

Experts claim World Bank dictates policies

By SONAL KELLOGG

New Delhi, Sept. 21: The World Bank has a history of giving loans to India for development projects, but these come frequently with conditions that limit the Indian government to set their own policies, allege social analysts and economists.

Social activists have accused the World Bank has dictated policies like privatisation, full cost recovery for public sector like health, education, water supply and power and has made governments levy user fees for essential services.

In their presentations on Friday, the first day at People's Tribunal on World Bank, several speakers showed how the World Bank has entered into loan agreements, with state governments asking them to slowly scale up the charges levied to the people so that full cost could be recovered in crucial public sectors like health, education, water supply and power supply.

Revealing several contracts entered by the World Bank and various state governments to prove their point, the speakers showed how the governments were being compromised by these loans.

The Haryana Water Resources Consolidation Project agreed in 1994 to World Bank conditions that it will recover full cost from the beneficiaries (read the citizens of the state) of operation and maintenance costs under the project, beginning at 30 per cent by April 1, 1996, to 60 per cent by April 1, 1997 to 100 per cent by April 1, 1999.

Similarly, in the Orissa Power Reconstruction Project entered into in 1996, the World Bank mandated privatisation on its terms. The loan agreement specified "offers a part of its equity in GRIDCO and OHPC (both public-owned Orissa power distribution companies) for sale to the public under terms and conditions satisfactory to the bank and with the objective of divesting such equity in accordance and timetable satisfactory to the bank.

The World Bank undertook a loan programme to deregulate the coal sector in 1997. The loan agreement stated: "The reforms involved amendment of the Coal Mines Nationalisation Act of 1973 by Parliament primarily to attract private sector investment."

Though not all the reforms were possible due to social resistance, the World Bank did find success of the programme in the reduction of employment in the coal sector. Coal India successfully reduced employment by 87,000 workers, which is 14 per cent of the total work force.

In the Orissa Health System Development Project loan by World Bank in 1998, the government was told to make changes to its health system to follow a policy of "user pays" and more importantly, to increase its charges. Social activists point out that such measures invariably affect the poorest members of the society and are in direct contrast with the World Bank's stated aim to alleviate poverty. Such policies of the World Bank where states have entered into loan agreements with the World Bank have forced governments to take up policies which are distinctly against the poorest of the poor in the country, said civil rights advocate Colin Gonsalves.

He said it is important that such policies of the World Bank are exposed and that the people know how the governments are almost being dictated by those who advance huge loans to the state governments.