

Nagarlok Vol. XLII No. 1 January - March 2010**Privatisation of Public Services by
Urban Local Governments in India: A
Case Study of Municipal Council
Panchkula***

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IN INDIA, the process of urbanisation has been gaining momentum. The urban population grew at the rate of 2.73 per cent per annum between 1991 and 2001 period. According to 2001 Census, urban population constituted 27.8 per cent of the total population. Though less than one third people of India reside in urban areas, but in terms of absolute number, the urban population comes around 285.4 million. The public services provided by urban local bodies (ULBs), however, could not keep pace with the growing urban population. Majority of the ULBs across the country have been facing severe financial hardships and hence fail to provide adequate and quality public services, including urban infrastructure to their citizens. Private capital has been invited by a number of ULBs for providing civic services to their citizens. The process of privatisation of public services in urban areas got a fillip after the introduction of economic liberalisation policy of 1991.

The privatisation of public services by local governments across India broadly include sanitation, sewerage, solid waste management including processing of garbage, water supply, power distribution, maintenance of street lights, cleaning of roads/streets, maintenance of parks and gardens, meter reading, data entry and processing, billing, octroi/tax collection, street repairs, hospital security, parking, bus terminus/shelters, market development, maintenance of libraries, milk market, maintenance of vehicles, upgradation of infrastructure. The State of Andhra Pradesh has initiated municipal reforms involving private sector participation in the provision of municipal services. Around 31 per cent of civic services provided by 108 ULBs in the State have been contracted-out. The services include lifting and transporting of garbage, night sanitation, desilting of drains, maintenance of street lighting, maintenance of parks and annual

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exhibition, finalisation of accounts, collection of advertisement tax etc. (Geeta and Navin, 2005). Also in case of Maharashtra, the four cities of Pune, Nagpur, Sangli and Thane have involved private sector participation in some aspects of water supply and distribution, billing and collection, water treatment, conducting repairs, upgradation of infrastructure and O&M (See Table 1).

These select examples of privatising of public services from cities of India suggest that privatisation has made inroads into the provision

TABLE 1: PRIVATISATION OF PUBLIC SERVICES IN SELECT CITIES OF INDIA

Privatisation/ Public Private Partnerships for the Provision of Civic Services	City
Sanitation and Public Health	Ahmedabad, Aalandur, Aurangabad, Bangalore, Chandigarh, Delhi, Dharwad, Faridabad, Guwahati, Jaipur, Jodhpur, Kalayan, Kochi, Ludhiana, Navi Mumbai, Surat, Tiruppur
Municipal Solid Waste Management	Agra, Ahmedabad, Asansol, Amritsar, Bangalore, Baroda, Bombay, Chennai, Coimbatore, Guwahati, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jamshedpur, Kalayan, Kochi, Kolkata, Ludhiana, Madurai, Meerut, Nagpur, Nasik, New Delhi, Patna, Pune, Rajkot, Surat, Varanasi
Maintenance of Roads and Streets	Ahmedabad, Bangalore, Faridabad, Jaipur, Jodhpur, Kochi, New Mumbai, New Delhi, Pali, Rajkot, Ranchi, S.A.S. Nagar (Mohali), Surat, Tiruppur
Water Supply	Ahmedabad, New Mumbai, Nagpur, Pune, Sangli, Surat, Thane, Tiruppur
Tax Collection	Guwahati, Navi Mumbai, Pune
Maintenance of Parks and Gardens	Amritsar, Aurangabad, Bangalore, Baroda, Bombay, Faridabad, Hubi-Dharwad, Jalandhar, Jaipur, Kalayan, Kochi, Ludhiana, Navi Mumbai, Pune, Rajkot, Ranchi
Others Bus Terminus/shelters, Power distribution, Ward Security, Hospital Security, Market Development, Maintenance of Vehicles, Land Development, Maintenance of Libraries, Milk Market, Parking, Upgradation of infrastructure and O&M etc.	Ahmedabad, Chandigarh, Chennai, Faridabad, Hubi-Dharwad, Kalayan, Kochi, Nagpur, New Delhi, Pune, Ranchi, Rajkot, Sangli, Thane

SOURCE: Luthra (2006), Geeta and Navin (2005), Pangare, Kulkarni & Pangare (2004), Bagchi (2001), Maitra (2001), Singh (2001), Mathur (1998), <http://urbanindia.nic.in>, and www.hindu.com/2006/05/20/stories/200605200640300.htm

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of municipal services. Contracting-out has emerged as a dominating mode of privatisation.

The purpose of this article is to study the privatisation programmes initiated by urban local governments with special reference to Panchkula – Municipal Council. Panchkula city is a planned city of Haryana—a north-Indian State. It is a satellite city of Chandigarh and one of the constituents of tri-city; the Punjab's city of Mohali being the other one. It also hosts the headquarters of Panchkula District. The city has a population of 1,40,992 according to the 2001 Census. Municipal Council Panchkula was set up on January 26, 2001. It is divided into 31 wards, which include 28 sectors, 13 villages and four labour colonies. A Municipal Councillor represents each ward; in addition a Member of Parliament and a Member of Legislative Assembly are also nominated to the Municipal Council.

The article is divided into five parts. Part I deals with review of literature. In Part II objectives and hypotheses of the study have been described. Research methodology of the article has been discussed in Part III. Major findings are documented in Part IV. Concluding observations and policy recommendations are reported in part V.

Review of Literature

Researchers working in the field of privatisation of municipal services can be classified into two schools of thought. One school of thought believes that privatisation results in cost and price reduction; improved quality and delivery of civic services; raising of resources for local government; reduction in the size of urban local governments; and economies of scale. Works of Poole and Fixler (1987); Goodrich (1988); Mathur (1998); Bach (2000); Geeta and Navin (2005); Angerer (2008); Arabi (2007) have documented success stories of privatisation highlighting the above-mentioned positive results of privatisation.

Another school partly acknowledges the benefits of privatisation of municipal services. But, according to this school, the benefits of privatisation are short-lived phenomena. In the long run private provision of public services leads to hike in costs and prices; poor quality of services; inefficiency; inequity; unemployment; and corruption. According to this school, factors, such as, lack of competition including presence of cartels; faulty contract design; ambiguity about the control and performance of the contractors; and nexus between local officials and contractors results in unsatisfactory outcomes of privatisation. The works of Goodman and Loveman (1991); Baar (2001); International Labour Organisation (2001); Sansom,

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Franceys, Njiru, and Morales-Reyes (2003); Warner and Hefetz (2004); Bayliss and Kessler (2006); *American Federation of State, County and Municipal Employees* (2006 a. and 2006 b.); Bloomfield (2006); Public Services International (2006); Bayliss and McKinley (2007); and Bel and Warner (2008) are worth mentioning in regard to the second school of thought.

II

OBJECTIVES & HYPOTHESES

Objectives of the Study

It can be inferred from the review of literature that privatisation of public services by local government, *per se* does not lead to improved results. The worsening of provision and quality of services and revenue losses are also documented in a large number of cases, which either have lack of competition or have nexuses between officials (both elected and appointed) and contractors. In this backdrop, the objectives of the present study are to:

1. map services privatised in the Panchkula city;
2. examine results of privatisation in terms of:
 - (i) increase in cost savings;
 - (ii) promptness in delivery and improvement in quality of services;
 - (iii) improvement in the level of users' satisfaction;
 - (iv) increase in accessibility of services to socially and economically disadvantaged groups; and
 - (v) promotion of decent work.¹

Hypotheses

1. Privatisation programme of urban local government has mainly been motivated by cost savings;
2. Privatisation programme has not resulted in promptness in delivery and improvement in quality of services;
3. The level of satisfaction of the user of public services varies with his/her geographical location, i.e. urban area, rural area and slum/ labour colony;
4. Privatisation has not resulted in increase in the accessibility of services to socially and economically disadvantaged groups; and
5. Privatisation has resulted in deterioration in the quality of decent work.

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III

RESEARCH METHODOLOGY

The study has used both primary and secondary data. Primary data have been collected from the Panchkula city. The methods of primary data collection include questionnaire, interview and observation. The respondents for primary data were officials of Municipal Council Panchkula, contractors and citizens. Primary data have been collected from 125 citizens residing in the Municipal Council Panchkula area. In the sample 45 citizens were from the urban areas, 40 from villages (which fall in the jurisdiction of the Council) and 40 from slums/labour colonies. Secondary data have been collected from the documents of the municipality. Data have been analysed by using simple statistical techniques, like, percentages and χ^2 (chi-square).

IV

MAJOR FINDINGS

Mapping Privatisation Services

Municipal Council Panchkula (MCP) came into existence on January 26, 2001. MCP was established as a consequence of the 74th Constitutional Amendment, which made it mandatory for all the urban areas in India to have municipalities. MCP endeavours to provide its citizens with civic services of high quality². MCP provides public services like, sanitation (cleaning roads, removal of garbage, dead animals, stray dogs/cattle, etc.); roads/drain/building maintenance (temporary filling of pot holes/road cuts, patch repair, removal of rubbish *malba*, removal of encroachment, drain repairs, construction of new roads/drains, etc.); street light (new arrangement, repair, etc.); licenses (supply of application forms, receipt of license fees, grant of license, etc.); No Objection Certificate for water supply/sewerage connection, electricity, registration of sale deeds; fire services (fire calls, fire reports, etc.); municipal taxes (enquiry, correction of bills, deposit of taxes, transfer/addition of property for tax on land and buildings, etc.); parks (development of new parks, grass cutting, pruning of hedges, watering/cleaning, etc.); rented municipal property (application for reservation of grounds/parks for functions, etc.); building permission (submission of building plan, issue of completion certificate, action on complaints regarding unauthorised construction/encroachment); and miscellaneous (disposal of every type of complaints, domicile/resident/caste

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verification certificate, etc.). Earlier these services were provided by Haryana Urban Development Authority (HUDA).

Municipal Council Panchkula has privatised public services, like, sanitation; maintenance of parks; maintenance of streetlights; fire services (partly); some aspects of billing; and catching/removal of stray cattle (of and on). Service in pipeline for privatisation in bus queue shelters numbering around is 50.

The underlying factors which motivated privatisation of public services in MCP include, saving of financial resources, inadequate staff, lack of infrastructure, promptness in service delivery and improvement in their quality and predominance of privatisation paradigm across the globe.

Though, State Government of Haryana shifted some of the functions of HUDA to MCP but did not provide the adequate staff and infrastructure and whatever infrastructure was provided was almost obsolete. For example as per the agreement, HUDA was supposed to transfer 126 employees to MCP, but HUDA did not implement the programme in letter and spirit. Executive Officer reminded the State government of Haryana/HUDA through Deputy Commissioner of Panchkula district on October 11, 2005 to provide 126 employees to MCP as per the agreement. However, no action has been taken on the communication. According to officials of MCP, around 1000 employees are required by MCP to provide uninterrupted supply of quality public services to the citizens of Panchkula. Similarly, the MCP has been pressing upon the provision of infrastructure (for example HUDA was supposed to provide two Road Rollers, two Tractor Trolleys and 75 per cent of the Extension Fee), but no progress has been made on this account also. These compelling factors motivated MCP to adopt privatisation route in some of the public services. Worldwide policy regime favourable towards privatisation also helped the MCP to adopt privatisation aiming to supply promptly the good quality services.

Increase in Cost Savings

Municipal Council Panchkula has introduced privatisation to save money on account of provision of public services. Table 2 shows that MCP has succeeded in saving resources to the tune of Rs 83,04,000 per annum due to privatisation. Out of which in case of sanitation cost saving was to the tune of Rs. 65, 04, 000 per annum. There are 7,950 streetlight points besides the 1,779 sodium light points under MCP. As stated earlier their maintenance has been contracted-out. In the case of streetlight maintenance because of contracting-out, there

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TABLE 2

Sl. No.	Name of the Service	Cost Savings* (Rs. per annum)	Transactional Costs** (Rs. per annum) (Rs. per annum)	Net Cost Savings
1.	Sanitation	65,04,000	27,30,000	37,74,000
2.	Street Light Maintenance	18,00,000	3,15,000	14,85,000
Total		83,04,000	30,45,000	52,59,000

*These cost savings have been calculated by computing the approximate savings of select contracted-out services on the basis of figures provided by the Office of the Secretary, Municipal Council Panchkula.

**Calculated at the rate of 17.5 per cent of the total cost on the basis of discussion with MCP officials.

is a cost saving to the tune of Rs. 18,00,000 per annum.

The municipality had simply worked out savings by comparing the amount to be spent in case services were to be provided by it directly and the money the municipality is paying to the contractors in lieu of services. It is relevant to mention here that the contracting process itself is a costly affair. It involves huge costs since inception. Initially meetings are organised to accept contracting-out as an alternative to the provision of public services by the municipality itself followed by the commissioning of feasibility studies, and consideration of the findings of the studies by high-powered committee. In case contracting-out is accepted as a viable alternative to existing arrangements of supply of services, consultants are appointed to prepare the tender document followed by an advertisement for inviting pre-qualification/expressions of interests for the tender. Detailed proposals/contracts including technical and financial dimensions are invited from the short-listed bidders. The consultants prepare technical evaluation report, which is considered by the high-powered committee. The high-powered committee finally awards the contract. Once the contract becomes operational, it is followed by regular monitoring and performance evaluation against the set targets. Costs incurred on each of the above-mentioned process of contracting termed as transactional costs or attendant costs of privatisation, which are normally not considered by the local authorities while calculating the cost savings. The MCP has not taken into account these attendant costs and thus the estimates of cost

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savings by the municipality need to be adjusted to the tune of transactional costs. Such costs also include conversion costs, charges for "extra" work, and the contractor's use of public equipment and facilities. This should be borne by the contractors but at present is met by the Council and hence indirectly the Council is giving subsidy to the contractor. Discussion with officials of MCP reveal that attendant costs of privatisation fall between 15 to 20 per cent of the amount given to the contractors, which works out to be Rs. 27,30,000 and Rs. 3,15,000 per annum in case of sanitation and maintenance of streetlights respectively. Thus MCP has been giving hidden subsidy to the contractors to the tune of Rs. 30,45,000 per annum with regard to provision of sanitation and maintenance of streetlights (See Table 2).

A perusal of the cost saving devices reveals that saving of labour costs in the form of wages and lesser jobs is the major source of savings followed by inadequate investment in infrastructure upgradation and no investment in enhancing the capacity-building of the employees. The contractor pays fixed wages to contractual labour equivalent to the wages fixed by the State Government under the Minimum Wages Act, 1948. The contractor is paying wage per worker at the rate of Rs. 2554 per month. In case the MCP has to employ the same labour, it has to pay wages in a running scale. Wages in this case would almost be double that of the contractor's payment of wages. Not only this, the municipality has to pay dearness allowance to neutralise the impact of inflation, city compensatory allowance, house rent/provision of government accommodation, pension/provident fund, medical allowance and many more allowances.

In contrast the contractors have been paying bare minimum wages. The contractors' workers in reality have no access to social security. As per the contract, the contractors have to pay provident fund equivalent to Rs. 306.48 per worker per month as contractor's share (12%) and deduct the same amount from the wages and deposit the total amount of Rs. 612.96 per month with the Provident Fund Authority set up under the Employee's Provident Funds Act, 1952 and also deduct about Rs. 135 of medical insurance under the Employee's State Insurance (E.S.I.) Act 1948 for providing medical benefits. Thus, after deduction a worker gets a cheque of Rs. 2113 per month.

The workers, however are not aware about their entitlements

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to these social security facilities. In a couple of cases the contractor deducted provident fund but did not deposit the same as well as his share with the Provident Fund Authority under General Provident Fund Account and left the contract in between, thus causing huge losses to the labourers. For instance one of the sanitation contractor deposited the Employee's Provident Fund for only 20 employees of the 84 and more recently one of the sanitation contractor did not pay even a single penny to any of his employees against the amount of Rs. 7355.52 per annum in the Provident Fund Account of each employee.

Lack of additional investment in the upgradation of existing infrastructure and creation of new infrastructure is another source of cost savings. For example, the MCP in 2003 had two Refuse Collectors, two Dumper Placers and two Tractors for transporting waste to its location of disposal. The size of population of Panchkula at that time was around 1,40,992 (2001 Census). Now though the estimates put the population above the 2,00,000 mark, but MCP has not purchased new vehicles. Though, recently a hedge-trimming machine has been provided to the contractor and there is a plan to purchase one more refuse collector. Similarly for catching stray cattle the MCP had one vehicle in 2003 and it still has only one vehicle. Also for street light maintenance, the Council had one self-supporting ladder in 2003 and till now no new addition to the infrastructure has been made. In case of Fire Brigade also, one fire-extinguishing engine was there in 2001. Later only one vehicle and two chassis have been added. With the increase in high-rise buildings, a Hydraulic Platform Vehicle is needed, but it is not on the immediate agenda of the Council. Needless to mention, the Fire Call Register of the Fire Station, Panchkula reveals that fire incidents are on the rise and in the period between 1st January 2006 to 14th July 2007 there have been 151 fire incidents in Panchkula city. Thus, MCP has not added much to the existing infrastructure in spite of the city witnessing phenomenal growth in its population.

For prompt delivery of services and improvement in their quality, it is essential to enhance the capacity building of employees/workers particularly working at the cutting-edge through the mechanism of training. Neither the municipality nor the contractors have undertaken any training programmes for employees/workers for improving their skills. Moreover, governments across the globe have been taking initiatives to make administration responsive and citizen-friendly through the various administrative devices including Citizen

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Charters. Though MCP has announced its Citizen Charter, but has made no attempt to negotiate it with the contractors to ensure the fulfillment of parameters of services provided in it. Though both on account of job related training programmes and training programmes relating to Citizen's Charter, the municipality is saving money but the citizens have been paying the cost in disguised form for not getting the benefits of governance reforms.

Promptness in Delivery and Improvement in Quality of Services

The proponents of the privatization argue that privatisation quickens the delivery of services and also improves quality of services. Results of the present study are at variance with this hypothesis. Privatisation has failed to quicken the delivery of services and also improvement in quality of services. Majority of the citizens opined that contracting of services have not resulted in better delivery of services and also improvement in their quality. For example 65.6 per cent of the respondents opine that the quality of sanitation services provided by the contractor is not satisfactory. The level of dissatisfaction varies with the localities. For example, in case of urban areas 37.77 per cent of the respondents expressed their dissatisfaction with the quality of sanitation services, whereas, in case of rural areas, 67.5 per cent expressed their dissatisfaction. The level of dissatisfaction was maximum in case of slum dwellers, as 95 percentage of the respondents were dissatisfied with the quality of sanitation services (See Table 3).

The χ^2 (chi-square) test result also suggests significant association between level of user satisfaction with sanitation services and his/her geographical location i.e., urban area, rural area and slum/labour colony. For example, the value of χ^2 (chi-square) works out to be 30.82, which is significant at one per cent level (degree of freedom being 2). Thus, the chi-square result invalidates the hypothesis stating that there is no association between the level of user satisfaction with sanitation services and his/her geographical location (i.e., urban area, rural area, and slum/labour colony).

In case of maintenance of streetlights, 66.4 per cent of the respondents opined that the maintenance of streetlights provided by the contractor is not satisfactory. The level of dissatisfaction in this case also varies with the localities. For example, in case of urban areas 37.77 per cent of the respondents expressed their dissatisfaction with the quality of maintenance of streetlights. The level of

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dissatisfaction witnessed steep hike in case of rural citizens (70 per cent of the rural respondents expressed their dissatisfaction). In case of slum dwellers the level of dissatisfaction regarding quality of maintenance of streetlights reached the peak as 95 per cent of the slum dwellers were dissatisfied by the service provided by the contractor (See Table 3).

The χ^2 (chi-square) test result also suggests significant association between level of user satisfaction with maintenance of streetlight services and his/her geographical location i.e., urban area, rural area and slum/labour colony. For example, the value of χ^2 (chi-square) works out to be 31.42, which is significant at one per cent level (degree of freedom being 2). Thus, the chi-square result invalidates the hypothesis stating that there is no association between the level of user satisfaction with maintenance of streetlights and his/her geographical location (i.e., urban area, rural area, and slum/labour colony).

In case of catching/removal of stray animals by the contractor, 76.8 per cent of the respondents expressed their dissatisfaction. The level of dissatisfaction in the case of catching of stray animals also varies across the localities. For example, in case of urban areas 62.22 per cent of the respondents expressed their dissatisfaction with the quality of catching of stray animals, whereas, in case of rural areas, 87.5 per cent expressed their dissatisfaction. The level of dissatisfaction was also very high in case of slum dwellers as 82.5 per cent of the respondents were dissatisfied with the quality of catching of stray animals services (See Table 3). The inspection undertaken by the District Development and Panchayati Officer (DDPO), Panchkula also confirmed that stray animals abound localities of Panchkula (DDPO, 2007).

The χ^2 (chi-square) test result suggests significant association between level of user satisfaction of citizen regarding catching of stray animals by the contractor and his/her geographical location i.e., urban area, rural area and slum/labour colony. For example, the value of χ^2 (chi-square) works out to be 7.45, which is significant at five per cent level (degree of freedom being 2). Thus, the chi-square result invalidates the hypothesis stating that there is no association between the level of satisfaction of the citizen regarding the removal of stray animals by the contractor and his/her geographical location (i.e., urban areas, rural areas, and slums/labour colonies).

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TABLE 3: QUALITY OF CONTRACTED-OUT SERVICES AND LEVEL OF SATISFACTION

(Figures are in percentages)

Contracted-	Level of Satisfaction						Out Service	
	Urban		Rural		Labour Colonies/ Slum Areas		Total	
	Satisfied	Dis-satisfied	Satisfied	Dis-satisfied	Satisfied	Dis-satisfied	Satisfied	Dis-satisfied
Sanitation	62.22	37.77	32.50	67.50	5	95	34.4	65.6
Maintenance of Streetlight	62.22	37.77	30	70	5	95	33.6	66.4
Stray Animals	37.77	62.22	12.5	87.5	17.5	82.5	23.2	76.8

SOURCE: Field Study – Based on Questionnaire Administered

Lack of tangible progress on the speed of delivery of services and improvement in their quality is mainly attributed to the lack of explicit mentioning of measurable parameters of services in the contract. Thus, it is not only contractors who are to be held accountable for the deterioration in the quality of public services, equally responsible are the officials of MCP, who have failed to mention measurable aspects of public services in the contract. Thus it is faulty designing of the contract, and the nexus between contractors and the officials, which has resulted in either no improvement or deterioration in the quality of services. The residents of rural areas and labour colonies/slums have suffered more due to deterioration of quality of services provided by the contractors.

Improvement in Access to Public Services

The mandate of local government of Panchkula city is to provide access to all so far as public services are concerned. Privatisation mode of provision of public services has not helped the local government to achieve this objective. The survey results of Panchkula city clearly reveal that contracted-out services are more accessible to urban population followed by rural population. In the slum areas inhabited by socially and economically disadvantaged groups either contracted-out services are not provided or are provided only in the skeleton form. For example 95 per cent of the respondents in labour colonies expressed their dissatisfaction with the sanitation services and majority, i.e., 60 per cent of the respondents have stated that the

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contractors men do not reach their localities and if they do, don't enter inside and confine their work to the outer margins of their colonies. Accumulated widespread garbage heaps validate their statements. These findings have contradicted the official claim that "the cleanliness in Village Abheypur, Indira Colony and Rajiv Colony was found satisfactory" (DDPO, 2007).

In addition to lack of access to sanitation facilities, the residents of labour colonies/slums have also been deprived of the benefit of maintenance of streetlights as around 85 per cent of the respondents have opined that the streetlights are not functional for the last three months. Inspection undertaken by DDPO in other parts of Panchkula also found that around 42 streetlights were not in working position, some for even more than two months (DDPO, 2007). A recent news report also mentions that the Municipal Council Panchkula and the district administration have been getting a number of complaints against the poor functioning of streetlights in several parts of the city. According to the news report a recent inspection conducted on behalf of administration had revealed that most of the 7,950 streetlight points, besides the 1,779 sodium lights, in the city were non-functional (Moudgil, 2007). Moreover the residents of labour colonies/slums and some of the villages have no access to parks, reason being that the Municipal Council Panchkula has not developed parks in their localities. The residents of rural areas, which have parks, stated that they are not enjoying the benefits of parks as the residents have been treating these as dumping grounds for garbage.

Promotion of Decent Work

Employees being human resources are backbone of an organisation. Employee-friendly organisation makes a sincere endeavour to promote decent work by increasing employment for both the sexes, income generation and social protection without compromising worker's rights and social standards (ILO, 2001). It is lamentable to find out that during post-privatisation phase MCP has failed to achieve the objective of decent work. *First* employment opportunities have not expanded during the post-privatisation phase. The jobs have rather declined. For example MCP estimated total number of employees to be around 1000 for supplying the civic services directly. The contractors however have employed only 317 employees. Whatever employment opportunities exist they have a clear-cut male bias. For example in the contracted services, particularly in the case of sanitation in Panchkula city in one of the zones out of 142 workers only 24 are women that constitute 16.90 per cent of the total workforce.

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Second income of workers has either stagnated or declined due to illegal deductions by the contractors. *Third*, workers' rights and social protection are non-existent in case of the workers employed by the contractors.

In this way privatisation of public services have replaced decent work by work characterised by low wages, absence of job related benefits, loss of jobs, no training, male dominance and lack of social protection.

V

CONCLUDING OBSERVATIONS AND POLICY RECOMMENDATIONS

Urban local bodies in India have been finding it difficult to provide quality public services to their citizens in the light of resource constraints and rapidly growing urban population. A number of ULBs have invited private capital to civic services delivery. Privatisation of local services has raised a host of issues, which need attention of policy-makers. *First*, though privatisation of local public services does help in cost savings, but has serious repercussions particularly from the perspective of workers and infrastructure. Most of cost savings have accrued to the urban local governments on account of low wages and no job related benefits paid by the contractors to their labour force. Further, the contractors employ bare minimum number of workers (far less than the required number) and hence, though the urban local authorities succeed in getting the work done by the contractors at lowest costs but the citizens suffer both on account of inadequate supply of public services and their quality.

The disadvantaged groups, like, poor, Scheduled Castes/ Scheduled Tribes, Backward Classes, those working mainly in unorganised sector mainly residing in slums and labour colonies suffer more due to privatisation as municipal services either do not reach their doorsteps or reach in skeleton form.

With a view to make services of contractors' citizen friendly, it is recommended that the relevant service parameters of the MCP's Citizen's Charter be incorporated in the contracts. Further, the citizens preferably civil society organisations like, residents' welfare associations (RWAs) should be actively involved in designing the contract, selection of the contractors, monitoring, implementation and performance evaluation of the contracts. Thus, the partnership

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between officials (both elected and appointed) of the municipalities, citizens preferably their formal welfare associations should emerge as an active force to make the contractors to dance to the tune of the citizens, while delivering contracted out services.

Lack of provision of new infrastructure and improper maintenance of the existing infrastructure are the major casualties of privatisation. Neither the MCP nor the contractors invest in new infrastructure and properly maintain it and consequently the citizens suffer on account of both provision and quality of services. It is thus recommended that in the contract adding of new infrastructure should be the responsibility of urban local authority and the rent/cost of the same should be borne by the contractors.

For improving the delivery and quality of services, it is essential to enhance the capacity building of contractors' employees through the mechanism of training programmes on regular basis. The profit-minded contractors will either not undertake the training programmes or will pay only lip services to the training programmes. Keeping this in view it is suggested that the municipalities while designing the contracts should insert employees' capacity building programmes in the contracts and also make them an integral part of the contracts that said capacity building training programmes will be undertaken by the urban local bodies at contractor's cost.

The study results reveal that urban local governments normally go to passive mode once the municipal services are contracted-out. The indifferent/silent behaviour of the government officials proves to be a boon for the contractors not to adhere to the clauses of the contract. In this backdrop it becomes inevitable for urban local governments to be very vigilant to protect the interests of their citizens on account of provision, quality and pricing of municipal services. The worldwide experience of privatisation suggests that its success, in addition to other factors, also depends upon the quality of regulation exercised by the governments. It is, therefore recommended that the Indian cities, which have privatised local public services, must set up local regulatory commissions/authorities to protect the interest of their citizens as well as interests of contractors' workforce.

Most of the ULBs have been facing financial hardships and hence supporting privatisation programmes. The empirical evidence, however, suggests that privatisation is not a panacea for all the ills of urban local authorities in regard to public services. Thus, it is recommended that the State Governments should provide adequate

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funds to local authorities, may be through the mechanism of State Finance Commissions for providing public services of good quality to citizens either of their own or with the minimum participation of private sector.

A Select Reading

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