanism, thereby putting public money at risk upon non-payment by the private.⁸⁸

⁸⁴ Hildyard, Nicholas. 2016. "Infrastructure as financial extraction", *Licensed Larceny*. Manchester University Press.

⁸⁵ *ibid*

⁸⁶ *ibid*

⁸⁷ *ibid*

⁸⁸ *ibid*

I hope my analysis will help the readers draw their own conclusions regarding the viability of corridors keeping in mind India's growing inequality, poverty, religious extremism by ruling elites, farmer suicides, droughts and increasing surveillance, state control and repression.

Powering privatization – towering deprivation and complicity: Asian Development Banks investments in Indian power sector.

Soumya Dutta

A “development Bank”, in a common persons understanding, is that financial institution which works through its lending for the “preferential development” of the marginalized sections of a society. At least that was how the story of the Multilateral Development Banks (MDBs) was told and retold to the loan receiving countries and their “development deprived” populations. From the grand-daddy of the MDBs, The World Bank, to the newest kids in the block, the Asian Infrastructure Development Bank (AIIB) and the BRICS New development Bank (NDB), all have the same claim of lending to develop the poor, the marginalised and the left-out. And then there is “Asia’s original own MDB”, the Asian Development Bank, though nearly 40% of its shareholding is with non-Asian rich OECD countries, thus making them – with Japan and South Korea holding another 20% plus, about 66% is held by non-borrowing rich countries - decide and dictate its operations in a dominant manner.

The last 70 odd years of experience with these beasts, however, tells a completely different story from the “good development of the poor” narrative. These experiences of the communities whose lands have been taken off forcibly or by deception, those natural resource dependent communities whose water sources have been privatised in the name of better management, those urban poor whose local market based livelihoods have been demolished in the name of urban development – many with the funding coming from these same MDBs, ADB included, have brought out horror stories of repression, deception, concealment of information, revolving doors between the state bureaucracy and these MDBs, rampant encouragement to massively corrupt practices, state sponsored violence etc. At the same time, the loot and privatization of public resources have enriched the already rich and “capitalized” class and created un-imaginable disparities in both income and economic wealth, showing up in some of the highest Ginny index figures. And the Asian Development Bank has

faithfully played its own part in this capital-led, resource-grabbing, climate and ecology threatening destructive “development”.

It has been proven without any shred of doubt that whenever there are large scale engineering with massive investments, there will be several adverse impacts – often far beyond those initially assessed. These are supposed to be evaluated with more care under the guidance of the “benevolent” MDBs than the project promoting companies would have done on their own, and done as per the norms of these MDB’s social and environmental safeguards policies, with the idea of minimising and mitigating these to the extent possible. Following on the World Bank Environmental and Social Safeguards policies, all the MDBs have their own, with ADB’s present Safeguards Policy Statements (SPS) combining the three previous safeguards policies, in the areas of Environmental. Involuntary resettlement (or displacement) and indigenous people.

The Safeguard Policy Statement (SPS) builds upon the three separate previous safeguard policies on environment, involuntary resettlement and indigenous peoples, bringing the three into one policy that, as claimed by ADB, “enhances consistency and coherence, more comprehensively addresses environmental and social impacts and risks. The SPS aims to promote sustainability of project outcomes by protecting the environment and people from projects' potential adverse impacts by avoiding adverse impacts of projects on environment and affected people, where possible; minimizing, mitigating, and/or compensating for adverse project impacts on the environment and affected people when avoidance is not possible; and helping borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.” And yet, in case after case, the sustainability of not only the ecosystem but also of the affected people’s lives and livelihoods were threatened beyond repair.

ADB has lent mostly to the power (to several state’s “Power Sector Investment Programs” - Uttarakhand, Assam, Madhya Pradesh,... to name a few), transport and urban development sectors, but in the last two decades of its five decades long life and 31 years in India, has increasingly lent to the water sector also.

In this very brief essay, let us look at only a few instances of ADBs funding and what their impacts are – in this case to the power sector in India. This

will also show the other role such “reputed and credible” MDBs play, that of lending ‘credibility of international finance’ to many projects that are of inherently damaging character to nature and natural resource dependent people, and create an umbrella for other financial institutions – including large trans-national private banks and national banks etc. to lend to such projects.

One such iconic case is that of the ADB (and also by the International Financial Institute IFC, which is the private sector lending arm of the World Bank) lending to India’s first Ultra Mega Power Plant (UMPP), the 4000 MW imported coal based Coastal Gujarat Power Limited (also known as the Tata Mundra power plant) owned by Tata Power, located in the largest district of India, Kutch, at the western end of India. For this USD 4.2 billion project, ADB lending was USD 450 million, helping a consortium of large banks to come on board. Instead of “more comprehensively addressing environmental and social impacts and risks”, as ADB claims, this project started by completely ignoring a large community of fishers as project affected people, who were traditionally doing their low-impact fishing for generations in these coastal waters. Instead of “protecting the environment and people from projects' potential adverse impacts by avoiding adverse impacts of projects on environment and affected people”, the CGPL plant has contributed to the destruction of sensitive and biologically very productive mangroves and creeks, ruthlessly dredging and converting these into dead water channels. Thousands of small marine fishers’ livelihoods were squeezed, and yet the ADB (and the IFC) failed to initiate any action on the lines of “helping borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks”. Large parts of the district is brackish water area, with sweet ground water available only in a narrow coastal belt, enabling agriculture and well settled human habitations, and yet, this was the same area that this gigantic coal power plant was facilitated to be located, draining out this fresh ground water, causing havoc with the agrarian communities. No consideration of cumulative impact assessment was shown, even with another gigantic coal power plant – the Adani Mundra plant - situated less than two kilometres away. The once thriving horticulture of “chiku / sapota” was wiped out within three years of the plant coming up, devastated by the huge amounts of coal dust and fly-ash, and yet the ADB

safeguards didn't act to protect either the farming people or the fragile coastal ecosystem of Mundra. The previously flourishing cultivation of dates, which were also being exported to some gulf countries – giving a valuable source of rich livelihoods to the locals, were impacted badly, with production falling drastically. The large pastoralist community was complaining of their pastureland – not only being taken away to be given to these monster coal power plants, but also the fodder grass and leaves being heavily contaminated by coal dust and ash.

Looking down the barrels of these destructive project and having no headway in their efforts at some relief, the fishers organisation then took the issue of these very serious violations of environmental and social safety norms to the compliance mechanisms of both the IFC (and later to the) and ADB, helped by civil society groups who were alarmed at the scale of destruction and these MDBs callousness at ignoring these. Both the audits – by Compliance Advisor Ombudsman (CAO) and the ADBs Compliance Review Panel (CRO) – after their visits and audit process, confirmed most of these violations and placed the reports to their boards. Till date, no credible actions have been initiated, contrary to the ADB claims of “minimizing, mitigating, and/or compensating for adverse project impacts on the environment and affected people” ! The borrower, CGPL, is happily proposing some more “studies”, even after the civil society study findings on the large scale impacts and losses were largely confirmed by both the IFI audits. The ADB is happy that their client is initiating studies, while the thousands of fishers, small salt-panners and farmers are put to the guillotine. Possibly, they are all waiting and watching in some kind of a macabre game of attrition, till the poor affected people either die out of move to become street dwelling communities in some urban squalor. After-all, for how long can nature dependent communities survive and fight if their primary livelihood resource is snatched away and destroyed ? For the ADB, it is still not time to press the emergency bell, still a long time to start their claimed minimizing, mitigating and compensating actions !!

Another large area which has emerged as an ADB favourite, is the bulk power transmission sector. With massive coal power plants coming up in the countries coal rich eastern states and the major urban and industrial consumer sectors situated in the west, north and south, the mega

transmission networks are sprawling up all over the rural hinterland. Apparently, these high voltage transmission lines are 'benign', they do not burn toxic fuels, do not emit smoke, do not consume entire rivers as the coal and nuclear plants do. But in spite of their apparent benign projection, these scaled up high voltage transmission lines are creating massive problems. The ADB funded new 400 kilo volt transmission lines are passing over thousands of kilometres of farm lands, orchards (as in Uttarakhand and Himachal Pradesh), inland fishing area (as in Bhangar, just south of the mega city of Kolkata) and even directly over existing villages (as in Palghar just north of another mega city - Mumbai). Anyone with his or her reasoning senses present can understand the ill effects of living and working with 65-70,000 volts potential constantly present between their head and toe (that is the rough voltage between every person's head and toe, with a 400,000 volt line passing over 9.5-10 meters overhead as was accepted to be "safe". The villagers were never informed about the true character of these extremely high voltage lines, were never taken consent of before their fields and homes came under these death-lines. Thousands of these ignorant villagers are now waking up to find strange whizzing sounds of electrical discharge present throughout the day, women cooking in their homes are complaining about persistent headache (no wonder, with these super high tension lines leaking electrical currents through their bodies day and night), farmers are getting occasional electrical shocks - particularly during rainy seasons and in their water filled paddy fields. And yet, the benevolent lender, ADB, has not woken up to accept these as the adverse impacts of their funded projects, let alone think of "minimize, mitigate and compensate" !! This massive emerging problem will only get worse in the coming days and years, as even the serious impacts are being kept in abeyance, with both the IFIs, ADB included, and our governments in the denial mode. And since these dispersed communities of farmers (unlike the organized fisher community in Mundra) have not yet managed to "complain" to the existing mechanisms, this being far more difficult to bring to deaf ears and blind eyes of the ADB, the battles have been taken to the fields and streets, with people already being killed for protesting. But the ADB is yet to wake up.

There are numerous such examples and cases, and those are being brought to light by many of the articles even in this collection. As we all must

understand, it is time to wake up to the real games being played by these IFIs, and not put too much reliance on their fake “compliance mechanisms”. The true purpose of these so-called MDBs is now much clearer – to facilitate the smooth functioning of global capital by serving its insatiable demands of more natural resources, more water, more minerals, cheaper labour and more pliant markets where the products of these destructions can be sold – for a good profit. The earlier we realise that and put our forces together in driving these creepy monsters away, the better protected will be the interest of the poor and the marginalized, for after all – despite their claims, the ADB and its peers are not created to eradicate poverty, save the climate etc etc, but to accelerate the loot of nature and nature dependent people.

A brief review of Asian Development Bank's – Madhya Pradesh Urban Water Supply and Environmental Improvement Project (MPUWSEIP)⁸⁹

Gaurav Dwivedi, Rehmat

This project funded by an ADB Loan with the total amount US\$ 275.0 million approved in December 2003, from 2005 to 2009 for project implementation (Asian Development Bank, 2008). The project looked to address 'citywide deficiencies in basic urban services for six of the largest urban centers in Madhya Pradesh' (Asian Development Bank, 2003).

Although initially there were six cities selected for the project but later only four remained – Indore, Bhopal, Gwalior and Jabalpur – two cities Ratlam and Ujjain opted out of the project. The project claimed that 'direct social benefits will be sustained improvements in water supply, sanitation, garbage collection, and disposal within the project cities. Indirect benefits will accrue through improved living conditions, healthier living environments, and the prospect of improved health status of the population'. (Asian Development Bank, 2003)

Though the original project documentⁱ mentioned the loan amount as US\$ 200.0 million but the loan amount was reduced to US\$ 181.0 million due to the reason that two out of six selected municipal corporations (MC) opted out of the project. (Asian Development Bank, 2008)

The MPUWSEIP comprised of three parts.

Part A – the urban water supply and environmental improvement – covers the improvement and expansion of –

- i. urban water supply,
- ii. sewerage and sanitation,
- iii. storm water drainage, and
- iv. solid waste management.

⁸⁹ This article is based on excerpts from a paper on Water Sector Reforms in Madhya Pradesh presented at the International Conference for Water Resources Policy in South Asia, 2008 in Colombo, Sri Lanka.

Part B – designed to increase the awareness and participation of project beneficiaries through –

- i. two community-level funds that will provide for participatory planning between the municipal authorities and the poor communities at the neighborhood level, for integrating slum improvements with citywide infrastructure; and
- ii. the Water for Asian Cities Program in India covering urban water conservation and demand management, to be financed by United Nations Human Settlements Programme (UN-HABITAT).

Part C – project implementation assistance – support to the PMU at state-level and project implementation unit (PIUs) at city level. (Asian Development Bank, 2003)

Table No. 1 shows the financing plan for the project.

Table No. 1, Financing Plan MPUWSEIP

Source	Million US\$	Percentage %
ADB	181.0	65.82
Government of MP	45.9	16.69
Project Cities	47.6	17.31
UN-HABITAT	0.5	0.18
Total	275.0	100.00

(Source – Asian Development Bank, 2008)

MPUWSEIP –

The ADB project required the MCs ‘to establish separate water and sanitation departments (WSDs). The WSDs would be responsible for water supply development, planning, implementation, O&M, water billing and collection’ (Asian Development Bank, 2003).

‘The project also requires that the PMU start a process of establishing a statutory quasi-judicial Water and Sewerage Regulatory Authority for Madhya Pradesh, which is independent of administrative and political compulsions and can work through regional offices’. (Asian Development Bank, 2003)

The project also envisaged that the MCs would also form the community water committees who would take the responsibility of the metered public

standposts, the draft act for such committees known as *Mohalla* Committee is been circulated by the GoMP.

Urban Water Supply Reforms under MPUWSEIP

MPUWSEIP would undertake urban water supply reforms in the 4 largest cities in MP. The paper broadly discusses the issues with reference to these reforms from two aspects. First is the one that affects the social obligations directly such as disconnection of water supply on non-payment, removal of public standposts, increasing water tariffs and their implications. The second is the financial obligations such as rate of interest, cost overruns, contributions of the MCs, expenditure on consultancy services and increase in other existing taxes and collection of new surcharges to reduce the water pool deficit and their implications.

1. Issues that affect the Social Obligations of the state

Disconnection of Supply on Non-payment

The MPUWSEIP project document calls for 'a disconnection policy to be implemented in case of non-payment and review an option to hand over the billing and collection to the private sector' (Asian Development Bank, 2003). A subsequent Indore Municipal Corporation (IMC) proposalⁱⁱ states that house holds not paying water charges would be disconnected from water supply. The proposal also states that such disconnected water connections should not be reconnected just on collecting the earlier dues. Rather such connections should be considered and reconnected as new connections after receiving full amount of Rs. 2500 for the new connection. (Indore Municipal Corporation, 2006a) During the field visits at that time in some of the localitiesⁱⁱⁱ in Indore and conversations with the residents it seemed that the changes on various fronts were in offing and the delay in implementing the reform recommendations of the project like disconnection of supply on non-payment is because the authorities were preparing the ground work before actualising the process and with assembly elections round the corner the government might not be willing to take such actions.

In Bhopal the situation did not change due to political factors and resistance from the opposition political parties. The political situation in Bhopal is complicated since the ruling party in the state government has majority in

the council and in the Mayor-in-Council (MIC) the major opposition party dominates.

Removal of Public Standposts

On the removal of public standposts the project document calls for 'increasing household water connections and phase out public standposts, metered standposts to be under responsibility of community water committees'. (Asian Development Bank, 2003)

In case of Indore, the IMC proposal stated that no new public standpost to be sanctioned, all the existing public standposts to be registered in the name of residents at whose house-fronts these standposts exist and the water consumed from these standposts to be billed in their names (Indore Municipal Corporation, 2006a).

A report by UN-HABITAT noted that there are 7263 standposts in Indore. The report also noted that the number of illegal connections in Indore could be in the range of 20,000 to 40,000 (UN-HABITAT, 2006).

The IMC proposal stated that the number of water supply connections in the municipal area is 155,000 even though the number of registered properties is 374,000 (Indore Municipal Corporation, 2006a).

The figures above suggest that for close to 58% that is 219,000 registered properties and unknown number of illegal settlements there are only 7263 legalised public standposts. Hence there could be a huge population that may not have access to water from the legalised connections due to various reasons of money, location, timing, distance, etc. This may as well explain the reason for the high number of illegal connections in the city. This can also be interpreted as the failure of the MC in providing access to piped water supply to a large population particularly the urban poor.

The IMC budget for the financial year 2006 - 07 shows that the maintenance expenditure on public standposts by the corporation was Rs. 314,000 (Indore Municipal Corporation, 2008). This comes around Rs. 43 per public standpost per year.

If we take into account the UN-HABITAT report's calculations concerning the water consumption from these standposts. The calculations assume 10 households per standpost, 7 members per household and 25 liters per capita per day. So for a whole year the amount of water consumed from the 7263

standposts comes to 4,639,241 cubic meters per year and the water production cost at Rs. 12.5/ Kilo Liters (KL) (UN-HABITAT, 2006). The expense for the water supply from these standposts comes to Rs. 58 million for a population of approximately 510,000 in the city. The revised total budget for water supply operations of IMC for the year 2007-08 comes close to Rs. 1211.5 million (Indore Municipal Corporation, 2008).

Therefore even if IMC brought down the expenses on the public standposts that is Rs. 58 million out of a total budget of Rs. 1211.5 million, it is not clear how cutting down on this small amount would increase the financial sustainability of the water supply operations.

The figures above give an idea that the amount spent on supplying water from the standposts to the population that may not have the capacity to pay for water is not too huge. Hence arguing that removing public standposts, to cut water consumption and maintenance expenses, would lead to financial sustainability of the water supply operations needs to be evaluated critically.

This issue should be evaluated keeping in mind that 'the urban centres in Madhya Pradesh do not necessarily represent islands of economic prosperity. These centres are characterised by poor living conditions with a substantial proportion of population unable to meet their daily calorie requirement.' (WaterAid, 2005)

On the other hand in Bhopal the decision on the removal of public standposts was not taken because of the complicated political situation in the local government level.

Increasing Water Tariffs

Under the financial action improvement action plan proposed by the project the increases in water tariffs and the dates for their implementation have been laid out by the ADB. The plan lays out that after the year 2010 the flat unmetered domestic rates would be discontinued and all the users would have to buy water at fixed KL rate. In year 2010 for example in Bhopal, Gwalior and Jabalpur the rates for water supply from 0-10 cubic meter (m³) would be Rs. 6.3/ KL, for 10-20 m³ would be Rs. 9.5/ KL and for 20 m³ and above would be Rs. 12.6/ KL. The rates for Indore would be Rs. 7.6/ KL, Rs.

10.7/ KL and Rs. 12.5/ KL respectively. The water consumption from the standposts would be charged at the rate of Rs. 3.8/ KL for Bhopal, Gwalior and Jabalpur and Rs. 4.5/ KL for Indore. And after year 2010 the rates would increase at 1% more than the local rate of inflation in the MCs (Asian Development Bank, 2003).

Tariffs were increased in Indore 150% from Rs. 60 per month in 2005 to Rs. 150 per month in 2007 to Rs. 160 per month in 2008 as per the project plan. In Bhopal proposal to increase tariffs were struck down twice because of political pressure in the MC's MIC.

2. Financial Obligations

Rate of Interest, Contribution of Municipal Corporations and Cost Overruns

The ADB loan document notes that -

In accordance with the prevailing practice for externally financed projects in India, the Government will relend 70% of the ADB loan proceeds in rupees equivalent at 10.5% per annum with repayments over 25 years including a grace period of 5 years. The remaining 30% will be provided as a grant to the government of Madhya Pradesh which will on lend the total proceeds from the Government, on the same terms, to the six project city corporations (Asian Development Bank, 2003).

A Water Aid's study of ADB's water supply and sanitation projects in India, Bangladesh and Nepal states that -

Typically loans are on-lent twice before they reach the final borrower. Each time loans are on-lent, the interest rates on the loans are raised and the period for repayment is reduced. The rates that a final borrower is required to repay are far from concessional and hence steep, unrealistic and sometimes unaffordable tariff increases and built into project designs. This means that poor users cannot afford to connect to services and end borrowers are struggling to repay loans (WaterAid, 2007).

The report also notes that the rate of interest to the town municipalities would be 12%. As the impacts of on-lending on users and end borrowers the report notes that tariff hikes to make projects financially viable,

contributions sought from water supply users are unaffordable for the poor and difficulty in paying back loans (WaterAid, 2007).

An IMC detailed note estimated that on Rs. 2950 million loan from ADB the corporation would have to pay Rs. 377.5 million as the annual installment for repayment (Indore Municipal Corporation, 2006b).

The proposals of Ratlam, Ujjain and Bhopal municipal councils with regards to the ADB loan demonstrate that the financial condition of the municipal corporations is weak. Ratlam Municipal Corporation (RMC) proposal^{iv} in this regard is worth mentioning. It states that the RMC contribution amount of Rs. 207 million is not possible to be allocated from the RMC's revenues in 5 years. Therefore the state government should provide the contribution amount as an interest free loan to the corporation. The proposal further states that the interest charged on the ADB loan amount should be 8% not 12% per annum (Ratlam Municipal Corporation, 2003).

Similarly, in case of Ujjain and Bhopal, both the municipal councils sent proposals to the state government stating that they cannot contribute with funds in the project since the financial condition of the corporation is not good. The Ujjain Municipal Council also stated that they do not want to levy new taxes on the residents and if the state government provides the loan as a 100% grant in that case the project is accepted otherwise rejected (Ujjain Municipal Corporation, 2003).

Apart from the above concerns the project is also experienced cost overruns due to Dollar devaluation, high inflation in Indian economy and under estimation of works during feasibility studies. A proposal was sent to ADB for a supplementary loan to the GoMP of US\$ 71 million to cover the cost overrun.

Expenditure on Consultancy Services -

The component C of the ADB loan estimates the expenditure on the consultancy services. The expenses are for - Project Management Consultants (PMC) at PMU level and Design and Supervision Consultants (DSC) at the MC level.

Project Uday^v website provides the details of the consultants employed by the project (Project Uday, 2008).

As per the detailed cost estimate the expense on the PMC would be US\$ 5.2 million and for the DSC in 4 cities would be US\$ 10.2 million. To bring these expenses on consultants in perspective the amount that would be spent in all the cities in the slum areas for Area Improvement Fund (AIF) and Community Initiative Fund (CIF) would be just US\$ 4.2 million and US\$ 1.7 million respectively. In case of Indore the expenses on the DSC would be US\$ 4.4 million but for AIF would be just 1.0 million (Asian Development Bank, 2003).

One of the reasons RMC opted out of the project because of very high consultancy fee. The RMC proposal of August 2003 states that the consulting fee of Rs. 56.9 million is too high and it is not possible for the corporation to avail consultancy at such expensive rates (Ratlam Municipal Corporation, 2003).

Increase in Other Existing Taxes and Collection of New Surcharges -

The project also proposed increase in taxes and implementation of surcharges or fee within the project MCs. This included property tax, solid waste management charges, sewerage charges and capital recovery fees. The property taxes in the project cities would increase as proposed. In Bhopal a 100% increase in property tax from the existing Rs. 750. In Gwalior an increase of 200% from Rs. 400. In Indore the raise would be of 50% from the existing Rs. 1450. And in Jabalpur a raise of 150% from Rs. 400. These would be applicable per year from year 2006. Later there would be an increase of 20% every fourth year (Asian Development Bank, 2003).

The loan document also provides the timeline for the implementation of a new fee for solid waste management in all the project cities. These were to be applicable since 2006, Rs. 30 in 2006, Rs. 32 in 2007, Rs. 34 in 2008, Rs. 36 in 2009, Rs. 38 in 2010 per household per quarter. Later there would be an increase of 1% over local inflation rate per year (Asian Development Bank, 2003).

On sewerage and sanitation charge the document outlines collection of 30% of water bill in Bhopal, 40% in Jabalpur and Gwalior and 25% in Indore (Asian Development Bank, 2003).

There is also a provision for the collection of capital recovery fee flat Rs. 20 per month in Bhopal, Gwalior and Jabalpur and Rs. 30 per month in Indore from year 2010. After 2010 the fee would increase at the rate of 1% over the

local rate of inflation (Asian Development Bank, 2003). It has to be kept in mind that these charges would be included in the water bill and a consolidated bill would be handed over to the users.

The steps initiated by the reforms projects in MP like disconnection on non-payment, removal of public standposts, increase in water tariffs, would lead to denying the inalienable human right to water of the residents. In the whole process of transformation of the water sector into a commercial operation the Water Tariff Regulatory Commission would play a key role as a regulator of the water market where entitlements could be bought and sold.

It also needs to be considered that the issues and problems of water supply systems go beyond considerations of financial self-sufficiency. They include critical issues like welfare of the community, the social concerns, responsibilities and obligations of the Government as part of its commitment to the development and fulfillment of the needs of the urban and rural poor. The water sector reforms projects like MPUWSEIP focus majorly on the financial self-sufficiency aspect to the exclusion of other issues and at the cost of social obligations of the government.

