

A CALL TO CITIZENS

November 29, 2002

Dear Friend

You might be aware that the BMP is entering into a Rs 1,000 crore loan with HUDCO. The first tranche of Rs 250 crore will be taken soon. The Public Records of Operation and Finance (PROOF) Campaign, built on the premise of financial accountability and transparency in government, is concerned about the process that has been pursued towards securing the loan and urges the need for a public discussion. This assumes critical significance especially in the light of the following questions :

1. While funds for additional infrastructure are welcome since Bangalore desperately needs this, how were these specific projects identified ? What was the level of citizen participation in identifying and prioritising these items? Are the projects that have been identified well distributed in the different parts of the city, and also across different sections of society?
2. Given that the BMP has had some delays in paying back its existing loans (based on official financial statements of BMP for this year), how will it manage this additional burden ? Will additional taxes be imposed on citizenry or will existing taxes be raised ?
3. The interest rate on this borrowing is 11%. Against the backdrop of declining rates over the past several months, can other financing options at a more attractive rate be considered? Were options like tax-free bonds or special funds explored?
4. As this is 15-year debt, the youth of today will be the future repayers of this debt until 2017 . It would be good to get the participation of the youth as well, so that they fully understand the process of decision-making in public institutions.
5. Can the BMP manage large projects well, without time or cost over-runs ? The previous experience of the Municipal Bonds scheme where we borrowed Rs 125 crore provides an apt example. The lessons would caution against a scenario where we might need to borrow additional funds just to complete the projects that we borrowed the first Rs 250 crore for.
6. How does this specific transaction fit into a larger plan for the city. As has already been announced, this is only a part of an overall Rs 1,000 crore MoU with HUDCO. What is this larger plan for the next 5-10 years for the city? It would be a good idea for as many citizens of Bangalore to know this plan, and take a stake in making this happen.

These questions highlight the need for a free and frank discussion in the public domain. Not only will such a discussion be fruitful for this transaction, it will also generate greater ownership for the projects and the city as a whole among the public.

We believe that the crux of good governance lies ultimately in citizens' participation, preferably BEFORE decisions rather than AFTER. Contrary to what many feel, it is not too late . **There is still plenty of time for such a discussion . The transaction has just been announced and there is still plenty of time to have a discussion BEFORE any funds are drawn.**

If you feel that a public discussion is required, or have any other thoughts on the subject, and would like to do something about it, here are the SPECIFIC THINGS that you can do:

1. Endorse the Sign In Statement with your signature and return it to us. PROOF will forward it to the BMP.
“As a citizen of Bangalore , I would like to know more about the process and the implications of the recent BMP-HUDCO loan – the first tranche of which is reportedly Rs 250 crore . I urge the BMP to participate in a public dialogue at the earliest opportunity.”
2. Write to or E- Mail the BMP Commissioner , Mr Srinvasa Murthy with your comments. (please mark a copy to proof@vsnl.net , 198 nandidurg road, b'lore 46)
BMP commissioner's address:

BMP Commissioner's Email id:

3. Tell others about it, and inform them about the actions that they could take.

Thank you for your support .

Ramesh Ramanathan

Janaagraha

Suresh Balakrishna

Public Affairs Centre

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Centre for Budget and Policy Studies

Ashish Sen

VOICES