

EDITORIAL

NURM and SEZs Tales of Corporate Mission And Corporate Greed

By: Piyush Pant

I grew up listening from my grand- parents how Britishers set their feet in India through mercenary activities under the umbrella of East India Company. To me, at that time, the revelations of history were nothing more than mere fables tolled from the annals of history. Listening to these stories, I would often think how could it be that the people (or rather the elite) of a nation themselves become the agent of their own slavery. But now as I am moving towards twilight of my life, the stark truth of the tales tolled during my childhood is gradually dawning upon me. Perhaps, as often reminded, the history repeats itself.

Today, we find a similar scenario emerging- the same elite playing host to a foreign country (US), which is bent upon enslaving the developing world with a global trading system heavily loaded in favour of the rich. Playing the card of poverty - removal, this global trading system, while keeping intact the economic and trading interests of the developed nations, vouches for such market-friendly economic reforms which are touted as leading to a high economic growth resulting in removal of poverty, yet actually resulting in large scale displacement and deprivation of the poor people in the third world. On the other hand, these economic reforms-related policies and programmes, out and out, immensely benefit the multinationals of the developed world and their agents in the ruling elite.

What is happening in India currently is the best example of this. While the rural India is witnessing large-scale displacement of people due to creation of mega projects as well as increasing incidents of suicide by farmers due to implementation of world bank dictated agriculture policies, urban India, too, is a mute spectator to the large-scale demolitions of peoples' sources of livelihood in the name of making Indian cities world-class. In this regard Rs. 125,000crore - Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is being touted as the panacea for the country's mega-cities bursting at the seams. The central government's much-hyped scheme is being expected to provide relief from the gridlocked traffic, heaps of garbage, choked drains, serpentine-like queues for water, and all-pervading slums. No doubt, as a result of diminishing agricultural activities due to the implementation of World Bank dictated faulty agriculture policies in the rural belt, pressure on Indian cities is increasing manifolds. In the 1990s India's urban population grew by over 65 million, with the fastest growth witnessed in the big cities. The rationale for introduction of urban renewable mission is supposed to be achieving the targets of the Millennium Development Goals in the selected 60 cities under the categories A, B and C- with five of the eight MDGs on poverty, health and gender equality being addressed. It is also being expected that infrastructure reforms would lead to high economic growth as cities being covered would act as "growth engines" for the entire economy and urban areas would contribute 65 per cent of the total gross domestic product (GDP). And for this to happen, the Mission says, infrastructure services such as power, telecom, roads, water supply and mass transportation,

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appeal

Action Programme for People's Economics and Allied Literacy

along with the civic infrastructure such as sanitation and solid waste management in the cities have to improve.

True, the state of civic amenities and service infrastructure in almost all the cities of India is in total disarray as is evident from the available statistics: some 25 percent of urban dwellers do not have electricity, 23 percent do not have access to toilets and 37 percent do not have potable water in their dwellings. But the million-dollar question is - whom these reforms will cater to? Will they result in improving the accessibility to better civic amenities for the urban poor or will they cater to the vested interests of the politicians, builders, contractors and big corporates or will they convert the Indian cities into the hubs of naked consumerism for the novae-rich class to profligate their ill-earned wealth?

As far as the reforms likely to benefit the poor is concerned, look what happened in Mumbai and Delhi. In 2005, in order to make way for urban development in Mumbai, 90,000 huts were demolished leaving around 350,000 slum dwellers homeless. Besides, as part of the Urban Renewal Programme, thousands of workers have been laid off and many factories demolished to clear the way for new shopping malls and apartment blocks. In Delhi, 27,000 families in Yamuna Pushta area and about 1,00,000 families all over the cities were evicted from slums in the last eight years, besides thousands of homeless people were in pitiable conditions exposed to the chilling winter nights during the year 2005-06, inviting attention from National Human Rights Commission. In a sense, JNNURM is nothing but a mockery of development in the name of urban poor.

aspects of india's economy

This dirty game of displacement and forced disengagement from traditional occupations in the name of development and reforms is also being played in the hinterland. Lakhs of hectares of cultivable land of farmers is being usurped by the state and being given cheaply to the corporate houses for establishing SEZs in the name of accelerating the economic growth. The state governments of Maharashtra, Haryana, Andhra Pradesh and Uttar Pradesh are increasingly acquiring prime lands from farmers at throw-away prices and gifting them to corporate houses for setting up of SEZs without considering the aspect of food security. The colossal loss of prime agricultural land is likely to affect adversely the food security of the country. Already the increasing replacement of agricultural activities by non-agricultural activities has started impacting the food scenario, as availability of food grains is increasingly getting scarcer, thus resulting in their imports. The impact is also being reflected in spiraling prices of pulses, wheat and vegetables. But our central government as well as the state governments have **aspects of india's economy** become so insensitive to the people's plight that they remain blind to the emerging dark scenario. They, rather, are aggravating the situation by unashamedly pursuing the World Bank supported corporate agenda by acquiring more and more agriculture land for creating SEZs. The state governments have been acquiring and converting large tracts of prime agriculture land, coastal lands, salt pans and even forest lands into SEZs, while all the land-reform measures and important decisions regarding restoring land rights and titles to Adivasies, tenants and landless people are still pending for many decades. In Maharashtra, almost 75 per cent of the land proposed to be acquired for the SEZ projects is agricultural land. As per the reports available, in India a total 1,34,000 hectare of land is getting acquired for 67 multi-product SEZs.

The wisdom dictates that these SEZs should have been created utilizing the vast tract of wasteland lying in the country. According to an estimate, there are about 552,692.26 sq. km. of wasteland in the country. Could'nt the state governments have asked the corporates to take them and develop them for the purpose of setting up Special Economic Zones? The West Bengal government did put up such proposal to Tata Motors but the company simply refused it and instead chose 1,253 acre of prime farm land in Singur and the left government meekly gave in to the corporate's pressure.

Thus it is very much clear that a government elected by the mandate of *Aam Aadmi* is, in fact, serving the interests of the *Khaas Aadmi*.



National Urban Renewal Mission

By: Niranjan Swarup

"Today, a third of our population lives in urban areas and keeping in mind the speed at which urbanisation is taking place, the day is not far off when over 50 percent of India's population will be residing in urban areas.

We taught the world the basic concepts of urban planning. But today our cities are often unable to meet the basic needs of their residents on many counts." - Dr. Manmohan Singh, Honorable Prime Minister of India.

On December 3, 2005 the Hon'ble Prime Minister of India Dr. Manmohan Singh officially launched the most ambitious programme ever to be taken up for Urban Development in India. The flagship programme titled Jawaharlal Nehru National Urban Renewal Mission is to be executed through a combined investment by the Centre, state governments and the urban local bodies estimated to be at Rs 1,20,536 and to be implemented in seven years with a provision to maintain the gains. A steering group headed by the urban development minister will guide the programme.

Set to cover about 60 cities all state capitals and some other cities considered important from religious, historical and tourism importance, the mission will focus attention on the integrated development of urban infrastructure and services, with special emphasis on provision of basic services, including housing, water supply, sanitation, slum improvement, community toilets, to the urban poor.

Urban Renewal

Urban Renewal initially referred to slum clearance and housing but has gradually evolved into a multidimensional concept. It is increasingly being looked at as an answer to the multi faceted urban crisis, which is a universal phenomenon.

Although widely debated and variedly interpreted in the context of changing time, place problems and needs, it is universally accepted that urban renewal is a complex phenomenon and has several aspects. It includes slum clearance and improvement, provision of housing, provision of adequate social facilities and civic amenities, creation of infrastructure, road widening and traffic regulation, improving the visual appearance of old areas and creation of better living environment, and preservation of historical monuments / areas, etc. Stated simply, urban renewal is a combination of the process of rehabilitation, conservation and redevelopment. It is the nature and stage of 'decay' that determines the strategy to be adopted: rehabilitation, conservation or redevelopment or a combination of them.

However, be it rehabilitation, redevelopment, conservation or a combination of one or two or all of them, a comprehensive urban renewal exercise involves technological interventions, planning and partnership / networking between various agencies and authorities.

NURM

The impact of the growth of population on urban infrastructure and civic services has been adverse. For the cities to realise their full potential and become true engines of growth, it is necessary that focused attention is given to the improvement of urban infrastructure and, more importantly, to improving the institutional service delivery mechanism at the city level.

Sub-optimal structures continue to exist in cities partly because the landlords do not have any incentive of maintaining them, because of low rental income and partly on account of difficulty in evicting tenants. This hampers the rejuvenation of inner city areas. Transitional arrangements can be made to avoid hardship cases but zoning regulations should take into account the changing nature of inner city areas and permit their redevelopment, paving the way for urban renewal. In the developed countries, when an area is declared under law as an Urban Renewal or Urban Redevelopment Area, all land transactions and building activities within that area are stopped, land is requisitioned by the government and a general plan for reconstruction is prepared by the designated authority. The authority is empowered to move occupants from a renewal region on the condition that other suitable premises should be provided outside of other prospective renewal or redevelopment regions. However, in the Indian context, much more is needed than mere redevelopment of inner city.

The ambitious scheme, among the pet projects of Dr. Manmohan Singh, is named after India's first prime minister Jawaharlal Nehru with special emphasis on basic services to the urban poor. The amount earmarked is for seven years beginning from the year 2005-06.

The services in the ambitious scheme include housing, water supply and sanitation, and slum improvement. The agenda also includes improving the efficiency of city governance by public participation and disclosure.

The National Urban Renewal Mission (NURM) would be a reforms-driven, fast track, planned development of identified cities with focus on efficiency in urban infrastructure/ services delivery mechanism, community participation and accountability of ULBs towards citizens. The following broad framework is proposed for the Mission:

- Central sponsorship
- The sector-wise DPRs to be prepared by the identified cities enumerating projects for various components along with their priorities.
- The funding pattern is to be 35:15:50 (between Centre, States/ULBs and financial institutions) for mega cities (> 40 lakh population), 50:20:30 for cities with million plus but less than four million population and 80:10:10 for other cities.
- In addition to the above, the mission also caters to works for setting up desalination plants within 20 km/s. from sea-shore and other urban areas predominantly facing water scarcity due to brackish water and non-availability of surface source. The funding pattern in this case is 80:10:10.

addition, various PPP models with viability gap funding would also be explored to further supplement the resources. The scheme would be implemented through a designated state level nodal agency.

- Every identified city would prepare planned urban perspective frameworks for a period of 20-25 years (with five yearly updates) indicating policies, programmes and strategies of meeting fund requirements. This perspective plan is to be followed by the preparation of development plans integrating land use with services, urban transport and environment management.
- The menu of urban reforms to include both mandatory and optional items of reforms. The

cities seeking assistance under NURM would have to undertake all the mandatory reforms within the prescribed time frame, even as they have the freedom to opt for any five items of reforms from the optional category. The state governments and the identified city would execute MOA with the Government of India and ensure that such reforms are actually undertaken.

Mission objectives are:

- Focussed attention to integrated development of infrastructural services in the cities covered under the Mission.
- Secure effective linkages between asset creation and asset management so that the infrastructural services created in the cities are not only maintained efficiently but also become self-sustaining over time.
- Ensure adequate investment of funds to fulfill deficiencies in the urban infrastructural services.
- Planned development of identified cities including peri-urban areas, out growths, urban corridors, so

List of identified cities			
No.	City	Name of the State	City
a)			
1.	Delhi	Delhi	1. Guwahati
2.	Greater Mumbai	Maharashtra	2. Itanagar
3.	Ahmedabad	Gujarat	3. Jammu
4.	Bangalore	Karnataka	4. Raipur
5.	Chennai	Tamil Nadu	5. Panaji
6.	Kolkata	West Bengal	6. Shimla
7.	Hyderabad	Andhra Pradesh	7. Ranchi
b)			
1.	Patna	Bihar	8. Thiruvananthapuram
2.	Faridabad	Haryana	9. Imphal
3.	Bhopal	Madhya Pradesh	10. Shillong
4.	Ludhiana	Punjab	11. Aizawal
5.	Jaipur	Rajasthan	12. Kohima
6.	Lucknow	Uttar Pradesh	13. Bhubaneswar
7.	Madurai	Tamil Nadu	14. Gangtok
8.	Nashik	Maharashtra	15. Agartala
9.	Pune	Maharashtra	16. Dehradun
10.	Cochin	Kerala	17. Bodh Gaya
11.	Varanasi	Uttar Pradesh	18. Ujjain
12.	Agra	Uttar Pradesh	19. Puri
13.	Amritsar	Punjab	20. Ajmer-Pushkar
14.	Visakhapatnam	Andhra Pradesh	21. Nainital
15.	Vadodara	Gujarat	22. Mysore
16.	Surat	Gujarat	23. Pondicherry
17.	Kanpur	Uttar Pradesh	24. Chandigarh
18.	Nagpur	Maharashtra	25. Srinagar
19.	Coimbatore	Tamil Nadu	
20.	Meerut	Uttar Pradesh	
21.	Jabalpur	Madhya Pradesh	
22.	Jamshedpur	Jharkhand	
23.	Asansol	West Bengal	
24.	Allahabad	Uttar Pradesh	
25.	Vijayawada	Andhra Pradesh	
26.	Rajkot	Gujarat	
27.	Dhanbad	Jharkhand	
28.	Indore	Madhya Pradesh	

- The grant assistance (both Central and state) to act as seed money to leverage additional resources from financial institutions/capital market. In

that urbanization takes place in a dispersed manner.

- Scale up the delivery of civic amenities and provision of utilities with emphasis on universal

access to the urban poor.

- To take up urban renewal programme, i.e., redevelopment of inner (old) cities area to reduce congestion, and
- Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security.

Mission Coverage

The Mission is planned to be operated through two sub-missions namely **Urban Infrastructure and Urban Governance** in the 60 selected cities. NURM has a set of mega cities, cities with million plus population, state capitals and cities of cultural & tourism importance.

Urban Services under NURM

The identified mandatory reform amongst others has the following components:

- Efficiency improvement of drinking water supply on the basis of water audit.
- Introduction of independent regulators for urban services.
- Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security.
- Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs.
- Assigning or associating elected ULBs as with “city planning function”. Over a period of five years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

Similarly on optional reforms front components are as follows:

- Revision of by-laws to streamline the approval process for construction of buildings, development of sites etc.
- Reuse of reclaimed water.
- Adoption of water conservation measures

Cities and towns contribute over 50 per cent of India's gross domestic product (GDP), and as such are central to national economic growth, even more so at a time of major economic reform, increased competition amid globalisation and an explosion in the use of information and communication technology. However, the cities and towns also face major infrastructure and service deficiencies, marked by

unresponsive delivery and regulatory systems and poorly maintained, underinvested and overstressed service networks. Land and property markets are grossly distorted and most cities have experienced a rise in the number of households without adequate shelter and basic services. About one third of India's urban population is estimated to be living below the poverty line.

In 1996, a comprehensive report on infrastructure in India estimated the gap between the available and required investment resources for urban infrastructure at about Rs.170 billion, and indications are that this gap has subsequently grown substantially. Nearly 50 percent of urban households have inadequate access to potable water and another 65 per cent have no access to sanitation services. No Indian city has 24 hour of water supply for 7 days a week. A legacy of imprudent management, insufficient financial controls, poor tax administration and low levels of cost recovery have weakened the fiscal capacity of most cities to redress these shortcomings, and as yet the intergovernmental fiscal system has been unable to systematically support necessary reforms. City administrations hence remain unable to effectively respond to users, and the intergovernmental system has been too fragmented to assist them to turn this around.

There is a growing consensus that widespread reform in governance and service delivery is required and that such reforms cannot be undertaken through isolated projects. More systemic reform is required. However, most cities seem unlikely to be able to carry the costs of transition on their own. This will delay reform and stand to disadvantage the poor during the reform process. The delays are likely to cause continuing under-performance in municipal service delivery and further decline in the quality of services. It will also retard economic development in cities and towns, and given their importance to the national economy, this will jeopardize national economic growth and development.

Against this backdrop, the Ministry of Urban Development (MoUD), Government of India has been developing a National Urban Renewal Mission, and the 2005-2006 GoI budget provides for fiscal incentives to state and city governments to implement urban reforms envisaged under the framework of the Mission.

From the preceding one can see that the mission will particularly pay attention to providing housing, water supply, sanitation, slum improvement and other such facilities to the poor. Further the mission is part of the commitments made in the National Common Minimum Programme (NCMP) for taking up a comprehensive programme of urban renewal and the expansion of social housing in cities and towns. The urban renewal mission will be the most ambitious programme ever to be taken up for urban development in the country.

India's Pro-Investor Plans for Urban Renewal

By: Jake Skeers

Indian Prime Minister Manmohan Singh launched an “urban renewal” program designed to attract private investment to 63 of India’s largest and most important cities. His government is proposing to supply more reliable infrastructure and services, remove city regulations that act as impediments to the market, abolish rent caps and provide reliable and enforceable property rights.

State governments and associated Urban Local Bodies wishing to draw from the 500 billion rupees (\$US11.2 billion) allocated to the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) over seven years, will first need to sign an agreement to implement a list of 13 mandatory items. A central government directorate will monitor the program and withhold funds from cities not implementing it.

Mumbai, Kolkata, Delhi, Bangalore, Chennai, Hyderabad and Ahmedabad—India’s cities with 4 million plus populations— have been allocated 47.5 percent of the funds. The government has also assigned 47.5 percent of funds to the next 28 largest cities, having a population over 1 million. The remaining 5 percent of funds has been provided to 28 other cities that are state capitals or have religious or other significance.

There is certainly an overwhelming need for proper infrastructure and basic services in India’s cities, particularly in the huge urban slums. In the 1990s, India’s urban population grew by over 65 million, with the fastest growth in the largest cities. An estimated 21 percent of the urban population lives in slums. In Mumbai, the figure is over 50 percent. Some 25 percent of urban dwellers do not have electricity, 23 percent do not have access to toilets and 37 percent do not have potable water in their dwellings. By 2020, some analysts estimate that another 300 million people will live in urban India.

However, the JNNURM plan is not directed at ameliorating the terrible conditions facing ordinary working people, but at satisfying the long-standing demands of business. The World Bank and Asian Development Bank in particular insist that the government must make India’s cities more conducive to private capital.

The government’s objectives become clear when one takes a closer look at the compulsory measures set out in the JNNURM scheme. These include:

- The repeal of rent control laws. These state government laws place a cap on rent increases. The removal of these laws will force many low-income families out of relatively cheap housing.
- The repeal of Urban Land Ceiling and Regulation

Acts. The Maharashtra Act, for example, limits individual land holdings to 500 square metres. The legislation allows the state government to take surplus land from private holders and use it to build housing for the poor. It also limits the use of agricultural land for non-agricultural purposes.

- The reduction of stamp duty to no more than 5 percent within seven years. This move will cut state revenues from land sales as well as making property transactions cheaper and easier.
- The implementation of decentralisation as envisaged in the 74th Constitutional Amendment Act, which gave formal constitutional recognition to local governments. The calculation in handing over responsibility for urban services is that local bodies will be more susceptible to business demands.
- The requirement that, within seven years, local bodies levy charges on service users to recover full costs. Users unable to pay will be refused basic services such as water. In addition, local bodies will be responsible for providing basic services for the urban poor from their limited budgets.
- The reform of property taxation using geographical information system software so that “collection efficiency reaches at least 85 percent within the next seven years”.
- The adoption of modern accounting methods and e-governance, to better enable governments to more efficiently collect charges.

Optional reforms include: the revision of by-laws to streamline building and development approvals; simplification of laws to convert land from agricultural to non-agricultural uses; the introduction of a property title certification system; and the encouragement of Public Private Partnerships (PPP).

The JNNURM states that Urban Local Bodies should provide “basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation”. In launching the project, Prime Minister Singh also spoke grandly of the need to help the poor. Far from alleviating the plight of India’s urban poor, this pro-business program will inevitably make it worse.

Even if all the money were allocated to helping the poor, it would not resolve the immense social problems in Indian cities. But the purpose of the plan is to create an “investor friendly environment” and attract greater “private sector investments through PPPs”. These Public Private Partnerships are aimed at maximising profit for private investors, not providing affordable,

high-quality services for the poor.

The government's real aims can be gleaned from the Economic Survey 2005-6, which was handed down along with last month's budget. "India has the potential to absorb \$150 billion in FDI [Foreign Direct Investment] in the next five years in infrastructure alone," it said. The World Bank, the Asian Development Bank and USAID have been pushing for years for the reforms contained in the JNNURM plan to enable foreign investors to cash in on lucrative infrastructure projects.

Much of the "reform agenda" is to shore up property rights and to streamline investment. Along with inadequate infrastructure such as roads and electricity supply, a major complaint of foreign investors is bureaucratic "bottlenecks". According to the World Bank, the median time to start a new business in India is 89 days. In Australia, it is 2 days, in the US 5 days and 41 days in China. An estimated 14 percent of senior management time is spent dealing with state government officials over various regulatory issues. In China, the figure is 8 percent.

Far from assisting the tens of millions living in squalour in Indian slums, the program will pave the way for vast clearance programs to open up what is often prime land for other uses. In many cases, slum dwellers have been living on land illegally for years and have no property rights.

The initial results of Mumbai's urban renewal plan, based upon a report entitled "Vision Mumbai" produced by international consultants McKinsey and Co, indicate what is being prepared.

In 2005, 90,000 huts were demolished, leaving approximately 350,000 slum dwellers homeless, to make way for urban development. As part of the plan to transform Mumbai into India's Shanghai, "Vision Mumbai" envisages a vast reduction of slum dwellers from 50 percent of the city's population to about 10-20 percent.

Mohammed Badruddin, who lived with 4,000 others in a Mumbai slum, had his home demolished early last year. He was at work as a floor tiler when he heard news that his home had been bulldozed without warning.

"I rushed back and saw the whole slum demolished," he told the Washington Post. "We resisted the bulldozers, and the police beat us. All my hard work was raised to rubble." To prevent the inhabitants from returning, the government dumped rotting garbage on the land and employed security staff. Those evicted set up shelters made of bamboo and plastic on a nearby burial ground.

As part of the urban renewal program, many workers have been laid off and factories demolished to make way for new shopping malls and apartment blocks. To provide for growing demand in urban centres like Mumbai, the Maharashtra state government—a coalition of the Congress Party and the Nationalist Congress Party—last year cut off free electricity supplies to farmers across the state.

The implementation of the JNNURM reforms will only accelerate these processes, with devastating consequences for India's impoverished masses.

(Courtesy: World Socialist Web Site)



We're the Best Borrower of WB: India

SINGAPORE, SEPTEMBER 20: India asserted that it remains one of the best borrowers of the World Bank and suspension of funds by the Bank to some health projects in the country earlier does not imply that the multilateral agency is not keen to lend to it.

"Whatever projects we are proposing to the World Bank are being funded. We are among the best borrowers of the World Bank. We are among the best clients of the World Bank and my impression is that the bank is happy to lend to India," Finance Minister P Chidambaram said in an interview on the sidelines of the World Bank-IMF annual meeting. In fact, he said India had perhaps the best utilisation rate of the loans that are disbursed by the World Bank, which has stepped up its lending to about three billion dollars annually.

"Our disbursement or utilisation rate now at 25 per cent is one of the highest in the world. We are much above average. May be we are the highest this year," he said.

Regarding allegations of malpractice in the World Bank funded health projects in India, Chidambaram said the programme was approved during the previous NDA government.

"There was an allegation of misfeasance. We have taken action against those accused of corruption in procurement. A couple of people were suspended and there was a CBI inquiry," he said.

"So we said all steps have been taken and there is no justification to suspend the loan. We stood firm in our position. The World Bank realised that such suspension of funding was unjustified and lifted the suspension," he said.

The second instalment of the 625 million dollar World Bank loan to three social sector projects, including two rural health projects, was released last month.

NURM and the Poor in Globalising Mega Cities

By: Darshini Mahadevia

The central government's National Urban Renewal Mission is expected to convert select cities into "world class" urban centres. The submission for basic services that falls under the NURM would benefit the poor only if they have security of tenure and their settlements and dwelling units get connected to these networks. The land question is central to making affordable housing available for the poor. Since the mission does not address this question, how would a city become world class without reaching out to half its population? The mission will instead encourage processes that would displace the poor, rather than include them in the process of city transformation.

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM - henceforth NURM) is expected to convert select cities into "world class" ones. The term "world class" is now being used more as a paradigm for urban development. Signifying cities with international standard infrastructure, particularly roads, airports, public transport, open spaces, and real estate projects. A large amount of funds in a relative sense, have been committed for this mission. In itself, such a transformation of a city is not disagreeable, if it would benefit all or benefit some and not adversely affect others. But, given the trend of displacement of the poor in the last decade, particularly from the mega cities, it is necessary to take a closer look at the NURM.

The reality of Indian mega and large cities over the last decade has been: forced evictions of slums, hawker removal, removal of "unwanted economic activities" such as banning of dancing in beer bars, displacement of poor through infrastructure projects and speculative property markets, and displacement because of environmental hazards and political violence. For example, in Mumbai, 90,000 to 94,000 slum units were demolished between November 2004 and January 2005. Demolitions continue. In Delhi, 27,000 families in the Yamuna Pushta area and about 1,00,000 families all over the city were evicted from slums in last eight years. Those rehabilitated have been shifted, far away on unserviced plots, given on a five to 10-year lease. In Ahmedabad city, the Sabarmati Riverfront Development (SRFD) scheme will displace 30,000, households. Four thousand households have been offered rehabilitation in 20 sq yard apartment units, along with a loan of Rs. 60,000, in a location not clearly stated. A hundred thousand homeless people in Delhi were in dire conditions in the winter of 2005-06, inviting attention from the National Human Rights Commission (NHRC).

This article asks the question as to whether the NURM would address the burning issue of the urban poor's access to shelter and basic services (as without shelter, access to basic services is not possible). Is this the right question to ask, given that NURM is supposed to convert mega and large cities into "world class cities" and not necessarily serve the poor? This

question, however, is relevant given that a very large section of urban residents, poor and non-poor, continue to live in substandard housing with very poor access to basic services and the NURM has a submission for the urban poor.

The NURM would cover 60 cities: seven category A or mega cities, 28 category B or other metro cities and remaining the 25 of the 28 listed in category C as urban agglomerations (UAs) with less than one million population. The prime minister of India, on the launch of this first major urban development programme of the central government, stated that the NURM was in line with the National Common Minimum Programme (NCMP).

Rationale: The rationale for the mission is based on the expectation that overall reforms would lead to high economic growth and to a higher rate of urbanisation (40 per cent by 2021). Cities thus covered would in turn act as "growth engines" for the entire economy and urban areas would contribute 65 per cent of the total gross domestic product (GDP). For all this to happen, infrastructure services such as power, telecom, roads, water supply and mass transportation, along with civic infrastructure, such as sanitation and solid waste management in the cities have to improve. NURM is to begin with select cities, where investments would be increased in the next seven years, starting from year 2005-06. Since the cities and state governments are not able to do so on their own, the central government will step in with financial support.

The other stated rationale is to achieve the targets of the Millennium Development Goals (MDGs) in these cities - with five of the eight MDGs on poverty, health and gender equality being addressed. The unstated rationale is to force state governments to implement urban sector reforms more seriously than before, which was not possible through the City Challenge Fund (CCF) and Urban Reform Initiative Fund (URIF). Lastly, if it is not a mission then no programme gets implemented.

Components: The NURM has two submissions: (a) Submission for Urban Infrastructure and Governance (UIG), which administered by the Ministry of Urban Development (MUD), and (b) Submission for Basic

Services to the Urban Poor (BSUP), which will be administered by the ministry of urban employment and poverty alleviation (MUEPA). Projects such as road and associated infrastructure, public transport, trunk networks of water supply, sanitation and storm water drains, parking lots and city beautification, would be taken up under the UIG. For those related to slum improvement - shelter and all basic services - and enhancing access of urban poor to other social services, the BSUP submission would be tapped into. The NURM will be implemented first, by formulating a city development plan (CDP) indicating policies, programmes and strategies, and financing, followed by the preparation of detailed project reports (DPRs) for the identified projects by urban local bodies (ULBs)/parastatal agencies. Each project would have its life cycle costs - capital outlays and attendant operation and maintenance (O&M) costs to ensure that assets are in good working condition - recovered. Project preparation, evaluation, capacity building etc. would be done by empanelled consultants listed by the central ministry of urban development. Detailed guidelines for CDP, project preparation, etc. are also made available.

It is expected that Rs 17,219.5 crore per year (Table 1), that is Rs 1,20,536 crore over the seven-year period, would be invested in the cities, of which Rs 50,000 crore over the whole period, or Rs 7,698 crore per year would come through central government assistance.

For mega cities, the central grant contribution would be 35 per cent of the total project cost in case of the UIG submission (Table 2) and would go up to 50 per cent for BSUP submission. For the next two categories of urban centres, the central government grant contribution remains the same for both the submissions. For the BSUP submission, the only change from Table 2 is that the state government's grant contribution is taken away and the state government, ULBs, parastatals and beneficiary contributions make up the rest of the financial requirements. Thus, in cities with one to four million. in UIG, grants would be 70 per cent whereas in BSUP, grants would be 50 per cent; in NE states and J and K, grants for UIG would be 100 per cent and for BSUP would be 90 per cent and lastly for all other non-metro UA, grants for UIG would be 90 percent and that for BSUP, 80 per cent. In essence in all

except the mega cities, the UIG sub- mission has a higher grant component than the BSUP submission!

Conditions: The most contentious part of the NURM is the conditions/prerequisites for accessing central funds. There are a set of mandatory reforms for the ULBs/parastatals and for the state governments, and there are a

Category	Number of Cities	Investment Requirement (Over Seven Years)	Annual Funds Requirement
Cities with over four million population	7	57,143	8163.3
Cities with one to four million population	28	57,143	8163.3
Selected cities with < 1 million population*	28	6,250	892.9
Total	63	120,536	17219.5

*Of this only 25 would be taken, as the total cities to be covered would not exceed 60.
Source: From the preface of NURM.

Finances: It is expected that central financial assistance would leverage additional funds for the projects. Central and state government funds would be hosted in a state level nodal agency, which can be an existing agency or a new agency, as grants-in-aid, part of which would be treated as revolving fund - 25 per cent for the DIG projects and 10 per cent for the BSUP projects. At the end of the mission period, the revolving fund may be upgraded to a state level urban infrastructure fund. For the identified projects, funds would be disbursed to the ULBs/parastatals as soft loans or grant-cum-loans or grants. The ULB/parastatal has to get the rest of the funds, for which it can seek private sector participation or borrow from the market and/or financial institution.

set of optional reforms, to be accomplished during the mission period.

Some of the mandatory reforms at the ULB/

Category of Cities/Towns/UAs	Grant		ULB/Parastatal Share
	Centre	State	
Cities/UAs with four million population	35	15	50
Cities with one to four million population	50	20	30
Cities/Towns/UAs in north-eastern (NE) and J And K	90	10	0
Cities/UAs other than those mentioned above	80	10	10

Source: From guidelines for the submission for Urban Infrastructure and Governance.

parastatal level are: (a) adoption of modern accrual-based double entry system of accounting; (b) reform of property tax with tax collection efficiency to reach at least 85 per cent within the next seven years; (c) levy of reasonable user charges with the objective of full cost recovery of O & M or recurring costs; (d)

internal ear-marking, within local bodies, budgets for basic services to the urban poor; and (e) provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation.

Some of the mandatory reforms at the state level are: (a) Implementation of decentralisation measures as envisaged in 74th Constitutional Amendment Act (CAA); (b) repeal of Urban Land Ceiling and Regulation Act (ULCRA); (c) reform of rent control laws, balancing the interests of landlords and tenants; (d) rationalisation of stamp duty to bring it down to no more than 5 per cent; (e) enactment of the public disclosure law to ensure preparation of the medium-term fiscal plans of ULBs/parastatals and the release of quarterly performance information to all stakeholders.

The important optional reforms expected to be undertaken by ULBs/parastatals and state governments are: (a) simplification of legal and procedural frameworks for conversion of land from agricultural to non-agricultural purposes; (b) earmarking at least 20-25 per cent of developed land in all housing projects (both public and private agencies) for economically weaker sections (EWS) and low income group (LIO) categories with a system of cross subsidisation; and (c) introduction of computerised process of registration of land and property.

NURM and the Urban Poor

NURM is the first comprehensive mission for urban renewal, albeit in select cities, which is in line with the ongoing changes in mega cities particularly, and for which they have been clamouring for funds. It is a realization that cities would not be able to undertake this renewal on their own, given the Indian system of vertical fiscal imbalance. The mission, if the funds were made available from the central government as promised, would certainly change parts of some cities (not whole cities). There are doubts whether the central government would get an additional Rs. 7,698 crore per year on top of its annual planned outlays for the two ministries concerned.

For the urban poor, besides the BSUP submission, two mandatory reforms for the ULBS/PARASTATALS ARE IMPORTANT; (i) internal earmarking within local bodies' budgets for basic services to the urban poor; and (ii) provision of basic services to the urban poor including security of tenure at affordable prices, etc. while the former may be achievable, it is not clear how the latter would be achieved, particularly, as there is no mention of how land prices would be made affordable. Certainly, the market is not expected to do so, as envisaged under

the mission through the repeal of ULCRA.

In fact, the repeal of ULCRA is the first major concern. With its repeal, theoretically there is no other instrument through which affordable land can be made available, to the urban poor. People's movements for housing rights have now begun asking for the strengthening of ULCRA rather than its repeal. If it does get repealed, we would be back at the pre-1976 situation in this area that is the prevailing scenario before the UN Habitat Conference held in Vancouver. If the land tenure issue does not get addressed, which is the case with nearly half the population in the mega cities; their access to basic services would also not get addressed. In that case, the BSUP sub-mission may not help the poor much.

The second important concern is that the CDPs are to be framed by consultancy firms, without any public debates, CDPs would not be people's plans, when there is indeed a dire need to democratise urban planning and development process. One does not have an issue with the NURM benefiting consultancy firms, but their documents may not be covered under the Right to Information (RIF) Act. Thus, while the city master/development plans could be available for public scrutiny, CDPs may not be. In that case, even if implementation of the 74th CAA has been made mandatory, it might be so just for the purpose of cost recovery for the NURM and other projects and not for deciding city development priorities, which would be decided by consultants. There is also no idea as to how the RIF Act and Public Disclosure Law would work in coordination.

Further, is it not ironical that the 74th CAA has not yet been fully adopted by state governments and that this has to be made into a mandatory requirement for the NURM? The situation indicates the lack of interest on part of the state governments to decentralise power on one hand and a streak of non-transparency on the other. This is how most new projects on urban renewal are being implemented in the cities. Citizens do not know that their local governments are borrowing, and may be mismanaging such funds, and they are then suddenly confronted with the reality of increased charges and taxes.

Citizens also do not know that international funding institutions such as the World Bank, the US AID, and the ADB are assisting their governments to "reform" and what conditionalities such a reform process bring. In a democratic country such as India, these financial institutions would demand the state and local governments to "reform"? It is known that

these financial institutions are more interested in recovering their funds and are thus only asking for such reforms, for their mandate would not permit them to demand political reforms.

The most important fear is that the NURM would lead to more slum demolitions and displacement, as we have seen happening across cities. This might especially happen when the relocation and rehabilitation tasks of project-affected people are extremely complicated, in an Indian society that tends to be highly fragmented and corrupt. This along with an official policy of non-recognition of slum dwellers who are squatting or living in unauthorised settlements would make the situation more precarious.

Land costs are not to be covered in project costs. How would the city governments make land available? Most likely by freeing lands from the slums. Lands would also be required for raising financial resources. Earmarking at least 20- 25 per cent of developed land in all housing projects has been suggested as an optional reform and hence, the state and city governments have no tool at their disposal to make lands available for the housing of the urban poor. In states where urban planning is done through town planning schemes there is such a provision but it has never been made use of. **Land and property costs are spiraling. Given that a large proportion of the urban population, even in mega cities, still works at low wages in the informal sector, it would not be possible for this section to buy a formal house from the market. This indeed is the reason that they have resorted to living in slums and will continue to do so.**

The land question is central to making affordable housing available to the poor along with other facilitative mechanisms such as micro-credit and affordable basic services provision. Since this question is not to be addressed by this mission, how would a city become a "world class city", without reaching out to half of its population?

Would conditions attached to NURM funding deter state governments from accessing central funds? Newspaper reports suggest that the major metros, in particular, are quite enthusiastic about NURM and many states have already prepared COPs for the cities covered under the mission. It is likely that not all the cities listed would be covered and only those with the capability to raise their own resources would come forward.

There is also concern about the type of projects selected by the city and state governments. For example, Ahmedabad's COP states that the city would spend 16.6 per cent on roads and bridges; 20.1 percent

on storm water drains and sewerage; 12.7 per cent on housing and slums; 30.8 per cent on other projects, most likely to be city beautification projects; 6.41 per cent on water supply, 7.44 per cent on social services, just 1.03 per cent on solid waste management; 3.66 per cent on city management and the rest on other activities, of the total Rs 3,900 crore of 'projects proposed over the seven-year period. Some cities, such as Mumbai and Bangalore might just spend on road and transport projects. In fact, Bangalore Municipal Corporation has been spending more than half its budget on such projects in the last few years since water supply and sanitation are provided by a parastatal, which has now moved towards privatisation, assisted by the USAID.

Further, in the proposed budget for 2006-07, the Ahmedabad Municipal Corporation's capital budget increased by 179 per cent to Rs 8506 crore from Rs 305 crore in the previous year, because of the NURM. Further, 47.9 percent would be spent on city level basic infrastructure such as water supply, sewerage and storm water drains, whereas a whopping 37.6 per cent would be spent on road projects such as widening, flyover construction and making of footpaths. It is likely that most NURM cities would come up with such priorities. **It is likely that the selection of projects would be susceptible to the working of pressure lobbies such as the IT lobby in Bangalore and the Bombay First and middle income households organised under resident welfare associations.**

Summing up, the problems that the urban poor are facing in the mega cities of India today, mainly the lack of shelter with a secured land title and access to basic services at affordable costs, do not get addressed by the NURM. The BSUP submission and other infrastructure projects would benefit the urban poor only if they have security of tenure and their settlements and dwelling units get connected to these networks. Attaching the name of the first prime minister of India, Jawaharlal Nehru, does not automatically make the mission pro-poor.

NURM might well turn out to be a mission for improving a certain type of infrastructure, which is being demanded by the business class and middle class lobbies in the mega and large cities. It will certainly expedite the process of transforming the 60 large cities into "world class cities", more by encouraging processes that would displace the poor from them. This has been witnessed since last 20 years; the poor have been displaced rather than actively included in the process of city transformation.

(Courtesy: Economic and Political Weekly)

Mission Not Accomplishable

By: Kathyayini Chamaraj

The Centre's Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is being talked about as manna from heaven for the nation's mega-cities bursting at the seams. The Rs.125,000 crores promised under the program, it is hoped, will provide relief from the grid-locked traffic, overflowing garbage, choked drains, queues for water, filthy slums, tattered tents of migrants on pavements, and more. These changes are certainly needed, but can JNNURM deliver them?

Centre's role - enabling, but contradictory

The rationale is that cities are currently inefficient in raising resources to meet their growing needs; governance in the cities is also not adequately geared to respond to the challenges. The Centre's twin-track response to this is to bail out the cities with funds from New Delhi, but link these funds to conditions - cities must carry out certain governance reforms (some mandatory and some optional) which will make them self-sustaining and efficient in the future. For this, the Centre has set up a sub-mission on Urban Infrastructure and Governance.

The Centre is also under pressure to ensure that the Millennium Development Goals - for halving hunger, reducing poverty and ensuring water and sewerage to all - are reached. With 23.6% of the urban population in the country being below the poverty line and 14.1% living in slums, providing Basic Services to the Urban Poor (BSUP) is the objective of the second sub-mission under JNNURM.

In Kerala, the local bodies get 40% of the State funds as untied grants to accommodate the 'people's plans'.

- Our best hope for urban India
- For the people, by diktat
- Bangalore: Whither the future?

The enabling role that the Centre is attempting, however, contains significant contradictions. One reason that cities now have inadequate finances to improve themselves is that they have not derived the necessary funds from higher levels of government. Both the Centre and the States have paid little attention to finances of local governments, preferring instead to keep revenue control with themselves. As per the recommendations of State Finance Commissions (SFCs) set up under the 74th Constitutional Amendment (CA), cities should have got a fair share of the funds with the states, but this has simply not been happening. Most recommendations of the SFCs are gathering dust on the shelves of the government.

Anachronistically, the very first mandatory reform

suggested under JNNURM is the implementation of the 74th CA; only cities that implement the amendment will be eligible for NURM funds! These are the very same funds that were supposed to be given to cities as untied funds for them to use as they wish, with no strings attached, as the very spirit of the 74th CA is that local bodies should become bodies with a will of their own.

Cities at fault too

But one has to also accept that, like self-willed but immature children, city governments are not doing all that they can for their citizens; hence a little bit of disciplining might be perfectly in order. The current bane of all municipal budgeting is that it gets hijacked to serve the interests of the elite (in urban infrastructure it goes mainly to support the needs of the private car-based economy) in the form of flyovers, expressways, etc., a la big dams in rural areas. The Bangalore Mahanagara Palike (BMP), for instance, routinely budgets funds for slum improvement which never get used. The building of convention halls, shopping arcades, multiplexes and golf clubs with JNNURM funds is currently on the priority wish-list of Karnataka.

Considering the state of many municipal accounts, wherein the opening balance often does not correspond with the previous closing balance and audits have not been conducted for decades, there may not be much opposition from the people to the Centre imposing some 'technical' conditionalities, such as the adoption of a Fund-Based Accounting System (FBAS), e-governance and GIS for universal property tax coverage, etc., though some activists fear elite manipulation in this too.

Not all conditionalities are the same

But conditionalities which impose contested policy changes - such as those prescribing on what items money can be spent; making full collection of user fees for public services mandatory (without a clear enunciation of a policy regarding these for the urban poor); requiring repeal or introduction of certain laws, such as the Urban Land Ceiling Act; initiating public-private-partnerships for public services - appear to be a direct infringement of States' freedom, and the spirit of the 74th Amendment. Critics see the imposition of conditions on municipalities to privatise their services as "seriously undermining the federal and democratic nature of decision-making in India".

Dr. A Ravindra, former Chief Secretary of Karnataka, says states were not even allowed to choose the cities which were to benefit from JNNURM. This is a gross

violation of the federal nature of Centre-State relations, and a return to centralisation rather than decentralisation, he felt.

Privatisation of public services, usually done through public-private partnerships, is especially controversial. There is no mention in JNNURM of a policy for the urban poor - whether certain services will continue to be provided free to them, for instance, a minimum quantity of water for subsistence, as a human right. The governments' refrain has always been, "From where will the funds come, unless we bring in private investment?" But well-documented examples from Latin America show that privatisation is not a panacea, and that there are other ways of overcoming the state's inefficiencies and corruption, e.g. through citizens' cooperatives that run the services. Opponents of privatisation also ask, 'if obligatory functions of the state, such as water supply, solid waste management, primary education and primary health care, etc., are to be privatised, then what are taxes for?'

Dodging mandatory reforms

But will the conditionalities be met? JNNURM does not appear to care very much. The Mission asks that a vision document for each city, as well as City Development Plans (CDPs) be prepared through multi-stakeholder consultations. In Bangalore, nothing of this sort happened; the BMP conducted ad-hoc consultations on May 6th, which were attended by about 25-30 persons from each Range of three to four wards, and the urban poor were hardly represented (a councillor claimed that he was there to represent the absent urban poor's interests). Going by the perfunctory nature of this consultation, how is it going to be ensured that all stakeholders' views will be adequately taken into consideration? Critics point out that the plans are being made without clear "process guidance, adequate and up-to-date planning data, advocacy with stakeholders and their capacity building in order that they may participate effectively".

The linkage of the current plan with other statutory plans is also not clear, though congruence between all plans is promised, warn critics. For instance, what happens in cities such as Bangalore, where a CDP was already prepared for the BDA by foreign consultants in a top-down manner with no inputs from the people? Is it going to be abandoned after it has swallowed crores of rupees? This time around too, under JNNURM, other empanelled consultants are waiting in the wings to put together the new CDPs prepared largely by bureaucrats – but supposedly as per the suggestions of a handful of residents at the token consultations.

Similarly, as per the 74th Amendment, planning is a

function of District Planning Committees and Metropolitan Planning Committees. These have not even been established in most states - a gross violation of the Constitution. If these are not made functional before the City Development Plans are finalised under JNNURM, the legitimacy for the ad hoc planning process is questionable.

No funding for basic needs

Among the items for which no funds under the JNNURM can be sought are primary health, primary education, employment opportunities and social security – in short, the very items that need focus to foster human development – to meet the MDGs - and not just economic growth. Currently, the urban poor are forced to go to private schools and hospitals that they can ill afford because public provisioning of these is in shambles. These may be the areas that a city would like to invest in, but these are to be financed only through the existing departmental budgets which everyone knows are inadequate.

Similar exclusions abound. Land is being freed to ensure that investment funds flow towards the high-end sectors, but land for securing the livelihoods of the urban poor by providing the space for carrying on their trades, etc. is missing. Social security is to be provided under 'existing universal schemes', but there are no such schemes for the unorganised poor.

The most crucial element of JNNURM, however, is the requirement for the local bodies of mega cities to raise 50% of the funds themselves and for the State governments to cough up another 15%. Only then will the 35% in the form of grants from the Centre under JNNURM be released. Considering that the BMP prepares illusory budgets year after year - it has prepared a budget for 1,870 crore for 2006-07 though it was able to raise only Rs. 912 crore (58.47 achievement %) from all sources against its desire to spend Rs. 1,575 crore in 2005-06 - the big question is: from where will BMP raise the Rs.7000 crores (50% of Rs.14,000 crores allotted to Bangalore) in the next seven years? BMP raised only around Rs.258 crores in 2005-06 from property tax. It was able to raise about Rs.205 crores in the form of loans in 2005-06. According to sources within BMP, the property tax from three of BMP's 30 Ranges is already going towards interest payments on loans. In 2005-06, the BMP was able to raise only about Rs.77 crores towards repayment of long-term loans.

One can imagine the fate of the BMP if it has to pay interest on Rs. 7,000 crore to get the money under JNNURM. The only other alternative will be for the citizens to tighten their belts and be prepared to pay higher property taxes, cesses, users' fees, privatisation costs, et al, if they want their wish-list for Bangalore

to be actualised.

Land is being freed to ensure that investment funds flow towards the high-end sectors, but land for securing the livelihoods of the urban poor by providing the space for carrying on their trades, etc. is missing.

Critics feel that the Centre knows that the cities will never be able to raise their share. And if the fate of crores of rupees promised by the Centre to the state governments under Sarva Shiksha Abhiyan, which have lapsed - because the states failed to provide their share of 20% - is anything to go by, the State governments may not be able to cough up their 15% share of the funds for JNNURM either.

So, how will the Mission work, if the states lack the funds needed to participate and don't have the desire to implement the necessary changes? Activists fear that the real intention of the Centre in dangling the promise of Rs.125,000 crores is to force the local bodies to undertake the neo-liberal reforms that it wants them to, viz. free the land market, undo the checks and balances that prevent concentration of land in the hands of a powerful few, recover full O & M costs through users' fees, etc. Another intent may be to force local bodies to go with a begging bowl to International Financial Institutions to raise their share of funds. These institutions - who are currently the shadow players behind the Mission - will, in turn, demand their pound of flesh, usually further conditionalities to privatise public services.

There is also the benign talk of providing security of tenure to slum-dwellers. Critics fear that this very commitment may be used to disqualify and evict several alleged 'illegal' slum-dwellers on the possible ground that they have migrated after arbitrarily set cut-off dates, or that they are tenants or sub-tenants, and lead to new forms of exclusion. Since demolitions and forced slum evictions in the major cities have met with loud outcries and even reprimands from the UN, the tactic appears to be to camouflage the same intentions under a shiny wrapper of benign benevolence. It is significant that the JNNURM document nowhere gives an assurance that evictions and demolitions will be stopped, which is a solemn commitment made by the UPA in its Common Minimum Programme.

Doing it right

But all this need never be. For JNNURM, it is still

possible to implement the mission in accordance with constitutional provisions, and in a truly enabling way. Many civic groups have proposed steps to ensure this, among these steps are that:

- Implement the 74th Amendment in totality (along with necessary changes suggested above) over a period of one to one and a half years before initiating preparation of the Vision Documents and CDPs for the cities. Also, implement only those reforms agreed to by cities and States.
- The resources required to meet the water, sanitation housing and other needs of all those living in under-privileged areas should be realistically estimated and made the first charge on any resources that municipalities are able to raise under JNNURM.
- Compulsory city stakeholder meetings should be held at each stage of preparation of the CDP, publicizing activities and outcomes through website and newspapers and acceptance of proposals developed through genuine consultation.
- All CDPs must be assessed based on the guidelines laid down by the National Slum Policy, National Housing and Habitat Policy and National Street Vendors Policy. A solemn commitment should be made that there will be no slum demolitions and evictions.
- Area and Basti Sabhas must play a forefront role in planning and monitoring the implementation of the CDPs in each city.
- Funds to be devolved as untied funds to ward committees to implement their area development plans. Funds to be allowed to be used for strengthening primary education, primary health care and social security to the urban poor.
- Updates on the status of preparation towards and implementation of the JNNURM across the country should be displayed on the GOI website. This includes the status of funds, its allocation and expenditure under the scheme. The website must also enable citizens and civil society groups to provide direct feedback to the National Steering Committee on the implementation of the Mission across cities.
- A policy for the urban poor ensuring them free, or almost free, basic services needs to precede all policy changes. ?

Our Best Hope For Urban India

By: Ramesh Ramanathan

My responses to Ms Chamrag's article are from the perspective of the role that I play in the Mission, that of being part of a group called the Technical Advisory Group, whose role is to advise the various formal components of the Mission, to ensure citizen participation and transparency in the mission's activities. I have divided my comments into two sets: the first, on specific points made in the article, and the second, some general observations.

Specific Comments:

- JNNURM is made of 2 sub-missions, one on urban infrastructure and governance, and the other on poverty. Both these need to be seen together, since both are linked by the reforms and other common processes; it is not that only one of them is related to reforms.
- The observation that city finances are significantly affected by poor transfers via State Finance Commission grants, due to a variety of factors related to the functioning of SFCs, is a very valid one. However, improved SFC grants are not a sufficient condition for improving a city's overall finances; the city's own sources of revenues need substantial improvement as well - property taxes being the primary source, but also various other sources like building and trade licences, advertising, parking etc. Currently, the compliance rates on these are abysmally low. My colleague in TAG, Prof O.P.Mathur, has this to add, "SFC grants and transfers, even if carried out, would not improve matters. These are calculated so as to remain essentially at par with the grants that were made in the pre- 1992 period (in real terms)."
- JNNURM funds are NOT the same as SFC transfers, as suggested by the author. JNNURM funds are what are called Additional Central Assistance (ACA), funds of the Union Government, which are being made available in a discretionary manner to cities. SFC transfers are to do with the transfer of state government funds to local governments. Hence, there is no magic mirror work being done with the numbers in JNNURM - these are genuinely new sources of funding for urban improvement.
- The types of projects that can be funded by JNNURM does not include the items that the author has indicated, in her example related to the Bangalore City Corporation (BMP). There is already evidence of the kinds of projects that JNNURM has supported, since the Mission is up and running. This could give insights into what types of projects are being funded. Certainly, golf

courses, shopping arcades and convention centres will not find place.

- The issue of the centre over-reaching its federal role is a valid one to raise, and requires continuing discussion. With JNNURM, the Union Government has unequivocally answered the one tricky question that has kept it out of city issues, despite the fact that urban breakdown was visible to all: why should the Centre get involved, given that urban issues are a state subject, especially with limited resources and large rural demands?

The answer lies in the acknowledgement that the challenges facing urbanisation in our country cannot be solved exclusively by city governments alone, or even just with the leadership of the concerned state governments. Comprehensive urban governance reforms are required on a number of fronts - devolution of funds, functions and functionaries to local governments, basic services to the urban poor, urban planning, formalising citizen participation, urban land reforms and so on. It has become obvious that simple band-aid responses are not going to suffice. However, our cities cannot make this transition by themselves. They need assistance in many forms: financial, technical, legal and so on. State initiatives so far have been fragmented, sporadic and incomplete. What was needed was an unapologetic and substantive national initiative that offered a supporting hand - previous union initiatives have been tentative and insubstantial. Sheela Patel, who is also a member of the TAG group for JNNURM, says, "What the Urban Ministries are doing is finally coming on par with other ministries such as rural development, education, health and panchayati raj... creating a national framework for reform in the urban sector. This delayed but late start has its own problems of creating and institutionalizing rituals, practices and expectations, with state governments, cities with civil society. Engaging with the process by all is crucial to guide this process."

However, Ms. Chamaraj raises an important question about how much detail can the centre go into without running foul of the federal lakshman rekha. The quote of Dr Ravindra's about selection of cities is possibly an example of over-reach. My own experience having been in discussions as part of TAG is that there is a healthy tension that is constantly being tested, with states and cities pushing back on areas where they find the centre over-intrusive.

- As far as the implementation of the reforms is concerned, the criticisms about the processes are very important, and need to be considered seriously by the centre. There is real danger that

states will do lip service about how the CDPs and DPRs are to be created, with minimal consultation in the manner that has been originally conceived, that these plans and proposals actually emerge from the grassroots.

- There is a comment about sectoral allocations, there being no allocation for healthcare, employment etc. The reason no funds have been allocated is because these are in the domain of other Ministries, and the two Ministries running JNNURM are confining themselves to their functional areas.
- There is real danger that states will do lip service about how the CDPs and DPRs are to be created, with minimal consultation in the manner that has been originally conceived.
- Ms. Chamaraj provides detailed financial estimates for Bangalore, and its share from JNNURM. These indicate that Rs.14,000 crores will be "allocated to the city"; I assume that what is meant is that 50% of these funds will come from the Centre. I am not sure where these numbers are coming from, since there is no city-wise allocation under JNNURM. Cities are meant to qualify for JNNURM support, through a Memorandum of Agreement (MOA) and CDP process, after which qualifying projects will be evaluated. There is no quota for each city. Even if there was one, it is unlikely if not impossible that Bangalore will get 15% of the entire pool of Rs 50,000 crores under JNNURM, when there are total of 63 cities under the Mission. It is likely that the city has a wish-list of Rs 14,000 crores of projects, but only a small fraction of these are likely at best to be supported under JNNURM, primarily because many of these projects may not even qualify for funding (like shopping malls and golf courses!). Also, every project that is being supported under JNNURM is being examined in light of not only its financing, but also the total fiscal impact that is being created on the city as a whole.
- Many of the suggestions to improve JNNURM are important, and need to be taken up by the Ministries concerned; those that concern the TAG will be taken up by us. Some of these suggestions are already under way. For example, the TAG is working with the Ministry of Urban Development to ensure that there is complete transparency in all documents, and detailed information is being

placed on the Ministry's website. While many of the documents are available already, we want to make this a much more comprehensive and user-friendly process. Also, state-level TAGs are being set up, to ensure that participatory mechanisms are in place, ideally before the CDPs and projects are prepared, but definitely over the medium term, so that community participation is not a one-time affair, but a continuing way of how cities are run.

General Comments

In summary, the article makes many important criticisms of JNNURM. Unfortunately, there are no words of credit for the Mission. Those who believe in democratic processes must recognise that a legitimate national government - incidentally, the very same level in the federal set-up that initiated and passed the 74th Constitutional Amendment, whose implementation is being demanded by everyone today - has promoted JNNURM. It has announced the Mission after a substantial due process of consultation with state governments - this may not be to the extent that pleases all, but there certainly has not been unbridled unilateralism in the process.

Many of the reform elements are the same ones that will ensure decentralisation, participation and transparency in a sustainable manner - the reform conditions ensure that the 74th CAA is completed, that District Planning Committees and Metropolitan Planning Committees are set up, that there are laws for community participation and disclosure, and so on. I am reasonably confident that a few years, we will be demanding that Area Sabhas are not being set up correctly in some city or state in the country, and this must be addressed.

Are there flaws in the Mission - the answer is yes. Will there be mistakes when the Mission is getting rolled out - absolutely. One question to ask ourselves is, "Is there a superior alternative to JNNURM? If so, what is this alternative?" We can either have a perfect theoretical Mission (which incidentally no one has articulated), or we can have the best imperfect solution that we can currently conceive, through the collective and well-intentioned efforts of a large number of stakeholders. I believe that this is what JNNURM represents. It is our best hope for Urban India. It requires all of us to engage with it, to make it better than it currently is. And this is where I appreciate how Ms. Chamaraj's article ends - it makes concrete suggestions for improvement. ?

IMF/World Bank: Singapore Fails to Impress

The IMF and World Bank Annual Meeting in Singapore focused on correcting global imbalances, fighting corruption and apportioning more weight to developing countries. On the sidelines were China and India's currency valuation pressures and a large contingent from the Middle East seeking new ties with Asia.

After much careful planning and detailed execution, Singapore appears to have fallen short in its desire to impress the estimated 20,000 delegates in the city-state attending the recent annual meetings of the International Monetary Fund (IMF) and the World Bank.

At the heart of the matter was the banning of several prominent civic society organisation (CSOs) activists from entering Singapore, although they had been approved by the world organisations to attend. Also, in the spotlight was the banning of protests by CSOs except in highly restricted areas.

The president of the World Bank, Paul Wolfowitz, summed up the general sentiment about Singapore at the meetings when he said, "I would argue whether it has to be as authoritarian as it has been and I would certainly argue that at the stage of success they have reached, they would do much better for themselves with a more visionary approach to the process." As Singapore does not have a strong CSO culture, his comments were generally ignored in the city-state.

But some regulars at the annual meetings thought that the IMF and the World Bank were "disingenuous" in their comments against Singapore. One regular delegate pointed out that this year, for the first time, CSOs were not permitted to enter the media room to interact with journalists. Restrictions on the activities of the CSOs worked in the global bodies' favour – decisions that were well within their control to facilitate.

Outside of these concerns, it was business as usual. Mexican finance minister Francisco Gil Diaz, whose country received a slight boost in its quota in the IMF resolution voted this week, refused to join in the cry of other Latin American nations that questioned the quota reform. But Argentina and Brazil were the most vociferous in their protests, along with Egypt and India, countries whose quotas were not increased, unlike China, South Korea and Turkey, whose quotas were.

Several Latin American nations are pressing the IMF to use the purchasing power parity (PPP) method of calculating GDP, which would suggest greater representation for a country like Brazil, but not Mexico. The transformation of the IMF representation

mechanism promised to be a long drawn issue in the future.

The World Bank's attempt at making the fight against corruption as a central theme of the conference backfired when several central banks' governors questioned instead the world body's own track record in this area. Joseph Stiglitz, the Nobel Prize winning economist and former World Bank chief economist questioned the president's own track record when he was deputy secretary of defence in the US government.

Little was actually offered about the actual solutions for reducing corruption. Paul Volcker, former chairman of the US Federal Reserve Bank who is now investigating the Iraqi Oil for Food programme, remarked that countries that are corrupt should not receive aid. But as more countries are signing bilateral and multilateral trade agreements, bypassing the need for aid from the international bodies, the fight will be a long one.

But all parties were united in their grief over the assassination, just before the day of the conference, of Andrei Kozlov, deputy head of the Russian central bank, a champion in the fight against corruption and money laundering who campaigned for stronger governance in his country.

Kozlov's peer in Nigeria, the impassioned executive chairman of the Nigerian Economic and Financial Crimes Commission Nuhu Ribadu said the fight must go on, for the people, as he admonished global financial institutions for protecting the assets of corrupt leaders, such as money stolen by his own country's former dictator and laundered through banks in Europe. Ribadu called not for making poverty history, but for making the mismanagement of poverty history.

More harmonised and effective regulations were a theme for Institute of International Finance annual meetings, held just before the IMF and World Bank meetings. But William Rhodes, senior vice chairman of Citigroup, summed up the challenges best when on the subject of Basel II, said, "In the United States we don't have our act together yet, and we're asking other people to do it."

For Asia, central bank governors bemoaned the lack of an amalgamated capital market or a payments and settlements centre, which they see as preventing the region from becoming integrated financially. But the possibility of a single currency like the Euro for the region as a means to this end was shot down by

Pridiyathorn Devakula, governor of the Bank of Thailand.

On the sidelines of the meeting, Zhou Xiaochuan, governor of the People's Bank of China pared down media speculation that China should revalue its currency as suggested by US Treasury secretary Henry Paulson, who was both at the annual meetings and scheduled to visit China after the meeting.

Liu Mingkang, chairman of the China Banking Regulatory Commission, however, publicly promised the international community that they will honour financial commitments and give foreign banks "treatment identical to that of local banks by December this year." Liu, as well as vice minister of finance Li Yong, emphasised the role of small- and medium-enterprises to drive China's growth. Li went further by admitting that the private sector pays more attention to the environment.

Banks from the Gulf Cooperative Council (GCC) came to Singapore in full force. All the Middle

Eastern banks that the Asian Banker interviewed, such as Burgan Bank in Kuwait, Doha Bank in Qatar and Islamic Development Bank in Saudi Arabia emphasised their interest in pursuing trade and infrastructure finance with banks in Asia.

Many Middle Eastern banks have the same profile in that they are generally small, highly liquid and therefore need counter-parties to invest in the long term infrastructure projects in the region. Many were in praise of Singapore as a country with a similar model that they would like to emulate. Unfortunately, this was not a sentiment shared by most of the other emerging economies that would have liked to have seen a better functioning social infrastructure.

Instead they were greeted by very high security fences and road diversions that some said were excessive and which made it inconvenient to participate in favourite Singaporean pastime of shopping in well air-conditioned malls. Singapore was certainly a victim of its own ambitions to impress.

(Courtesy: The Asian Banker)



IMF: India Unhappy About Quota Hike

Singapore, Sept 15: IMF was today confident that its proposal for ad-hoc increase in powers of China, South Korea, Mexico and Turkey in the Fund's board would be carried through, but India, Brazil and 50 other developing nations opposed the move saying it was based on a "flawed" formula.

"What is clear is that there was a very clear majority in the Board to endorse the resolution, if not, it would not have been brought here," IMF managing director Rodrigo de Rato told reporters here.

He, however, said that he couldn't definitely say anything until the countries have expressed their votes. "I have to keep some respect, if you want silence in that respect, for the time being." Board of Governors of the IMF will take up the contentious issue of ad-hoc increase of quota for China, South Korea, Mexico and Turkey at the Fund's ongoing meeting in Singapore.

The Fund had agreed on a two-year reform programme, the second stage of which would see a revision of the formula followed by further quota adjustments and increases in so-called basic votes, which African countries are pushing for.

Few days back, India had expressed its opposition to the proposal saying it was based on the current "flawed" formula and sought the support of developing nations to stall the move.

India has always held that the developing world deserves to have a much greater "voice" in the management of international financial institutions, Finance Minister P Chidambaram had said at the Commonwealth Finance Ministers meeting in Colombo on September 13.

Many countries find the present quota structure as skewed in favour of US and Europe. A member's quota delineates basic aspects of its financial and organisational relationship with the IMF, including voting powers and access to finance.

The current quotas in IMF are roughly determined by the size of a country's gross domestic product, openness to trade and reserves.

When it comes to votes, South Korea, China, India and Japan have just 12 per cent of the voting rights, the US has 17 per cent and Europe has over a third.

The US, which has a veto power in IMF, is keen on a formula where GDP carries greater weight. (Agencies)

SEZs : The Paradise of Capitalism

By: Sundaram

Though SEZs have become a buzzword among advocates of India's economic liberalization in recent years, they are not entirely a new concept and are basically modelled on the Export Processing Zones (EPZ) that came up nearly five decades ago.

The original idea behind the creation of EPZs was to allow employers to import materials to be worked on and then re-exported without having to pay duty. It was seen as a cheap way of creating jobs without spending scarce taxpayers' money and avoiding a bureaucratic system of reimbursing import taxes on goods intended for export. However, from the beginning, this seductive idea had a major drawback. It requires the sealing off of the zone or of designated factories, often behind high fences, to prevent untaxed goods being smuggled into the rest of the economy.

The first EPZ was established in 1959 in Ireland but it was in East and South East Asia that the idea found most enthusiastic support. Countries like Taiwan, Singapore, Malaysia and the British colony of Hong Kong embraced the concept that economic growth can be promoted best through encouraging exports rather than through import substitution.

Thus setting up exclusive, privileged zones with a liberal tax and labour regime would attract investors from developed countries interested in taking advantage of cheaper costs and fewer regulations to set up manufacturing units that would send back products for sale to richer markets. Importantly, these zones were used as a 'test base' for liberalisation of trade, tax and other policies that were then gradually applied to the rest of the economy.

In the sixties there were just 10 such zones around the world, which by the mid-eighties had increased to 176 zones across 47 countries. In 2003, the number of zones increased to over 3000 across 116 countries.

As the EPZ concept spread around the world, governments found that they had to add more and more incentives to attract footloose investors to their enclave; subsidised factory buildings, telecommunication links, energy supplies and most worrying of all, guarantees that the labour force would stay cheap and uncomplaining.

Keeping the intense global competition for attracting Foreign Direct Investment (FDI) in mind the Chinese government in the eighties pioneered the concept of Special Economic Zones that offered much greater incentives than the EPZs had done till then.

The one-time fishing village of Shenzhen, singled out by late Chinese leader Deng Xiaoping, was the first of the Special Economic Zones of China. In the past two decades, more than US\$30 billion has been invested by

outsiders in Shenzhen, which has become the showcase of capitalist reforms in China.

EPZs and SEZs in India

In India, the first zone was set up in Kandla as early as 1965. It was followed by the Santacruz export processing zone which came into operation in 1973. The government set up five more zones during the late 1980s. These were at Noida (Uttar Pradesh), Falta (West Bengal) Cochin (Kerala), Chennai (Tamil Nadu) and Visakhapatnam (Andhra Pradesh). The EPZ in Surat became operational in 1998.

The idea of the so-called Special Economic Zones (SEZs) was first mooted by the Ministry of Commerce's Export-Import Policy, 2000, in an obvious attempt to copy the model evolved in China. In 2005 the SEZ Act was passed by the Indian parliament and came into force from February 10, 2006.

According to the Indian Ministry of Commerce's website, the SEZ is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations, duties and tariffs.

Under the new Act SEZs are permitted to be set up in the public, private, joint sector or by the State Governments with a minimum size of not less than 1000 hectares. The SEZ is supposed to be an almost self-contained area with high-class infrastructure for commercial as well as residential inhabitation. The SEZs will have their own security, operation and maintenance rules and all environmental and labour clearances vested with the Development Commissioner of that SEZ.

Following this policy the existing EPZs were all converted into SEZs, and at present there are eight functional Special Economic Zones located at Santa Cruz (Maharashtra), Cochin (Kerala), Kandla and Surat (Gujarat), Chennai (Tamil Nadu), Visakhapatnam (Andhra Pradesh), Falta (West Bengal) and Noida (Uttar Pradesh) in India. A SEZ at Indore (Madhya Pradesh) is also now ready for operation.

In addition 18 approvals have been given for setting up of SEZs at Positra (Gujarat), Navi Mumbai and Kopata (Maharashtra), Nanguneri (Tamil Nadu), Kulpi and Salt Lake (West Bengal), Paradeep and Gopalpur (Orissa), Bhadohi, Kanpur, Moradabad and Greater Noida (U.P.), Vishakhapatnam and Kakinada (Andhra Pradesh), Vallarpadam/Puthuvypeen (Kerala), Hassan (Karnataka), Jaipur and Jodhpur (Rajasthan), on the basis of proposals received from the State Governments.

Objectives of the EPZs and SEZs

In 1989, a report of the Comptroller and Auditor General of India clarified that EPZs were meant for earning foreign exchange, develop export oriented industries,

stimulate investment and generate employment opportunities beside creating an internationally competitive environment for export production at low cost. The SEZ Act 2005 also considers 'promotion of foreign trade in goods and services' the most important objective of SEZs.

According to its advocates, a well-implemented and designed SEZ can bring about many desired benefits for a host-country: increases in employment, greater FDI, general economic growth, foreign exchange earnings, international exposure, and the transfer of new technologies and skills.

The Commerce and Industry Minister, Mr Kamal Nath, has hopes of drawing Rs. 1,00,000 crore worth of investments over the next three years with an employment potential of over five lakh, besides indirect employment during the construction period of the SEZs: investments in sectors such as information technology, pharmaceuticals, biotechnology, textiles, petrochemicals and auto parts.

The incentives:

As mentioned earlier the number of incentives offered to investors for setting up and operating in SEZs are far more liberal than was the case with the EPZs. Among the non-fiscal incentives offered in Indian SEZs for example, are:

- Exemption from industrial licensing for manufacture of items reserved for Small Scale Industries (SSI)
- 100 per cent FDI investment through automatic route to manufacturing SEZ units
- Facility to realize and repatriate export proceeds within 12 months
- No cap on foreign investment for SSI reserved items
- "Write-off" of unrealised export bills upto 5%
- Profits allowed to be repatriated freely without any dividend balancing requirement
- Full freedom for subcontracting, including subcontracting abroad.

The main attraction of these zones lies however in the fiscal incentives given, which are usually used to manipulate accounts and to show profit/loss, export/import figures that add to the company's profits in ways that mere manufacturing and exports never can. Some of the fiscal incentives provided to investors in Indian SEZs are:

- 100% income tax exemption for a block of five years, 50% tax exemptions for two years and upto 50% of the Profits ploughed back for next 3 years
- Supplies from Domestic Trade Area to SEZ to be treated as exports
- Carrying forward of losses
- 100% Income-tax exemption for 3 years & 50%

for 2 years for off-shore banking units.

- Exemption from Central Excise duty on procurement of capital goods, raw materials, consumable spares etc. from the domestic market.
- Reimbursement of Central Sales Tax paid on domestic purchases.

As if all these were not already enough, this capitalist dream list drawn up by the Indian liberalisers goes on and on. According to the Ministry of Commerce website, state governments supporting private sector proposals or making one on their own for setting up a SEZ need to give the following commitments:

- That the area incorporated in the proposed Special Economic Zone is free from environmental restrictions;
- That water, electricity and other services would be provided as required;
- That the units would be given full exemption in electricity duty and tax on sale of electricity for self generated and purchased power;
- To allow generation, transmission and distribution of power within the SEZ;
- To exempt from State sales tax, octroi, mandi tax, turnover tax and any other duty/cess or levies on the supply of goods from Domestic Tariff Area to SEZ units;
- That for units inside the Zone, the powers under the Industrial Disputes Act and other related labour Acts would be delegated to the Development Commissioner and that the units will be declared as a Public Utility Service under Industrial Disputes Act.
- That single point clearances system and minimum inspections requirement under State Laws/Rules would be provided.

The Indian EPZ experience:

EPZ exports increased in India from less than Rs.1 million in 1966 to over Rs. 97727 million in 2002. Over the same period, total employment increased from 70 to around 89,000, net foreign exchange earnings increased from Rs. 0.16 million to Rs. 43195 million and value addition increased from 21% to 44%.

While these big figures seem impressive, a closer look at the details reveals several serious problems. First of all the average annual growth rate of value addition in the EPZs was as low as 2.9% which means that the companies operating in these zones were basically exporting out almost as much as they imported without significant addition to the value of goods produced. The EPZs thus contributed little to improvement of skills or transfer of technical know-how in the domestic market.

Again despite the overall growth of exports from

EPZs in absolute terms their actual share in total national exports and manufactured exports increased from .07% and .14% respectively in 1973 to just 4.3 % and 5.6% respectively in 2001. This is in contrast to countries like Bangladesh and Sri Lanka , where EPZs contributed to over 20 percent of overall exports by the year 2000 or to Mexico where they make up 40 percent of national export figures. The Indian EPZs clearly failed to induce dynamism in the overall export performance of the national economy.

On the employment front too after an initial spurt in numbers of people getting jobs in the EPZs there has been a general decline and even stagnation. For example while employment in the EPZs grew at the rate of over 50.2 percent between 1966 and 1970 it declined to a mere 5.2 percent between 2000 and 2002.

Even assuming that the EPZ/SEZs do result in an increase in exports and even hard currency earnings their real performance can be measured only by taking into account the amount of revenues foregone by the government in the form of various incentives.

According to an internal assessment of the Union Finance Ministry in 2005, the government had to forgo about Rs. 90,000 crore in direct and indirect taxes over a period of four years on account of the SEZs.

If one takes into account the money spent by the government on actual construction and maintenance of these EPZ/SEZs the situation is even worse. The 1998 Comptroller and Auditor-General Report on EPZs, stated that "customs duty amounting to Rs.7, 500 crore was forgone for achieving net foreign exchange earnings of Rs. 4,700 crore and the government does not seem to have made any cost benefit analysis."

The Worker's Nightmare

Globally EPZs and SEZs have become notorious for many things in particular violation of environmental norms, tax evasion and for exploitation of labour. As a report brought out in the mid-nineties by the International Confederation of Free Trade Unions (ICFTU) puts it aptly "in these 'free' trade zones, it is the employers who run free - like a fox in a hen house".

The report points out that enterprises in the zones gain their comparative advantage really through worker exploitation and anti-union repression. Most of these enterprises are out to break their competitors in the price war, and they don't mind breaking the backs of their workers, and the union, to achieve that, it says.

"Behind the concentration camp style fences in many countries, unscrupulous employers are abusing the basic rights of a predominantly young female workforce. In some countries basic labour legislation and core

workers' rights are set aside in the zones. In others the zone managers simply use a system of pass controls to exclude union organisers and workers who try to join a union. Many of the worst of these so-called 'free zones' allow employers the freedom to exploit without restraint but restrict basic workers' rights to freedom of association."

In the Indian context the EPZs of old were supposed to comply with local labour laws and there was no relaxation of these laws allowed as such. With the new SEZ Act, 2005 the zones have been declared a 'public utility service' a categorization that imposes restrictions on workers going on strike. Moreover the delegation of the powers of the state labour commissioner to the specially appointed Development Commissioners is expected to make industrial relations more 'flexible'.

Despite all these measures, most employers with units in the EPZ/SEZs surveyed by research organizations have demanded even greater freedom to 'hire and fire' and claimed the current labour regulations are 'too stringent'.

Challenge to National Sovereignty

On one hand, EPZs and SEZs are but a manifestation of the phenomenon known as 'globalization' which at its core involves capital seeking easier and easier ways of making high returns on its investment irrespective of the price paid by those it 'invests in'. With manufacturing in many industries neatly divided up so as to parcel out different parts of the process to different parts of the world that offer greatest comparative advantage, such zones have become popular with multinational firms all over.

As the ICFTU report puts it, "The zones are seductive to investors precisely because they are an enclave, in other words because they are physically, economically and socially separate from the rest of the country. This 'apartheid' explains why the advantages offered to foreign investors - freed from the burden of bureaucracy, taxation, lack of infrastructure and the application of the labour code - do not necessarily translate into corresponding benefits for the host country."

In a sense, these zones are really small fiefdoms controlled by global corporations, that are carved out from within countries which in the long run can only result in the weakening of the basic tenets of the nation state itself, including its sovereignty. In many ways this is not very different from the kind of special, privileged enclaves that western powers established in the early colonial period to facilitate their 'trading activities' which, as we know, finally resulted in their gobbling up entire continents. (It has been pointed out by some observers that the special economic zones in China "are often located where concessions had been

obtained in the Chinese Empire by the great powers using gunboat diplomacy in the 19th and beginning of the 20th century.")

The Trojan Horse of liberalisation

Irrespective of their actual performance in specific contexts the idea of the EPZs and SEZs has found great support among proponents of neo-liberal economic policy because they see these zones clearly as a way to prise open so called 'protected economies'.

As one paper on the subject puts it, "SEZs should be viewed as a vehicle for introducing policy and institutional reform that are difficult to introduce more generally but could be feasible in these limited areas". According to proponents of this view, "SEZs function as test-cases for liberalizing reforms, the development of best-practices" and conditions which apply within these zones should gradually become the norm everywhere.

Race to the Bottom

However, instead of achieving this grandiose objective of making entire countries into EPZs (like in small city states like Singapore or Hong Kong), what has happened world over is that these zones have become a sort of black hole taking in as many incentives as it is possible for any state to give. While the proponents of EPZs have argued that after a few years the incentives could be done away with and the enclave reintegrated into the rest of the country, but as the incentive packages got bigger and more zones were created in other countries it has become harder to wean investors off their special advantages.

Instead, pressure has increased to constantly improve the attractions to stop companies relocating to other still cheaper locations. While these zones certainly do boost the profits of the companies involved, this is at the expense of other businesses and employment outside the zones or in other countries.

Even in conventional capitalist economic terms EPZs are essentially a distortion in the global market place which encourages a "slash and burn" pattern of development rather than sound long term investment and the transfer of technology. At best, the country gets a few years worth of low wage low productivity jobs before the export processors move on to another country. At worst, the country and its workers become trapped at the wrong end of a long international chain of production, dependent on some of the world's most vicious employers competing in a cut-throat business for the bottom end of the global market.

Dens of Speculation

One of the intriguing aspects of the new SEZ Act is its insistence that the new zones have at least 1000 acres

or more of land at its disposal. This is all the more strange because the experience of the much smaller EPZs in India so far shows that most of them are still under utilized and have not attracted as many industrial/export processing units as they can accommodate.

The Santacruz EPZ (now SEZ), near Mumbai, for example, with an area of 93 acres had 197 units in 2002- the most among all zones in the country. The number of units in other zones around the country, which were much larger than Santacruz was even smaller. In fact the number of units has actually declined in many zones in recent years. So why should the new SEZs have over 1000 acres when much smaller ones are yet to be filled up properly?

One of the obvious reasons for allocating such large portions of land to the new SEZs is that they are in fact meant for setting up real estate projects which today have much larger returns on investment than manufacturing. In other words SEZs will be hubs for speculative investment in real estate and not for exports as such. While initially these residential units will be aimed at overseas investors there is no doubt that gradually the rules will be relaxed to sell them to domestic buyers too.

This explains why for example the two Ambani brothers - Anil and Mukesh - whose companies ostensibly plan to set up power plants and SEZs in Uttar Pradesh and Haryana- have both chosen sites that are close to the national capital New Delhi . With real estate prices soaring in Delhi the acquisition of large tracts of land nearby under any pretext makes commercial sense for the Ambanis though this has nothing to do with the lofty pretexts with which the Indian state has forced farmers to give away their lands to them.

What Next?

In the past decade and a half of so called Liberalisation, Privatisation, Globalisation the Indian ruling class has created its own 'shining' special zones divorced from the fate and future of the rest of the country. Already steeped in the apartheid hierarchy of the Indian caste system, and with complete contempt for the working masses the idea of SEZs - special zones that cater to the already rich and privileged - obviously fits neatly into the worldview of the Indian elites.

And it is precisely for this reason that opposing the formation of SEZs is an important part of the larger struggle to tear down the high security castles the rich are building on the backs of the India 's poor and underprivileged. Allowing them to flourish will be the first step towards the destruction of whatever little democracy there is left in this country and a defeat of the very ideas of equality and justice.

Special Exploitation Zone

By: P N Venugopal

Spread over 103 acres of land and fortified by high walls, the Cochin Special Economic Zone is an imposing presence in the vicinity of the headquarters of Ernakulam district, Kerala. The public has no free access to the SEZ; entry into the Zone is perhaps more difficult than to the restricted areas of the Southern Naval Command, also in Cochin. The Zone has its own water supply system, power supply and effluence-treatment plant. It has 79 factories manufacturing ready-made garments, rubber gloves, electronic items, software, hardware, food items and jewellery. More than 7000 people work in these factories.

In 1965* the first Special Export Processing Zone was set up in Kandla. Seven more began functioning in the subsequent years at Mumbai, Chennai, Surat, Falta, Kochi, Noida and Visakhapatnam. The primary objectives of the Special Zones are earning of foreign exchange and employment generation. These zones are foreign territories in India as far as Indian customs and excise duties are concerned. The units set up in the Zones are exempt from these duties and import duties. An import licence is not required for importing raw materials or components. Customs examinations are kept to the bare minimum, and self-certification is sufficient. Income tax exemption is also allowed for the first ten years. The Central and State sales taxes and service taxes too are not applicable to these units. Supplies from the rest of the country are treated as exports, and domestic suppliers are eligible for export-related benefits.

These zones are foreign territories in India as far as Indian customs and excise are concerned. The units here are exempt from duties, and import licensing for raw materials and components is not needed.

The only condition imposed on the units is that they have to be 100% export oriented, and should become Net Foreign exchange Earning (NFE) units within three years. In 2000, these zones were renamed Special Economic Zones. The change in the name was not just cosmetic; the dropping of the word 'processing' was significant. Now even trading units could find space in the zones and enjoy all the above benefits. An added attraction is that the labour comes cheap and the zones are more or less free of trade unions.

Cochin's SEZ is the smallest one, and according to trade union sources has comparatively better working conditions than the others. And about 60% are women, indicating that there is labour to be had for both sexes. But while there is plenty of work to go around, these aren't jobs to be envied. Approximately 55% of the total workforce is made up of contract workers, who do not enjoy any of the benefits and privileges that regular employees do. The Contract Labour (Regulation & Abolition) Act 1970 specifically prohibits employing contract workers in activities which are "permanent

and perpetual" in nature. Almost all the activities conducted by the units in the CSEZ are permanent and perpetual in nature and yet the practice of employing contract workers goes unabated. Workers are paid as low as Rs. 35 to 75 a day, and are often made to work more than the stipulated eight hours for no extra payment; the rules of the Minimum Wages Act offer no protection to contract workers. Worse, they have to part with anything between Rs. 10 to 15 daily to the contractor as his commission. Recruiting agencies get paid for the contracted amount from the companies in the Zone. It is they who then make the payments to the workers on a monthly basis after deducting their commission.

The workers, once they enter the premises do not have any contact with the outside world. The work atmosphere is oppressive; the eerie stillness of work is only occasionally broken by a woman asking for permission to use the toilet. "There are restrictions even in going to the toilet. The supervisor will shout if we take more than a few minutes," says Sajitha, a semi-skilled worker in a ready made garment unit. "How much ever hard we work, we are scolded and shouted at in front of others. There are very few days when I've not cried." The workers are reluctant to talk, and are afraid of being quoted. Sajitha [not her real name] and other women workers who spoke about the intimidating atmosphere in the Cochin zone insisted on changing their names when quoted.

Most of the women workers come from far away places and are often the only bread winners of their families. Groups of five or six of them rent a room and live together with very limited facilities. A frugal meal of rice and a curry cooked once in a day is shared among them as breakfast, lunch and supper. "We took up this employment with great hopes, but now feel trapped," says Seena who has been working in a garment factory for the last five years. "We cannot give up and go back as our families are totally dependant on us and there are very few alternatives." Despite employing more than 3500 women, the zone does not provide accommodation facilities nor are there any crèches. Transportation facilities are inadequate. The workers are taken by vehicles to the factories for the morning shift, but they are left in the lurch once the shift is over. "After the night shift, we are taken in a vehicle and all of us are forced out in front of the first house where some among us stay. All the rest run for their life in the dead of the night," says 25-year-old Mallika working in a ceramic unit. The lofty ideals of each zone developing into townships catering to all the needs of the work force including housing, education, medicare remain only on paper.

Often the shifts run 10-12 hours a day to achieve production targets, without the workers receiving any

The International Scenario

The first Special Zone which bears any semblance to the present-day ones was set up in Spain in 1929 with the intention of increasing exports by value addition to the raw materials available in that country. It was also the time when an unprecedented depression was stalking the economies of the West. Skillful technicians were employed and they were a privileged class. But the International Monetary Fund and the World Bank highjacked the idea in the 1960s. They saw the Special Zones as a tool for penetrating the third world economies, and ever since the scenario changed.

Exploitation of labour in the Special Economic Zones is an international phenomenon and the International Confederation of Free Trade Unions (ICFTU) corroborates this. The Kenya Human Rights Commission recently launched a book "The Manufacturers of Poverty: The Untold Story of EPZs in Kenya", that has this to say: "jobs that pay poverty wages do not significantly improve the lot of workers, nor raise their economic status. They reflect the worst effects of globalisation and contrary to their objective of empowerment, end up becoming factories for the manufacture of poverty".

The interviews we had with the women workers of the Cochin SEZ are almost verbatim reproductions of the words of Grace Nyaeko, working in a SEZ in Kenya. She says "I've developed tuberculosis as a result of breathing in the dust that emanates from the garments I stitch. I've been suffering for three years now and the management does not care. They are only interested in the number of clothes I sew per day". Time off for medical check-ups has been denied, Nyaeko adds, as have overtime allowance for the occasions she stayed on at work in an effort to meet production dead lines.

Labour Notes South Asia points out how violations of the human rights of skilled workers is rampant in garment factories at EPZ Karachi. "These workers are paid ridiculously low wages. They have no job security. No medical treatment is provided". Whenever a foreign delegation visits the zone, the management conjures up false papers depicting an exaggerated salary structure. If a labourer reveals the truth, he loses his job, say the Notes.

The ICFTU speaks of a typical Special Zone in Nicaragua: "The metal covered buildings lie under a leaden sky. Nothing in their appearance suggests there are human beings inside. They look like giant warehouses. Inside the only sound is the noise of machines. There is not a single human sound. From time to time, someone gets up and asks for permission to go to the toilet. The workers are only allowed to go once during their ten or twelve hour shift and even then their time is strictly limited. If they are absent for more than three minutes, the supervisor shouts for them to come back to work. Once the women have entered the building, the doors are locked. Nobody can leave or have any contact with the outside world".

The All China Federation of Trade Unions, the official trade union of China confirm the practice of low wages often below the legal minimum and just falls short saying that exploitation is the rule.

Regarding the exploitation of women, the ICFTU says they are used to allow for excessive "flexibility" reminiscent of the manufacturing methods of the second half of the 19th century in European towns. "Most women are confined to repetitive tasks in production while men move on fairly quickly to better paid supervisory jobs". It's pertinent to recall that the women workers of the Cochin SEZ complain of forever remaining 'helpers' even as their male counterparts move on to become 'operators'.

The International Labour Organisation (ILO) has over the years made many recommendations towards the improvement of the working of the SEZs. Surprisingly, countries like Dominican Republic and Nicaragua have implemented at least some of the suggestions, while India has not even made any attempts. On the contrary, the recently passed SEZ bill too had a clause in it which gave powers to the state governments to pass a bill bringing the Zones outside the purview of privileges like trade union rights, gratuity, bonus, maternity leave etc, which are conferred to workers as per the existing state laws. It was the stiff resistance of the Left parties that saw the removal of this clause.

A cost-benefit analysis is underway in most of the countries. These are some of the observations of the ILO in this regard: Investment has been narrowly concentrated in the electronic and clothing and footwear sector. Investors usually locate only simple processing tasks, thus limiting technology and skill transfer. Most of the jobs are low wage, low-skill jobs. Very little of the foreign exchange generated stays in the country. The foreign investment is not secure and could leave easily. The investors often import all their requirements procuring little from the local market.

An ICFTU study of six Asian countries including India reveals that almost two thirds of the foreign exchange earned through the SEZs is used up by these same Zones for import of raw materials and assembly parts. In a particular year the total foreign exchange earned by Srilanka through Special Zone export was 250 million dollars, while the imports they made accounted for 174 million dollars. The ICFTU states that it is very difficult to obtain import figurines from the governments while they trumpet the export earnings.

overtime allowances. "My health is ruined working continuously to complete the stipulated number of pieces. They won't allow me to take a day's leave to go to the doctor," mourns Mini John, a contract worker in a glove-making unit.

Exploitation is not limited to the blue collar jobs; even the sophisticated Information Technology jobs here come with a millstone around the employees' necks, in the form of 'traineeships'. Employees are appointed as trainees for eleven months on meagre wages, and then

their employment is terminated. They are then reappointed again as trainees after a reasonable lapse of time and the trainee cycle continues for any period of time you are willing to let yourself be 'trained'.

The lot of permanent employees is also not much better. Although the Minimum Wages Act does apply to permanent work, only those industries that are brought under its purview by the government can be thus regulated, and so far the IT and Readymade Garment sectors have been left out. Thus the majority of workers in the Cochin Zone receive no effective protection under the Act. Many workers complain that the Provident Fund and Employees State Insurance contributions collected from them are not being remitted.

In order to 'facilitate the smooth functioning' of the zones and to stop 'outside interference' the powers of the labour department were transferred two years ago to the Development Commissioners, who are in charge of the administration of the zones. With that the last resort for redressal of grievances of workers has been taken away. The administration is vested in a Development Commissioner and a fairly large bureaucracy. The administration admits without qualms that their responsibility is only to see that the units function without any interruptions. "We cannot bother about the conditions under which the employees work nor about the contract labourers," says TV Chandran, one of the Assistant Development Commissioners of the Cochin Zone.

Not every employer in the CEZ, though, appears to be exploiting the workers; there are a few companies which pay their employees a decent salary. Tyco Electronics Tools India (the Indian subsidiary of Tyco International, a US based multinational) is reportedly one among them. But, Mr Mazood Basha, the Unit Head of the firm which manufactures precision tools and employs highly skilled workers, declined to reveal the minimum or average level of emoluments. "If I reveal the exact figures there are chances of my competitors grabbing my trained personnel," he says.

Even though, Kerala has a tradition of militant trade unionism, the unions have not been able to effectively protect the rights of workers in the zone, union leaders admit. Only about 1500 of the total workforce of 7000 are members of any trade union. There are trade unions in only 21 of the 79 units functioning in the Cochin Zone, the majority of them being led by the Centre for Indian Trade Unions (CITU). "Attempts to organize the contract workers have not born any fruit," admits Nasser, Joint Secretary of the CSEZ Workers Association (CITU) "They are afraid. They fear retribution from managements and contractors", he

adds. The women workers also allege that they were tutored on what to say to the State Women's Commission and The Labour commission when they visited the Zone. They confess that they always abide by the management's instructions, for fear of reprisals, as also from apprehension that the company itself might close down, if they revealed the truth. "The work culture of the Zones is akin to that which existed during the Industrial Revolution in Europe; mindless exploitation," comments advocate Shiny, President of the Workers Union, an independent trade union.

With the SEZ ACT 2005 getting the President's assent on June 23, and permission given to establish as many as 45 new zones in the private and joint sector, it is quite apparent that the future industrialisation of the country will be closely interlinked to and concentrated in the Special Economic Zones. A cost-benefit analysis of this approach is therefore imperative. But there is very little data available to conduct this study; neither the government nor the Zones themselves are conducting such an assessment. The Cochin Zone administration could provide only two figures: the government has spent Rs.96 crores so far on infrastructure development, and the total exports from the Zone were Rs.463 crores for the year 2004-05. The value of their imports, or the revenues lost by providing tax concessions and exemptions to units operating in the CEZ were not available with them.

However, some indicators are available from a study conducted by International Confederation of Free Trade Unions (ICFTU). The foreign exchange earned by all the 811 units in the 8 Zones put together came to only Rs 18,309 crores, (4.08 billion dollars) a mere 5% of India's exports during the fiscal 2004-05. but what of the quality of the jobs and at what enormous cost? As much as two-thirds of this is used by them for imports of raw materials and components. (See Box). Add to that the profits transferred from the country by wholly owned foreign companies, the revenue loss from tax concessions, and the hidden costs of the natural resources used up by the Zones - and the SEZs actually appear to be a net drain on the economy. That 100,650 people have gained employment may be cited as a saving grace, but this is also of a suspect nature, with workers exploited the way they are.

It's not clear, then, why the SEZs should be 'special' in any way, but that's a question no one is asking seriously. Like much else in the 'development' of the country, the theories behind the economic decisions have been embraced only to make those decisions; whether they have any merit at all is a question - and a burden - left to the workers.

SEZ Fears Go Beyond Farmers

NEW DELHI: Unlike some SEZs — including Reliance's project in Haryana and Anil Dhirubhai Ambani Group's proposal for Dadri in Uttar Pradesh — where there are concerns of farmer displacement, there is a fear that the Maha Mumbai SEZ may render a large number of non-farmers jobless since they will have to relocate and sever their links with JNPT.

The Dadri project has been approved in-principle by the government, while the BoA is yet to receive a formal proposal for Mukesh Ambani's Haryana SEZ.

Sonia Gandhi had recently asked party-ruled states to ensure that farmers were not displaced by land acquisition; now, the BoA's observations have widened the debate to include industrial units as well.

Pillai said the Centre had issued an advisory to states seeking to ensure that only barren or wasteland and, at best, single crop farm tracts were acquired for SEZ development. "Multi-crop land tracts can at best account for 10% of the multi-product SEZ area," Pillai added.

The commerce ministry, which has had to defend the policy following criticism from all quarters, has now acquired one more critic in deputy chairman of Planning Commission Montek Singh Ahluwalia. Supporting the Reserve Bank of India's move to tighten credit flow for SEZs, Ahluwalia said, "Finance for SEZs is alright but I am not in favour of concessional finance."

RBI has directed banks to treat lending to SEZs at par with real estate which will make advances to these zones more expensive.

On the possibility of misuse of tax incentives, he said, finance ministry has said it will plug all loopholes to check revenue loss.

Planning Commission had opposed the policy in its present form and wanted only four duty-free enclaves, each spread over 500 square kilometres.

Exports from Special Economic Zones are as Given Below:

Zone	2003-2004 (Rs. in crores)	2004-2005 (Rs. in crores)
Kandla SEZ	1018.82	1060.14
SEEPZ-SEZ	7832.81	8298.59
Noida SEZ	1534.17	4266.00
Madras SEZ	1037.96	1376.91
Cochin SEZ	298.91	462.99
Falta SEZ	825.34	569.15
Visakhapatnam SEZ	435.67	579.27
Surat SEZ	869.90	1539.72
Manikanchan SEZ	---	95.54
Jaipur SEZ	---	5.27
Indore SEZ	---	55.02
Total :	13853.58	18309.00

SEZ Mad Run to Destroy Farmers

By: Ashok B Sharma

The government's oft-repeated mantra for ensuring food security and well being of the farmers has turned out to be a lip service, particularly for gaining political mileage. Its real intention is clear—to benefit big corporate houses at the expense of farmers.

Recently the Centre's ambitious plan for setting up of special economic zones (SEZs) has become an object of criticism. The SEZ project, the brain child of commerce minister Kamal Nath, was passed on as an infrastructure project, capable of getting benefits of priority sector lending by banks.

The Reserve Bank of India (RBI), however, could not buy the government's logic. The RBI, of late, categorised SEZs as real estate projects, and therefore being not liable to the benefits of priority sector lending by banks.

The legislation for facilitating SEZ project was passed by Parliament a year ago, without much debate, as the government wanted to successfully project a rosy picture before the nation. The parliamentarians, most of whom come from rural areas, did not then ever think of the dangerous consequences of this project. How much of the prime agriculture land would be sacrificed for setting up of SEZs across the country was then not discussed in Parliament.

After the enactment of the legislation, the state governments went in a drive for acquiring prime agriculture lands from farmers to gift them to corporate houses at a platter. The farmers were given cheap prices for the land they sold. Since 2005, 267 SEZs have been approved by the commerce ministry across the country, out of which 41 are in Maharashtra alone. The area required for setting up SEZs vary from 1,000 hectare (ha) to 14,000 ha. So far, the land acquired for setting up of 67 multi-project SEZs total to 1.34 lakh ha.

The colossal loss of prime agricultural land is likely to adversely affect the food security of the country. The Planning Commission has already admitted that it is not possible to achieve and sustain 4% growth rate in agriculture, as no technological breakthrough in farming practices is in sight.

Therefore, taking the Plan panel's admission in right spirit, the only possible way to ensure food security

is to conserve farm lands. But is the government moving in this direction?

The state governments of UP, Haryana, Maharashtra and Andhra Pradesh are busy acquiring prime lands from farmers at cheap prices and gifting it to corporate houses for setting up of SEZs—without any concern for food security.

What benefits accrue to corporate houses? They are given tax holiday, causing a loss of over Rs 1,700 billion to the exchequer. About 35% of the land acquired will be used for real business enterprise for producing products for exports. The rest 65% of the land acquired will be for real estate activities. The SEZs are not required to get any environmental clearance. Whatever damage they cause to environment will not be accounted for.

Even if an SEZ fails to deliver and run at a loss, despite much pampering, the land will not be restored to agriculture. Once an SEZ, always an SEZ—is what the law says. The ownership of the SEZ may change, but it will remain as an SEZ. The farmer will remain to be displaced from his livelihood. Rarely, a rural folk can get employment in the SEZ as the business enterprise will be in search of skilled and highly skilled labour. Even if he gets a job, his employment cannot be guaranteed. This is the uniqueness of SEZs which enjoy a special status by law.

Faced with the barrage of criticism, the Union government has recently made some cosmetic changes in the process of approval for SEZs. But this is not enough to ensure that prime farm lands are not gifted away or farmers get a better price.

There are about 552,692.26 sq km of wasteland in the country. Has the corporate sector ever thought of developing these wastelands for setting up SEZs? No.

The Left front government of West Bengal wanted Tata Motors to use such lands in West Midnapore district, but company refused and wanted 1,253 acre of prime farm land in Singur. The concept of SEZs is likely to prove fatal to food security and livelihood of farmers.

ASEAN Makes Deals, With or Without Doha

By: Sonia Kolesnikov Jessop

August was a busy month for trade negotiations in Asia. With the corpse of the failed World Trade Organization's Doha Round still warm, many Asian governments were forging ahead with their own agenda.

True, lip-service was paid to the need for Doha's resurrection.

"Asean believes WTO members must put the process back on track before the end of 2006," said the group of 10 - Malaysia, Singapore, Thailand, the Philippines, Indonesia, Brunei, Vietnam, Myanmar, Laos and Cambodia - that make up the Association of Southeast Asian Nations.

But at the same conference, in Kuala Lumpur, the group's economic ministers agreed to create a common trading block by 2015, five years ahead of an earlier deadline, and separately signed an outline agreement with the United States, opening the door to a possible free trade pact.

Asean countries, which have a combined economy larger than India's, may still clash over the pace and scope of changes to their own trade rules, but they agree on one thing: no point in waiting for Doha to get back on track.

Bilateral or regional trade deals are the way forward for now. Singapore and China agreed in the month of August to start negotiations on a bilateral pact, and Malaysia, long-resistant to bilateral deals, on Aug. 3 announced its intention to start negotiations with the United States.

Doha deadlock notwithstanding, the total trade of Asean nations nearly tripled to \$1.2 billion in 2005 - or \$1.1 billion excluding the four members that most recently joined, Cambodia, Myanmar Laos and Vietnam - from about \$430 billion in 1993, according to data provided this month by the Asean secretary general, Ong Keng Yong.

Trade among members of the group accounted for 22.2 percent of the most recent total, while trade with Japan at 12.2 percent, the European Union at 10.5 percent, the United States at 9.3 percent, and China at 7.5 percent accounted for half of the rest.

But while Asean continues to trade heavily with its traditional partners, Japan, the United States and Europe, Ong said, trade is growing fastest with Russia, India, China and Australia.

With trade growth driven by economic expansion, more than 56 percent of Asian trade is conducted within the Asia/Pacific region - including Southeast Asia, China, Japan, South Korea, India, Australia and New Zealand - compared with just 33 percent 20 years ago.

"The reality is that Asia doesn't really need Doha in the short term, especially Southeast Asia," said Frank-Jürgen Richter, a former director for Asia at the World

Economic Forum, and now president of Horasis, a strategic advisory firm based in Geneva. "It needs to focus on the largest Asean bilateral agreements with China and India."

Richter and some other economists say that existing trade liberalization agreements, including the 1994 Uruguay Round deal reached by the WTO's precursor, the General Agreement on Tariffs and Trade, offer more than adequate opportunities for developing economies to grow.

Toh Mun Heng, an associate business professor at National University of Singapore, said, "The potential gain from trade liberalization from the various rounds has yet to be fully exploited by WTO members, especially those developing ones,"

China's powerful expansion in the past 10 years has helped to stabilize and sustain the economies of its Asian neighbors, offsetting the global economic slowdown of 2001-2002, and its surging growth since 2002 has helped to underpin the global upturn, said Thitapha Wattanapruttipaisan, head of research at the Asean secretariat's economic integration and finance bureau. Still, Wattanapruttipaisan says that it will hurt if the Doha Round cannot be revived.

"Many of the Asean economies are among the global players in agricultural and manufactured products," she said. "Doha trade liberalization would provide them with broader and deeper market access for their exports. The spillover effects would be higher growth in regional income and employment, higher levels of trade-driven foreign direct investment, from within as well as outside Asean, and a further stimulus to the ongoing economic integration process in Asean."

Singapore, said Loh Wai Keong, deputy trade secretary, "does not see bilateral and regional trade liberalization as an alternative to a multilateral process," but as a complement and supplement to the multilateral system. "They are building blocks in our efforts toward greater trade liberalization," Loh said.

Thus, Singapore's recently announced bilateral trade negotiations with China would contribute to regional economic integration, he said, "by injecting additional momentum into the establishment of the China-Asean Free Trade Area."

Not everybody sees it that way. "I think this is a very short-sighted view to think that if things are not going well with WTO, countries proceeding with bilateral deals will be better off, because they may actually be worse off," said Vinod Aggarwal, a professor at the Asia Pacific Economic Cooperation Study Center at the University of California at Berkeley. "You may get temporary gains but in the long term it's going to harm your coalition."

(Courtesy: International Herald Tribune)

Venezuela's President Hugo Chavez's Address to the United Nations on 19.09.2006

Representatives of the governments of the world, good morning to all of you. First of all, I would like to invite you, very respectfully, to those who have not read this book, to read it.

Noam Chomsky, one of the most prestigious American and world intellectuals, Noam Chomsky, and this is one of his most recent books, 'Hegemony or Survival: The Imperialist Strategy of the United States.' [Holds up book, waves it in front of General Assembly.] "It's an excellent book to help us understand what has been happening in the world throughout the 20th century, and what's happening now, and the greatest threat looming over our planet.

The hegemonic pretensions of the American empire are placing at risk the very survival of the human species. We continue to warn you about this danger and we appeal to the people of the United States and the world to halt this threat, which is like a sword hanging over our heads. I had considered reading from this book, but, for the sake of time," [flips through the pages, which are numerous] "I will just leave it as a recommendation.

It reads easily, it is a very good book, I'm sure Madame [President] you are familiar with it. It appears in English, in Russian, in Arabic, in German. I think that the first people who should read this book are our brothers and sisters in the United States, because their threat is right in their own house.

The devil is right at home. The devil, the devil himself, is right in the house.

"And the devil came here yesterday. Yesterday the devil came here. Right here." [crosses himself] "And it smells of sulfur still today.

Yesterday, ladies and gentlemen, from this rostrum, the president of the United States, the gentleman to whom I refer as the devil, came here, talking as if he owned the world. Truly. As the owner of the world.

I think we could call a psychiatrist to analyze yesterday's statement made by the president of the United States. As the spokesman of imperialism, he came to share his nostrums, to try to preserve the current pattern of domination, exploitation and pillage of the peoples of the world.

An Alfred Hitchcock movie could use it as a scenario. I would even propose a title: "The Devil's Recipe."

As Chomsky says here, clearly and in depth, the American empire is doing all it can to consolidate its system of domination. And we cannot allow them to do that. We cannot allow world dictatorship to be consolidated.

The world parent's statement -- cynical, hypocritical, full of this imperial hypocrisy from the need they have

to control everything.

They say they want to impose a democratic model. But that's their democratic model. It's the false democracy of elites, and, I would say, a very original democracy that's imposed by weapons and bombs and firing weapons.

What a strange democracy. Aristotle might not recognize it or others who are at the root of democracy.

What type of democracy do you impose with marines and bombs?

The president of the United States, yesterday, said to us, right here, in this room, and I'm quoting, "Anywhere you look, you hear extremists telling you can escape from poverty and recover your dignity through violence, terror and martyrdom."

Wherever he looks, he sees extremists. And you, my brother -- he looks at your color, and he says, oh, there's an extremist. Evo Morales, the worthy president of Bolivia, looks like an extremist to him.

The imperialists see extremists everywhere. It's not that we are extremists. It's that the world is waking up. It's waking up all over. And people are standing up.

I have the feeling, dear world dictator, that you are going to live the rest of your days as a nightmare because the rest of us are standing up, all those who are rising up against American imperialism, who are shouting for equality, for respect, for the sovereignty of nations.

Yes, you can call us extremists, but we are rising up against the empire, against the model of domination.

The president then -- and this he said himself, he said: "I have come to speak directly to the populations in the Middle East, to tell them that my country wants peace."

That's true. If we walk in the streets of the Bronx, if we walk around New York, Washington, San Diego, in any city, San Antonio, San Francisco, and we ask individuals, the citizens of the United States, what does this country want? Does it want peace? They'll say yes.

But the government doesn't want peace. The government of the United States doesn't want peace. It wants to exploit its system of exploitation, of pillage, of hegemony through war.

It wants peace. But what's happening in Iraq? What happened in Lebanon? In Palestine? What's

happening? What's happened over the last 100 years in Latin America and in the world? And now threatening Venezuela -- new threats against Venezuela, against Iran?

He spoke to the people of Lebanon. Many of you, he said, have seen how your homes and communities were caught in the crossfire. How cynical can you get? What a capacity to lie shamefacedly. The bombs in Beirut with millimetric precision?

This is crossfire? He's thinking of a western, when people would shoot from the hip and somebody would be caught in the crossfire.

This is imperialist, fascist, assassin, genocidal, the empire and Israel firing on the people of Palestine and Lebanon. That is what happened. And now we hear, "We're suffering because we see homes destroyed.'

The president of the United States came to talk to the peoples -- to the peoples of the world. He came to say -- I brought some documents with me, because this morning I was reading some statements, and I see that he talked to the people of Afghanistan, the people of Lebanon, the people of Iran. And he addressed all these peoples directly.

And you can wonder, just as the president of the United States addresses those peoples of the world, what would those peoples of the world tell him if they were given the floor? What would they have to say?

And I think I have some inkling of what the peoples of the south, the oppressed people think. They would say, "Yankee imperialist, go home." I think that is what those people would say if they were given the microphone and if they could speak with one voice to the American imperialists.

And that is why, Madam President, my colleagues, my friends, last year we came here to this same hall as we have been doing for the past eight years, and we said something that has now been confirmed -- fully, fully confirmed.

I don't think anybody in this room could defend the system. Let's accept -- let's be honest. The U.N. system, born after the Second World War, collapsed. It's worthless.

Oh, yes, it's good to bring us together once a year, see each other, make statements and prepare all kinds of long documents, and listen to good speeches, like Abel's yesterday, or President Mullah's. Yes, it's good for that.

And there are a lot of speeches, and we've heard lots from the president of Sri Lanka, for instance, and the president of Chile.

But we, the assembly, have been turned into a merely deliberative organ. We have no power, no power to

make any impact on the terrible situation in the world. And that is why Venezuela once again proposes, here, today, 20 September, that we re-establish the United Nations.

Last year, Madam, we made four modest proposals that we felt to be crucially important. We have to assume the responsibility our heads of state, our ambassadors, our representatives, and we have to discuss it.

The first is expansion, and Mullah talked about this yesterday right here. The Security Council, both as it has permanent and non-permanent categories, (inaudible) developing countries and LDCs must be given access as new permanent members. That's step one.

Second, effective methods to address and resolve world conflicts, transparent decisions.

Point three, the immediate suppression -- and that is something everyone's calling for -- of the anti-democratic mechanism known as the veto, the veto on decisions of the Security Council.

Let me give you a recent example. The immoral veto of the United States allowed the Israelis, with impunity, to destroy Lebanon. Right in front of all of us as we stood there watching, a resolution in the council was prevented.

Fourthly, we have to strengthen, as we've always said, the role and the powers of the secretary general of the United Nations.

Yesterday, the secretary general practically gave us his speech of farewell. And he recognized that over the last 10 years, things have just gotten more complicated; hunger, poverty, violence, human rights violations have just worsened. That is the tremendous consequence of the collapse of the United Nations system and American hegemonistic pretensions.

Madam, Venezuela a few years ago decided to wage this battle within the United Nations by recognizing the United Nations, as members of it that we are, and lending it our voice, our thinking.

Our voice is an independent voice to represent the dignity and the search for peace and the reformulation of the international system; to denounce persecution and aggression of hegemonistic forces on the planet. This is how Venezuela has presented itself. Bolivar's home has sought a non-permanent seat on the Security Council.

Let's see. Well, there's been an open attack by the U.S. government, an immoral attack, to try and prevent Venezuela from being freely elected to a post in the Security Council.

The imperium is afraid of truth, is afraid of independent voices. It calls us extremists, but they

are the extremists.

And I would like to thank all the countries that have kindly announced their support for Venezuela, even though the ballot is a secret one and there's no need to announce things.

But since the imperium has attacked, openly, they strengthened the convictions of many countries. And their support strengthens us.

Mercosur, as a bloc, has expressed its support, our brothers in Mercosur. Venezuela, with Brazil, Argentina, Paraguay, Uruguay, is a full member of Mercosur.

And many other Latin American countries, CARICOM, Bolivia have expressed their support for Venezuela. The Arab League, the full Arab League has voiced its support. And I am immensely grateful to the Arab world, to our Arab brothers, our Caribbean brothers, the African Union. Almost all of Africa has expressed its support for Venezuela and countries such as Russia or China and many others.

I thank you all warmly on behalf of Venezuela, on behalf of our people, and on behalf of the truth, because Venezuela, with a seat on the Security Council, will be expressing not only Venezuela's thoughts, but it will also be the voice of all the peoples of the world, and we will defend dignity and truth.

Over and above all of this, Madam President, I think there are reasons to be optimistic. A poet would have said "helplessly optimistic," because over and above the wars and the bombs and the aggressive and the preventive war and the destruction of entire peoples, one can see that a new era is dawning.

As Sylvia Rodriguez says, the era is giving birth to a heart. There are alternative ways of thinking. There are young people who think differently. And this has already been seen within the space of a mere decade. It was shown that the end of history was a totally false assumption, and the same was shown about Pax Americana and the establishment of the capitalist neo-liberal world. It has been shown, this system, to generate mere poverty. Who believes in it now?

What we now have to do is define the future of the world. Dawn is breaking out all over. You can see it in Africa and Europe and Latin America and Oceania. I want to emphasize that optimistic vision. We have to strengthen ourselves, our will to do battle, our awareness. We have to build a new and better world.

Venezuela joins that struggle, and that's why we are threatened. The U.S. has already planned, financed and set in motion a coup in Venezuela, and it continues to support coup attempts in Venezuela and elsewhere. President Michelle Bachelet reminded us just a

moment ago of the horrendous assassination of the former foreign minister, Orlando Letelier.

And I would just add one thing: Those who perpetrated this crime are free. And that other event where an American citizen also died were American themselves. They were CIA killers, terrorists.

And we must recall in this room that in just a few days there will be another anniversary. Thirty years will have passed from this other horrendous terrorist attack on the Cuban plane, where 73 innocents died, a Cubana de Aviacion airliner.

And where is the biggest terrorist of this continent who took the responsibility for blowing up the plane? He spent a few years in jail in Venezuela. Thanks to CIA and then government officials, he was allowed to escape, and he lives here in this country, protected by the government.

And he was convicted. He has confessed to his crime. But the U.S. government has double standards. It protects terrorism when it wants to.

And this is to say that Venezuela is fully committed to combating terrorism and violence. And we are one of the people who are fighting for peace.

Luis Posada Carriles is the name of that terrorist who is protected here. And other tremendously corrupt people who escaped from Venezuela are also living here under protection: a group that bombed various embassies, that assassinated people during the coup. They kidnapped me and they were going to kill me, but I think God reached down and our people came out into the streets and the army was too, and so I'm here today.

But these people who led that coup are here today in this country protected by the American government. And I accuse the American government of protecting terrorists and of having a completely cynical discourse.

We mentioned Cuba. Yes, we were just there a few days ago. We just came from there happily.

And there you see another era born. The Summit of the 15, the Summit of the Nonaligned, adopted a historic resolution. This is the outcome document. Don't worry, I'm not going to read it.

But you have a whole set of resolutions here that were adopted after open debate in a transparent manner -- more than 50 heads of state. Havana was the capital of the south for a few weeks, and we have now launched, once again, the group of the nonaligned with new momentum.

And if there is anything I could ask all of you here, my companions, my brothers and sisters, it is to please lend your good will to lend momentum to the Nonaligned Movement for the birth of the new era,

to prevent hegemony and prevent further advances of imperialism.

And as you know, Fidel Castro is the president of the nonaligned for the next three years, and we can trust him to lead the charge very efficiently.

Unfortunately they thought, "Oh, Fidel was going to die." But they're going to be disappointed because he didn't. And he's not only alive, he's back in his green fatigues, and he's now presiding the nonaligned.

So, my dear colleagues, Madam President, a new, strong movement has been born, a movement of the south. We are men and women of the south.

With this document, with these ideas, with these criticisms, I'm now closing my file. I'm taking the book with me. And, don't forget, I'm recommending it very warmly and very humbly to all of you.

We want ideas to save our planet, to save the planet

from the imperialist threat. And hopefully in this very century, in not too long a time, we will see this, we will see this new era, and for our children and our grandchildren a world of peace based on the fundamental principles of the United Nations, but a renewed United Nations.

And may be we have to change location. May be we have to put the United Nations somewhere else; maybe a city of the south. We've proposed Venezuela.

You know that my personal doctor had to stay in the plane. The chief of security had to be left in a locked plane. Neither of these gentlemen was allowed to arrive and attend the U.N. meeting. This is another abuse and another abuse of power on the part of the Devil. It smells of sulfur here, but God is with us and I embrace you all.

May God bless us all. Good day to you.

INDIA SOCIAL FORUM

9-13 November 2006; Delhi, India

World Social Forum India invites you to the India Social Forum in Delhi from 9-13, November, 2006.

This is the third event being organised by WSF India after the Asian Social Forum in Hyderabad in January 2003 and the World Social Forum in Mumbai in January 2004.

The ISF is being held at the time when both the WSF process and imperialist globalisation have gathered strength. While the WSF process in 2006 has struck new roots in Bamako (Mali), Caracas (Venezuela) and in Karachi (Pakistan), the peoples of Africa, Asia and Latin America are embattled by the forces of imperialism. The India Social Forum will further advance the movement against neo-liberal globalisation, sectarian politics, casteism, patriarchy and militarisation. It will reflect the unity and solidarity of the peoples of Asia and Africa for a world free from hunger, debt, inequality, inequity, and exclusion.

The theme for the India Social Forum is - **BUILDING ANOTHER WORLD : VISIONS FOR THE FUTURE.** It focuses on engendering dialogue, optimism and hope, by creating a space that will enable a greater mobilisation of resources for an alternative future within India, Asia, and Africa. The aim of this ISF is to showcase the richly textured vision produced by the wide spectrum of social and political movements, with special emphasis on the role of children, youth and women in taking forward the aspirations. Alternative visions and actions as a response to imperialist globalisation will be an integral part of all the spaces and events in the India Social Forum. An estimated 60,000 people are expected to participate, representing diverse movements and organisations.

Join India Social Forum to conceive and construct alternatives.

A Vision for the ISF in Delhi

The vision for ISF in Delhi incorporates the idiom of Delhi -- its language, its culture, its people. Delhi is one of the oldest having cities in this part of the world, with a history that dates to almost 1500 years. It is a city where more than two-thirds are working people, to which lakhs migrate each year in search of employment, where more than a third live in temporary shelters. It is also a city with a vibrant culture, a city where cultural activists perform in A/C Halls as well as in narrow by lanes and slums. It is a city that has a vibrant student movement, a very strong women's movement, and a working class that is today engaged in fighting for its right to remain in the city. The ISF in Delhi will reflect the aspirations of the majority of Delhi's people, an ISF that speaks in their idiom.

Another World is Possible, Let's Build it!

Chavez, Saint George and Silence

By: Mukul Dube

After he had made his recent Bush-bashing speech at the UN, Hugo Chavez got a thunderous 8-minute ovation: but, as might have been expected, the news channels blanked that. Civil, respectful and trembling corporations understandably could not countenance Chavez' associating of George W. Bush, Jr., with Lucifer. Has Bush Himself not confessed modestly to having been sent down to Earth by god himself to serve as his right and left hands and feet and, for all know, as both his forked tails too? *Lese majeste* is bad enough, but *lese divinite* is going altogether too far. George of England is a saint whose time is past: today we have Saint George of the Whole Wide World.

Some have said that Chavez was grandstanding. Others have called his performance that of a buffoon. I do not know what else they could have said, given that the man had pulled from beneath their feet the ground on which they stood and lopped off those feet to boot. If only there had been a way of locking up this Venezuelan heretic in his aircraft along with his physician and his security people, later purifying the tarmac with a mixture of Holy Water (India would happily have sent *gangajal*) and Coca Cola...

The important thing is that the leader of a nation, a person who could make himself heard at the conclave of nations, spoke up against Bush and his Empire, knowing that nothing could stop at least part of the world from hearing what he had to say. It is just as certain that he would have known also that the Empire can and possibly will strike back. Truth and courage have always gone hand in hand.

The important thing is that, of the many across the globe who think in much the same way as Chavez does, he was the first to break the ghastly silence in an effective manner.

There could have been a parallel in our own Hon. Prime Minister's presence at the meeting of non-aligned nations. The leader of a large country which has nuclear weapons and which, historically and at least nominally, was non-aligned, might legitimately have been expected to raise his voice against the global bully. Dr. Manmohan Singh did not such thing, of course, and he possible parallel fell on its face. If non-alignment has to have any meaning at all, the only meaning it can have is that the leader of India is not aligned with India. I shall not repeat what so many have said about India's alignment with the US.

Great India was silent but tiny Venezuela roared. Goliath has been confronted by his David, and Chavez' voice is certain to reverberate, to be echoed by other voices. This will not happen soon, and it will make no material difference for a long while; but in the end, hubris must meet its fate. Every important event in history has begun with voices, and only fools pay no attention to what

those voices say. The biggest have usually been the biggest fools as well.

Let us not forget Vietnam. What happened to the hundreds of billions of dollars which successive US Administrations lavished on that bloody, and bloody idiotic, spectacle? Was the war won by the most advanced weaponry on the planet? No, it was not. Bamboo won that war. Bamboo and morality in the form of the truth. Who became the laughing stock of the World?

Over the years, much noise has been made about "the death of the godless communist system" and the inherent superiority of "democratic," god-fearing, etc., capitalism. Today's capitalism is much different from that of the middle of the nineteenth century, but it has reached this stage through a logical historical process which Marx had explicated then.

However, Marx could not have visualised the world order which accompanies today's capitalism and keeps it afloat. Specifically it keeps some countries afloat; and it keeps some in all countries riding the high waves - but only some. Specially, it features a country which believes itself to be omnipotent and which, when others do not drown of their accord, pushes them in. Only its lap dogs are spared and are given juicy bones to gnaw. What this capitalism has given to the world are glaring disparities of income between and within countries, the US being no exception in either way. Here is one example of the result. In India and most other poor countries, with the State having abdicated its responsibility and drugs companies out to make a killing, like all companies, billions are without essential medical care and essential drugs (and without that most essential of all essentials, clean drinking water). Even the middle class is terrified of falling ill, so expensive are the implications.

Another example. The media - specially television, watched by all - are busily promoting all manner of luxuries. There are billions who know that they cannot afford the fine things dangled before them, and they keep their peace: but the young are so drawn to them that they are prepared to do literally anything to attain the "life style" that is idealised. Thus we have impatient young men and women throwing all civilised values to the winds and growing increasingly distant from morality, however that may be defined.

No tyranny can survive for long. The people can take a great deal of exploitation and they can bear many lashes: but the point always comes when they say, Enough Is Enough. Sooner or later, that point will come. This, as we know, is something the Marx had said.

Again, I take heart from the example of Vietnam. Again, I think of the fate of hubris.

Asia

Police attack Bangladeshi apparel workers

Police and company thugs have violently attacked a series of demonstrations by Bangladeshi apparel workers over the past week. The workers, who are amongst the lowest paid in the world, were demanding a minimum wage increase, overtime payments for working on the Durga religious holiday and to oppose ongoing labour abuses by employers.

The protests followed a National Wage Commission offer to increase the minimum monthly wage from 600 to 1,604 taka (\$US23 dollars). The minimum wage has not changed since 1994 and the unions want a rise of between 2,000 and 3,000 taka.

On September 26, several hundred workers blocked the road in front of factories in Dhaka's Shewrapara district demanding the reopening of TS Sweater and Perfect Garments that had been closed four days earlier.

At least 200 garment workers and seven journalists were injured when police attacked a demonstration in Uttara on September 29. The protest was over the forcible removal of workers from Syntax Garments by hired goons. A photojournalist and at least ten workers were critically injured. The next day police fired tear gas and rubber bullets at thousands of textile workers demonstrating in Dhaka, injuring at least 50.

On October 1, at least 100 workers were injured and five factories and 20 vehicles damaged when armed police and security guards clashed with thousands of garment workers in Uttara. The protest began when workers were locked out and two were beaten up by security guards.

On October 2, Opex Group employees and supporters demonstrated in Mirpur. Fifteen workers were injured when they were attacked by company goons. Police and Rapid Action Battalion were also deployed against the workers. On the same day, 200 Garry Stone Sweater factory employees walked out over cuts to piece rates. Another 1,000 garment workers joined the protest.

There are around 4,200 garment factories in Bangladesh employing about two million workers, 85 percent of them women. Production has boomed since the end of global textile quotas last year with Bangladeshi garment exports increasing 24 percent last financial year.

Pakistani sanitary workers fight for back wages

Saddar Town sanitary workers demonstrated at the Karachi Press Club on September 30 over the non-payment of wages for the last two months. The

protestors chanted slogans denouncing the Saddar Town administration, which they allege demanded bribes for payment of salary arrears. When workers refused to pay, management threatened to cut five to six days' wages.

The workers also allege that the administration had promised additional payment for working overtime and on scheduled days off during the monsoon season but then reneged on the pledge.

Indian power workers demand bonuses

Tamilnadu Electricity Board workers demonstrated in Tuticorin on September 27 in support of a log of claims. Their demands include a 25 percent bonus for all employees and the merger of a daily allowance with the basic pay. They are also seeking a fixed pay scale for contingency workers and permanency for all contract workers.

Philippines police attack picketers in free-trade-zone

Municipal and free-trade-zone police along with private security guards attacked strikers picketing the Korean-owned Chong Won Fashion garment factory on September 27, injuring 35 workers, two seriously. The police were escorting newly recruited replacement workers through the picket. The factory is located in the Cavite Export Processing Zone (CEPZ), about 15 kilometres south of Manila.

United Workers at Chang Won (NMCW-Ind) union members went on strike on August 30, after the company imposed an "indefinite vacation" (lock out) on a number of employees in a dispute for a new work contract. Workers have been involved in a series of lengthy disputes over the status of the union, unfair labor practices, the company's refusal to bargain and discrimination against union officers and members, including arbitrary suspensions and sacking.

South Korean government closes union offices

The South Korean government is proceeding with its forced closure of hundreds of Korean Government Employees Union (KGEU) offices, claiming that the organisation is illegal.

The KGEU, which has more than 140,000 members, was deemed illegal by the government after it refused to register as an official union. Under South Korean law government workers are banned from striking.

The government has deployed hundreds of armed riot police across the country with orders to smash up offices and arrest union officials. Union members have barricaded themselves in offices and are resisting the closures.

The most recent attack occurred in Gangwon-do

province when more than 350 armed riot police stormed an office arresting three KGEU members. On October 3 offices in Chuncheon and Samcheok were taken over by riot police armed with fire extinguishers, hammers steel pipes and a fire truck. Two union officials were arrested with one hospitalised after being struck by water cannons.

Chinese hotel workers protest for back wages

On September 28, Grand View Hotel employees in Shenzhen began a series of protests outside the hotel demanding back wages. About 345 of the five-star hotel's 397 staff are collectively owed around 2.45 million yuan (\$US306,250) in back wages from three to eleven months.

It is a common practice for employers in China to withhold a portion of workers wages to prevent them leaving for better jobs before their contract expires. Many companies, however, just refuse to pay the back wages and sack those who complain.

Indonesian insurance workers protest management corruption

On September 29, over 40 workers at the Banten branch of the state-owned workers' insurance company PT Jamsossek demonstrated at the firm's main office in Jakarta. They want management to withdraw recent unfair demotions and transfers, and dismiss the company director Iwan Pontjowinoto.

Jamsostek workers filed a motion with the government in July seeking replacement of the company's board following reports of "unwise investment and corruption in the company". Jamsostek manages more than 30 trillion (about \$US3.3 billion) of workers' money. The government dismissed the motion, fearing that if successful it would encourage employees at other state-owned companies to take similar action.

Earlier in the week, two union members were transferred to "out-of-the-way" branches and 12 senior staff members were demoted or removed from their posts for supporting the no-confidence motion.

Australia and the Pacific

Maritime workers strike over contract labour

About 50 maintenance workers, members of the Maritime Union of Australia in Hobart, Bell Bay, Burnie and Devonport in Tasmania, went on strike for one day on October 4.

The workers were protesting against the port authority TasPort using contract labour in Hobart to perform work previously done by permanent staff. Earlier this year, the Tasmanian State Labor government amalgamated the four separate port authorities into a single entity making 20 permanent workers redundant.

The current dispute is now before the Tasmanian Industrial Relations Commission.

New Zealand hospital workers picket over pay

Hospital cleaners, kitchen and food workers, orderlies, home aids and other service workers held a series of pickets around New Zealand on October 4 to support claims for a living wage and one national collective agreement. Over 90 workers participated in the capital city Wellington. The protests were organised by the Service and Food Workers Union (SFWU).

The SFWU is negotiating with 21 District Health Boards (DGBS) and contractors Spotless Services, Compass Group and OCS for one multi-employer collective agreement (MECA) to cover workers in hospitals.

The union, which currently negotiates over 40 separate collective employment agreements covering some 2,800 workers, claims a national MECA is the only way workers can get consistent pay rates across the country. It alleges that reluctance by DHBs to negotiate on the issue breaches their legal obligations.

New Zealand workers picket over youth rates

Young workers picketed New Zealand Prime Minister Helen Clark's electorate office in Auckland on September 26 demanding that the Labour Party support a Greens-sponsored bill abolishing youth rates of pay.

A spokesperson for the protestors said that the picket was in response to Labour's failure to take a stand for young workers. Labour had previously pledged to raise the minimum wage to \$12 an hour but not for 16- and 17-year-old workers.

Currently the minimum youth pay rate applies to workers aged 16 to 17 years and is set below the adult rate. The Labour government authorised a minor adjustment in wages last March taking the adult rate from \$9.50 to \$10.25 an hour and the youth rate to \$8.20 an hour. The Green Party bill removes pay discrimination on the grounds of age but does not call for an increase the basic minimum, which remains at poverty levels.

Europe

Greek school teachers continue strike

A strike by Greek primary school teachers over pay has continued into its third week. On October 2, the primary school teachers were joined by teachers at secondary schools, who began a 48-hour strike, also over pay. Schools across the country have closed as a result.

On October 2, riot police attacked a demonstration of school teachers and their supporters in Athens.

