

TRIBUNAL FINDS UNDUE INFLUENCE OF BANK ON INDIA'S NATIONAL POLICIES

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World Bank officials shy away from participation

'TRIBUNAL FINDS UNDUE INFLUENCE OF BANK ON INDIA'S NATIONAL POLICIES'

New Delhi: The four day Independent Peoples Tribunal (IPT) on the World Bank in India concluded here today hearing numerous depositions indicting the Bank's policy and project interventions in India.

While the World Bank India office did engage with the IPT and claimed they would make a deposition to respond to some of the evidence against the

Bank, they failed to show up despite provision of adequate space and time by the organisers.

In its preliminary findings, the IPT observed the Bank had an undue and disturbingly negative influence in shaping India's national policies disproportionate to its contribution, financial or otherwise.

While India is the world's largest single cumulative recipient of World Bank assistance, with lending totaling about \$60 billion (Rs. 2,40,000 crores) since 1944, current annual borrowing amounts to less than 1% of the country's GDP (In 2005, India's annual borrowing from the World Bank for new projects was 0.45% of GDP)

The loans however has been used as leverage to bring about important policy changes and impose conditionalities in areas such as governance reform, health, education, electricity, water and environment- many of these with obvious political and social consequences. The loans also legitimize substantial additional funding from a diversity of bilateral and multilateral donors such as the Asian Development Bank and Department for International Development (DFID-UK). The Bank's loans have caused

extensive social and environmental harm from mass displacement in the Narmada valley to loss of livelihoods of traditional fishworkers in places such as Barwani.

It was noted that such overbearing influence on India's policy making was in violation of the World Bank's own Rules of Association, which mandate it to be an apolitical institution that should not interfere in political processes of any member country. Further, the IPT depositions stated that the presence of former Bank officials in senior government positions was unacceptable and involved conflicts of interest.

UNDERMINING DEMOCRACY:

Vice Chairman of the Kerala State Planning Board Professor Prabhat Patnaik in his deposition cited the example of the Jawaharlal Nehru National Urban Renewal Mission (NURM), which was a World Bank designed project. In the Kerala NURM project, the state government he said was being forced to accept a conditionality to reduce stamp duties to 5% from the earlier 15-17%. To avail a loan of about 1000 crores, Kerala would lose upto Rs.7000 crores

of government revenue.

Vinay Baidur of the Bangalore based Collaborative for the Advancement of Studies in Urbanism (CASUMM) showed evidence of how the Karnataka Economic Restructuring Loan (KERL) resulted in the conversion of a state government and its economy into a corporatised entity meant to generate funds for "private sector and enterprise development". 'The \$ 250 million loan resulted in far reaching changes; the closure/privatisation of the public sector, a little short of two lakh permanent employees were forced to take Voluntary Retirement Scheme (VRS) payments. Further, the restructuring process led to a steep rise in farmer suicides; many of those who committed suicide did so because they were unable to pay the arrears in power costs that were suddenly slapped on them on account

of power tariff hikes. "The withdrawal of subsidies for agriculture led to a sharp rise in the costs of cultivation", argued Baidur in his deposition. Jury member and scientist Meher Engineer said that he found the depositions on how the Bank forced inappropriate technology on India such as incinerators especially damning. 'Given the well researched evidence that I have heard it is hard to imagine any role for the World Bank in the environment sector, he said. 'The Bank is pro-rich, pro urban and anti environment', he concluded.

The IPT was organized by an inclusive platform consisting of over 60 national and local groups such as the National Alliance of Peoples Movements (NAPM), Indian Social Action Forum (INSAF) and Human Rights Law Network (HRLN) in collaboration with the JNU Students Union and Teachers Association. Activists, academicians, policy analysts and

project affected communities presented evidence against the World Bank in over 26 sectors from 21-24 September. Jury members included historian Romila Thapar, Writer Arundhati Roy, Activist Aruna Roy, Former Supreme Court Justice P B Sawant, Former Finance Secretary S P Shukla, Former Water Secretary Ramaswamy

Iyer, Scientist Meher Engineer, Economist Amit Bhaduri, Thai spiritual leader Sulak Sivaraksa and Mexican economist Alejandro Nadal amongst others.

WORLD BANK AND GOVERNMENT OF INDIA MISSING IN ACTION:

But in response to the depositions the Bank posted a Q&A document on its India home page. In the document, the Bank makes the outrageous claim that, 'The World Bank definitely has not recommended the privatization of water supply services in India'. The IPT is expected to issue a detailed rejoinder to the Bank.

In yet another sign of convergence with the Bank, the Government of India also failed to send even a single representative to the event. This is despite emails and faxes being sent 2 weeks in advance to several Government officials at all ministries that borrow money from the World Bank.

PUSHING FOR ELECTRICITY PRIVATISATION:

In the 1990s, 20-30% of World Bank loans in India went to the energy sector. Orissa had the dubious distinction of being the first state to receive World Bank loans for restructuring the sector. Sreekumar N, from the Pune based Prayas Energy Group argued that based on World Bank advice, Orissa spent upto Rs.306 crores for foreign consultants, ignoring local expertise. The consultants recommended the privatisation of distribution and the American firm AES that took over distribution in the central zone behaved in a high handed manner and ultimately exited the state in 2001.

BANKS TOXIC COLONIALISM:

Nityanand Jayaraman of the Chennai based Corporate Accountability Desk in his desposition before the jury said, 'The Bank is perpetrating toxic colonialism by funding discredited and polluting technology interventions'. As evidence he presented cases where the Bank has promoted the setting up of more than 88 Common Effluent Treatment Plants, more than 90 percent of which were shown to have failed to meet environmental norms by the Central Pollution Control Board.

JUST THE BEGINNING:

Wilfred D' Costa, General Secretary of the Indian Social Action Forum (INSAF) one of the convening groups of the IPT said, 'The tribunal has been useful since it has seen a convergence of social movements, unions, academicians, researchers and struggle groups from across the country. Our next steps would be to use this platform to create a broad based political struggle against neo liberalism and work towards an India without institutions such as the World Bank and the Asian Development Bank'.

The IPT will hold a press conference at the Foreign Correspondents Club, Mathura Road on 25 September 2007 at 3 pm where jury members will present their findings. Writer Arundhati Roy, Director of the Environment Defense Fund Bruce Rich and Economist Alejandro Nadal will share their findings with the press. (Ends)

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