Update

SERIES 11

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July 2005

Introduction

[Believe it or not, nearly one year ago, the Chief Minister of West Bengal said at a conference of Kolkata Consular Corps:

> "It's a wrong notion to brand us anti-reforms. Let me make it absolutely clear that **we are pro-reforms**. We also understand that **the process of economic reforms is irreversible**. All we want is that the reforms should have a **human face**..." *(Times News Network, 10.06.2004)*

In the same meet, the CM of Bengal said further:

> "**We are not fools.** We are realists and **we know it's either reform or perish**." *(www.newkerala.com, 10.06.2004)*

These comments made by the CM of Bengal are in fact a sound of music to the big bourgeoisie of India and to their imperialist masters. In fact, the ruling left parties in West Bengal are following the path of 'economic reforms' and/or NEP in different forms and degrees. Several leaders and ministers of the ruling Left Front (particularly the CPIM) in their speeches and writings have acknowledged the fact: they are **"pro-reforms"**; they have to **"reform or perish"**; they want the **reforms with "human face"**; or **"trying to implement economic reforms on our own terms"**, etc.

Understandably, the UPA government at the centre, formed in May 2004 after the defeat of 'pro-reform', 'anti-people' NDA govt. is going along the same path of reforms **with the blessings of left parties**. Even the behemoths of the Indian big industrialists such as FICCI, CII and the imperialist funding agencies (World Bank etc.) clearly state that they are very much pleased with the ongoing process of reforms in India followed by the UPA govt. with the support of left parties. Just after the publication of **'Common Minimum Programme' (CMP)** of the UPA govt. (endorsed by the leftists), the **FICCI President** observed:

> "Now that we have got a clear direction, it is time to concentrate on effective implementation of the blueprint provided by the CMP. Proper implementation of the

CMP could catapult India into becoming an economic powerhouse in the coming five years..." *(www.ficci.com, 27.05.04)*

Another website reports:

During his visit to the United States, Amit Mitra, the secretary general of the **FICCI** said that the leftist support of the new govt. was **unlikely to create problems** for economic reforms in India. **"Please differentiate the noise and sound of the left,"** he said. **"Noise is the cacophony, and sound is substance and that will be no different if there was any other party in its place**... **(Communists) have been on the forefront of the reform movement in India"**. *(http://www.indusbusinessjournal.com/news/2004/06/15/SouthAsianConnection/Leftist.Slant.Wont.Harm. Economic.Reforms.Says.Ficci-688801.shtml)*

Even the **World Bank President James D Wolfensohn** praised the left parties. *PTI* reports:

"World Bank has praised the Left parties for their 'broad-based vision' on social sector and infrastructure development and said the UPA government's **Common Minimum Programme was in tune with the Bank's objectives... 'It doesn't seem to be a red flag at all'**, he said referring to the Left parties..." *(Times News Network, 23.11.2004)*

Hence, whether in centre or in state, that the Left Front is very much in favour of 'economic reforms' is acknowledged by the capitalists and ruling classes of India and their imperialist masters. Time and again the mainstream media, representatives of these ruling classes laud LF for their pro-reform policies. They are very much confirmed that the left are **"unlikely to create problems for economic reforms in India"**. Moreover, they admit that the left parties are at the **"forefront of the reform movement in India"**. Some of these media gladly compare these left parties as the **"New Left"** like the Labour Party of Britain. Hence, the left parties have proved their credibility in implementing **'ECONOMIC REFORMS'** either in state or at the centre. For this reason, ***Update*** is not trying to expose the policies (of **'ECONOMIC REFORMS'**) adopted by Left Front or/and CPIM in this issue. They have already 'exposed' themselves before the ruling classes and their imperialist mentors. They are now exposing more and more their reformist, opportunist and revisionist politics before the masses also, at least to the section of people who are conscious.

Hence, the subject dealt in ***Update 11*** is something different. It is now a well-established fact (to all the ruling parties including the Lefts) that the reforms initiated in the late eighties of the last century at the behest of imperialism are **"irreversible"**. Each of the representatives of the bourgeois classes, the imperialist agencies, mainstream media, and political parties (and of course, the CM of Bengal) are totally confident about this fact. The processes of liberalisation and reforms are now firmly rooted. Indian economy is now very much tied to the so-called globalised economy of the world. The **Vice-President of the World Bank Group**, South Asia Region, Praful Patel lauds India in the following words:

> ...Just look at the remarkable progress over the past decade in increasing incomes and improving living standards. Poverty declined and many social indicators have improved significantly.
>
> Driving these improvements was the ambitious **reform program** beginning in 1991. Opening the economy, deregulating the economy, marked a new willingness to allow market forces the freedom to work. The scope of the program included industrial and trade liberalization; financial deregulation; improvements to supervisory and regulatory systems; and policies more friendly to privatization and foreign direct investment. India achieved an average growth rate of nearly 6 percent over the last two decades. Last year it was 8.2 percent.... *[Remarks at World Bank-CII Conference, 24.11.2004; www.worldbank.org.in/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/INDIAEXTN/ (accessed on 13.12.2004)]*

The IMF, ADB, DFID etc. are all in the same tune of Mr. Praful Patel of World Bank. The representatives of the imperialist countries led by the US govt. firmly believe this. Lot of analysis in the Indian journals/media corroborates this fact also. Hence, the ***Update*** tries to focus on a different aspect of the liberalisation processes which are not well discussed within the people/activists.

During the whole tenure of New Economic Policy (NEP) or process of reforms, the **imperialist interests made deep inroads within the Indian economy and the**

lives of the Indian People. This process is going on gradually & steadily. In fact, from the very beginning, the 'independence' of India is distorted and half-baked. It was a transfer of power from the British imperialists to the Indian big bourgeoisie and big landlords. This was a notorious treachery to the Indian people striving for real liberation and emancipation from the clutches of imperialist exploitation and subjugation. Since then the whole of the Indian economy and lives of the common people were, in varying degrees, dictated and dominated by the imperialist agencies and countries. In late eighties of the last century, when the NEP was formally taken up by the ruling classes under the diktat of imperialist agencies, the whole economy of India was made more tightly integrated to the imperialist capital and interests. Since then, it was a history of sale out to plunder of the imperialists.

In the later half of nineties of the last century, when the process of reforms were firmly rooted, the imperialist agencies and their Indian lackeys started making noises about the 'slow' & 'tardy' pace of reforms. Hence, came a new prescription from the masters. This was to take the process of reforms deep into the grassroot level, i.e., into the hinterland of several states, into the rural & urban areas also. It was prescribed that the economies and finances of the states of the country should be liberalised and reformed under the instructions given by several donor agencies such as World Bank, ADB, DFID, USAID etc. Hence, another process of reforms have been initiated, now in the states. Under the diktat of World Bank & IMF, the Central govt. enacted the 'fiscal responsibility act' to bring finances of the states in tune with liberalisation and reforms. The formula was simple: 'more money, more loans, more grants will be available to the states which are reforming more'. Several states jumped into this bandwagon. Hence, volumes of loans, grants are making foray into several states under stings of strong conditionalities of the foreign donor agencies. The **blueprints of the state-level reforms** are simple: **i)** there are no funds in the hands of the states to reduce poverty, malnutrition, lack of education, health etc.; **ii)** these funds are tied in non-development sector such as ailing & non-profitable state PSUs and/or in making monthly arrangements of wages, pension liabilities for the 'overstaffed' state govt. offices; **iii)** get rid of this expenditure under the 'non-development' sector and throw away or close down or privatise these PSUs and cut the 'extra' manpower; **iv)** make a fine 'investment climate' for the private/foreign investors to eradicate poverty, **malnutrition, lack of education, health, sanitation and for 'development' etc.; v)** make the public utilities profit-making and/or collect user-charges from the people who are using those public utilities; **vi)** give immense stress to develop infrastructure, such as roads, communications, power etc. through **'private-public partnership'** or by private/foreign investment and develop internal market; **vii)** make the representative bodies such as Panchayats, civic bodies **'decentralised', 'accountable', 'self-dependent'** to mop up their finances/resources **on their own** (i.e. these bodies must not depend on the central or state govts. for funds); **viii)** deliver a booster to market-based agricultural economy to raise the levels of income and livelihood of the rural people and so on... The **'Country Strategy for India'**, a document of **World Bank** published in September 15, 2004 and **'India Policy'** of **DFID** force upon these prescriptions on the state govts. (excerpts of which are published later).

It is very interesting that the foreign donors such as World Bank, DFID, ADB etc. sugarcoat their real motive under the cover of eradication of poverty, malnutrition, lack of education, health, 'development' of infrastructure & market etc. Who can deny these necessities? Who can ignore the pathetic state of underdevelopment in India? In fact, these imperialist donor agencies are very much active all over the world to balm the wounds inflicted by the imperialist exploitation & aggression. They are acting as counter-revolutionary agents in those countries where the problem of underdevelopment may kindle the flames of unrest/rebellion. These aspects of the imperialist activities (e.g., land reforms from above by administrative mechanism, activity through NGOs, promoting and financing self-help groups, micro-credits etc.) are beyond the discussion of this issue of ***Update***. We want to focus here on the subject that under these programmes of reforms the imperialist donor agencies are making the **'investment climate'** most favourable to the private and/or foreign capital. To this end, these agencies have prescribed extensive programmes of **'ECONOMIC REFORMS'** not only at the centre & **state-levels, but also at the 'Panchayat' and 'municipal' levels.** Understandably, the Central govt. and the state governments are dancing to their tune, including the left-ruled West Bengal. And thus the economy and lives of the people of the country are being deeply penetrated and devastated more and more by the imperialist capital and interests.

In understanding this subject, we select the state of **West Bengal** as a case study for two reasons of which the first is more important. **1.** ***Update*** is based in Kolkata where the data/reports on West Bengal are easily available. **2.** The state is being run by so-called communist-led Left Front (for a record-breaking 29 years) who are 'opposed to any imperialist penetration', at least in papers. By studying the case of West Bengal, we may have an understanding (though in a small-scale as it may be) of the imperialist penetration and subjugation perpetrated by the liberalisation/reforms process. – ***Update***]

“There Is No Conditionality”: Is It True?

“From what I have been seen in Kolkata, I an convinced that there is no fear of India’s reform process being derailed as the Leftists are now playing an important role in Delhi. It’s great to find the Buddhadeb Bhattacharjee govt. moving beyond the rhetoric and tread the path of economic reforms. A lot of what is being said by the Left in Delhi is part of political bargaining and everyone understands that”. – Geza Feketekuty, former counsellor to the US Trade Representative said in Kolkata

[Times of India, 06.03.05]

[It is now a well-publicised fact that Left Front govt. of West Bengal is **‘restructuring’ the state PSUs** (which means closures, sale out to private hands, and/or running few PSUs by ‘public-private partnership’) with breakneck speed. Thousands of jobs have been abolished through the **Early Retirement Scheme** (**ERS** – equivalent to VRS in private sector). The finances of ERS are funded by the Department for International Department **(DFID)**, a UK govt. body in form of grants. The DFID is delivering grants also to “eradicate poverty & hunger, to achieve universal primary education, to promote gender equality & empower women, to reduce child mortality, to ensure access to water & sanitation” and so on. Besides this, West Bengal govt. is connected for years with **World Bank** projects to develop the health, education sectors, etc. They are also tied with Asian Development Bank **(ADB)** for rural and urban infrastructure development programmes such as making & surfacing of roads, highways, desilting of urban canals, widening of Kolkata roads, making parks to beautify cities etc. Lastly, the left-ruled state has recently connected itself with **USAID** for development of civic amenities etc.

Naturally, questions arise in several quarters. What are the **“conditionalities”** behind these grants/loans delivered by these foreign and “imperialist” donor agencies? Why are they so inclined to support a Left-ruled state? Why is the WB govt. run by left parties who are “opposing” and “fighting tooth and nail” against “imperialist” domination & exploitation begging funds from the “imperialist” World Bank, DFID, ADB, etc.? But the left parties have quick answers to all these questions. They published their answers in their party mouthpieces. They said that: **firstly,** LF govt. **is taking grants, not loans**

from DFID. They strongly argue that grants do not have stings of any "conditionalities" (that means, generally, loans do have "conditionalities"); and **secondly,** they also argued that World Bank – badly reputed for its "conditionalities" and "structural adjustment programmes" – are extending loans to the state **without any "conditionalities"** because the LF govt. **strongly objected to it.** Unfortunately, ***Update*** cannot gather any arguments/justification of LF govt. for taking loans from ADB or USAID.

In *Marxbadi Path*, the mouthpiece of state CPI(M), published in Bengali, Nirupam Sen, a theoretician-cum-minister said that:

> "As for example, the grants given by the UK govt. DFID does not give loan, not to a single country of the world. DFID is giving funds along with World Bank to Orissa or Andhra Pradesh. In that case, loans are attached with grants. Several conditionalities are attached and they are giving it for several reasons. As for example, they are giving it to Orissa with structural adjustment. The Orissa govt. have privatised the power sector lavishly. The fund given to West Bengal by DFID is in the form of grants only. We have clearly informed them that we shall not privatise the power sector. ...If you give us grants in spite of this we will take it. We have received funds from DFID to restructure the public sector. What is the understanding? The state govt said that we will not let go the profitable undertaken enterprises. We will run them better. But, we will not disburse subsidies for an indefinite time. We will try to make them stand on their own foot. If we cannot do it on our own effort, we will try to run them with private partnership. Those which we are unable to make competitive, we will restructure them only and after training of their workers-staffs we will redeploy them to another. We have another understanding with DFID. The money we save after the restructuring will be funded in social sector. **If you call it a condition we will agree.** We will invest this money for education, health. The decentralised Panchayat in our state have attracted the attention internationally. DFID has agreed to give us untied fund to organise training for the better running of the Panchayat. Therefore, our fundamental aim is not affected...." *(Marxbadi Path, Vol. 24, No. 2, November 2004)*

Several points arise from the above arguments put forward by the Industry Minister of LF govt. Some of these are: 1) DFID is giving grants, not loans. 2) **Grants are not tied with any conditionality (but loans are tied).** 3) LF govt. will not provide subsidies to the state PSUs further. 4) The monies saved by restructuring these PSUs, will be invested in social sector, such as education, health. 5) The fundamental aim of the LF is not affected for taking these measures.

If one studies carefully the policy statements/documents of DFID, it will be revealed that **LF govt of West Bengal and their mouthpieces are hoodwinking the people in a straight forward way**. DFID, a wing of the imperialist UK govt clearly states in their policy documents (cited later in this section) that they will extend support to the governments which are **"REFORMING"** or have undertaken **"REFORMS"**. Hence, the **"CONDITIONALITIES"** of the DFID is **'REFORMS'**. Because LF govt. is following the path of reforms and/or liberalisation, and the state CM clearly justifies for reforms **("Let me make it absolutely clear that we are pro-reforms")**, DFID is satisfied. Hence, the WB govt. receives largesse of grants from them.

In another report, *Ganashakti* (a vernacular daily of CPIM) said:

> "The World Bank will give loans to the state honouring the state's priorities. Besides this, the **World Bank will not impose any conditionalities.** Asim Dasgupta [the Finance Minister of Bengal – ***Update***] ...said that on behalf of the state govt. four sectors are highlighted before World Bank President [James Wolfensohn]. i) Stress on preventive treatment in the public health system and its decentralisation. The health department of the state has plans to tie these work with the Panchayats in rural areas and civic bodies in urban areas. ii) In school education, particularly from the level of secondary education the vocational and engineering education will be stressed. iii) In case of industrialisation, the State govt. is giving priorities to small and middle-level industries. To this end, infrastructure will be built in districts as necessary. iv) Expand rapidly small-scale irrigation projects, particularly underground water and groundlevel water.
>
> The world Bank expressed their interest in these four sectors. Particularly, they are very much interested to include Panchayats and civic bodies in decentralisation... World Bank offers mainly two types of loans. One of them is Structural Adjustment and another is Project-specific. The loans taken by the WB govt. till now are entirely project-specific... For example, these are CUDP-3, IPP-8, development of engineering education, System Development Project in health sector etc. **In case of structural adjustment, World**

Bank wants to know details about the budget proposals of the state. But we strongly objected to that and refused the loan. This time World Bank honours the priorities of the state and does not impose any conditionality..." *(Ganashakti, 19.11.04)*

Moreover, in an interview, given to *The Indian Express (14.12.2004)*, Mr. Asim Dasgupta demands that:

> "The World Bank of late is distancing itself from the IMF... And we are doing business we intend to do on our own terms again... If it is our priority, conceived by us and the World Bank accepts it, it's a loan, we pay back... **The World Bank, IMF were very similar till four years back. Distance is emerging now**... Yes, they are listening, **they are not imposing**. And unless our priorities match, we refuse World Bank loan. We have refused World Bank loan, four years back, for the same reason..."

Thus, the left leaders have **invented differences** between two imperialist funding agencies and justified the loans taken from World Bank on the plea that their loan is untied with any 'conditionality'. Marvellous! How are our LF Ministers so confident about the **'change of heart'** of World Bank? In fact, in the anti-globalisation protests which broke out in several countries, a demand was voiced by the NGOs (most of which are more or less intimately linked with World Bank, ADB, DFID etc.) that "World Bank & WTO should be **reformed**". The protesters who made those demands undermined and/or negated the inner dynamics of the imperialism and/or finance capital. The 'Structural Adjustment Programmes' all over the world have devastated the economies, lives of several countries and people and unrest is fuming in several countries. On the face of this burgeoning protests against the imperialist programmes, (participated by lakhs of people from different milieu), these funding agencies are very much busy now **to make their policies more 'human'**. The World Bank will convene an international discussion at the end of 2005 to 'review' its 'conditionalities' (drafts of which are being circulated & the copies of it are accessible in the website). Mr. Dasgupta, the finance minister of WB has found splendid opportunities in this **'human face' of the 'changing' World Bank.** Buddhadeb Bhattacharjee, advocates 'reforms' with 'human face' in several speeches:

> "However, **we support reforms with a human face**. There is **no alternative to reforms**, but we have to safeguard the poor as well." (www. newkerala.com, 10.06.2004)

Mr. Dasgupta conceded in his interview several times (given to *The Indian Express*), that they are also **on the track of 'reforms'**:

> "[W]e in West Bengal are **trying to implement economic reforms on our own terms**... We believe that economic reforms should have a social objective... [W]ith this objective, essence of the reform is that we should go for more competition, more opportunities, less of monopoly."

Strangely, a 'Marxist' leader-cum-minister said that they "are trying to implement... reforms **on our own terms**". The 'reforms' are initiated by the ruling classes in India at the behest of their imperialist masters. The 'reforms' were taken up by these ruling classes to salvage themselves from their own difficulties.. Now, a 'Marxist' calls 'reforms' for the people **("on our own terms")!** It is nothing but a treachery from the part of Left Front leaders. **In the era of imperialism, who 'are using' whom or who 'can use' whom?** In other words, the imperialist funding agencies and/or countries are plundering and looting the whole of the world under their sugarcoated measures of **'REFORMS WITH HUMAN FACE'**. No one can deny this fact, at least the conscious sections of the masses. But, the left parties are trying their best to make the masses believe that **they are 'using' World Bank, DFID, ADB 'on their own terms'!** What a laughable & absurd project this is!

Moreover, the finance minister admits (in said or unsaid form) that the major 'conditionality' has been fulfilled by LF Govt. The **'CONDITIONALITY'** is '**IMPLEMENTATION OF REFORMS'**. In fact, the 'changing' World Bank still has 'conditionalities', but of course, in a very shrewd forms/terms. **These 'conditionalities' are now under the mask of 'human face'.** In one of the document (published in the Bank's website for international debate of 'conditionality') the World Bank clearly states that:

> "All donors use **conditionality** in one form or another. Whether they do so **implicitly** or as part of an **explicit binding agreement**, they share a similar reasoning for the

> use of conditionality..." *(Review of World Bank Conditionality, World Bank, January 24, 2005; www. worldbank.org; accessed on 23.05.2005)*

Thus, the **'conditionalities'** of the imperialist donor agencies are either **"implicit" or "explicit"**. It may be well known to the readers that the agreements between World Bank, ADB, DFIDs and the recipient clients have been made 'confidential', and are not accessible to the public in most of the cases. We don't know what are the 'real' agreements/understandings concluded between LF govt. & World Bank. **Is it 'implicit'?**

The documents/publications of World Bank (cited below) have clearly stated that they are giving loans to the countries/states **which are 'REFORMING'**. And there is another point. The projects to be taken by WB govt. described above (in *Ganashakti*) have been claimed as the brainchild of LF govt. and proclaimed as their 'priorities'. But, the publications of the World Bank say a different story. In fact, **the projects described above are programmed by World Bank itself** and are implemented all over the world particularly in the underdeveloped/developing countries. Thus, the LF govt. of West Bengal are trying to hoodwink the people by propagating another lie. These are not their 'priorities'. These are 'priorities' of the World Bank.

Readers may be well acquainted with the facts that the LF govt. in West Bengal have taken a massive restructuring programme of the state PSUs, the first phase of which is almost completed. Recently, it has been reported in the newspapers that:

> "The govt. have received **Rs 214 crore** in the form of grants from DFID **to restructure 26 enterprises in the first phase of disinvestment**. There were **9,944 employees in total** in these enterprises. Out of the list, the govt. have **closed down 9 units**. Due to this closure **nearly three thousand people have lost their jobs**. The govt. have retained **4 units** in its hands. But here also the govt. have given **early retirement to 1,114 employees**. Overall, in the first phase (of the restructuring) **nearly four thousand have lost their jobs out of 9,944 employees**..." *(Anandabazar Patrika, a Bengali vernacular daily, 19.05.2005)*

It is also reported that the **LF govt. is preparing to enter into the "second phase of reforms" or "restructuring".** The govt. is discussing with the officials of **DFID, World Bank, ADB, & JBIC (Japan Bank for International Cooperation)**

for further grants/loans for this ‘restructuring’. Moreover, it is also mentioned earlier that the govt. have taken grants/loans from the foreign funding agencies for social sector, infrastructure, ‘development’, also. To have a true and clear picture regarding these projects undertaken by the LF govt. we are now presenting some of the **excerpts from the publications of DFID and World Bank**. The excerpts may clarify to us the i) “conditionalities” of the grants/loans taken; and ii) the comprehensive designs of these imperialist funding agencies in promoting their projects & programmes in West Bengal (& also in India). – *Update*]

DFID & It's Policy

"Our Relations with West Bengal have strengthened over the last two years. This is because, first, the state has emerged as the driving force in the reform process and secondly, it has adopted a transparent and professional approach in cutting down the huge losses in the state PSUs. The govt. should take up reforms on a larger scale."

– Howard Taylor, deputy country head of DFID India;

[Times of India, 19.05.2005]

What is DFID?

The Department for International Development (DFID) is the British government department responsible for Britain's contribution **towards international efforts to eliminate poverty.** We work in partnership with developing country governments and other international development agencies. We also work with business, civil society and the research community. (...)

Why do we care?

There are powerful and obvious moral and ethical arguments for ending poverty. It is simply wrong that one in five in the world live in abject poverty and are unable to meet their basic needs. (...)

However, in addition to responding to the obvious moral argument, the British government believes that the elimination of global poverty is a matter of enlightened self-interest. **Poverty breeds insecurity and conflict,** increases vulnerability to natural disasters and disease, and accelerates over-exploitation of natural resources. **It also undermines trade, business and investment opportunities and can result in financial shocks which do not respect national boundaries.** These are issues which none of us should or can ignore, and our governments have a duty to confront them.

(...) However, DFID's role in promoting poverty elimination is not limited to delivering development assistance. In today's globalised world, decisions made by western governments have an **impact on poor people** in developing countries. DFID, in the UK and overseas, works to ensure that policies in different areas such as **trade and**

investment, debt relief and global environmental concerns consider and promote the needs of poor people. DFID seeks to ensure that international negotiations and policies take account of their impact on the lives of poor people in developing countries. (...) *[Source: http://www.ukinindia.com/htdocs/dfid.asp; accessed on 29.11.2004]*

[In another document **DFID** states that:

> "In a world of growing wealth, such levels of human suffering and wasted potential are not only morally wrong, **they are also against our own interests. We are becoming much closer to people in faraway countries. We trade more and more with people around the world."** *(http://www.dfid.gov.uk/aboutdfid/; accessed on 28.03.2005)*

DFID makes two important points: i) "the decisions made by the western govts. have an impact on poor people in developing countries", and **ii)** poverty endangers global conflict, breeds insecurity (of course to the global capital), and affects trade, investments etc. Hence, the imperialist govt. of UK has definite interest in reducing poverty in developing countries to safeguard their finance capital. In the next document **DFID** clarifies its mission more vividly. – *Update*]

Making globalisation work for poor people

(...) But reducing poverty is not just a moral issue. The closer we are connected across the continents, the more we become dependent on each other. **And, if we don't take action now to reduce global inequality, there's a real danger that life for all of us – wherever we live – will become unsustainable.**

The UK government believes that globalisation creates unprecedented new opportunities for sustainable development and poverty reduction. It offers an opportunity for faster progress in achieving the International Development Targets ['eradication of poverty' etc. – *Update*]

But – so far – the **benefits of globalisation have been unevenly spread** – for example while the peoples of East Asia have experienced benefits, millions of people in rural Africa have yet to see any change.

Progress is not inevitable. It depends on political will. And this depends on governments and people across the world. **The challenge is to connect more people from the world's poorest countries with the benefits of the new global economy. And that means globalisation must be managed properly – to benefit everyone.** (...)

Governments in poorer countries have to create conditions at home that will help the poorest people in their communities **find work or a market for their goods that will sustain their families.** While the market fundamentalism of the eighties and early nineties has been discredited, it's now widely accepted that **efficient markets are indispensable for effective development. Developing countries must attract foreign investors.** But that's not enough. If the only people who benefit from a new factory or the export of agricultural produce are the rich elite, nothing much has changed.

Policies for People

For globalisation to work for the poorest people, **governments must introduce policies that allow companies to conduct their business safely and with a reasonable return. Otherwise they will take their investment elsewhere. So there has to be a stable legal system,** where theft is punished, where bribery and corruption are outlawed, where people's human rights are respected and working conditions safeguarded.

Developing countries with effective governments – healthy democracies, with proper management of public finances, effective health and education services, fair law enforcement and a free media – are far more likely to deliver economic growth for their citizens. States which invest in basic infrastructure such as water and sanitation, transport, electricity and telecommunications can play a major part in giving poor communities access to global markets. (...) The UK Government believes that creating a sound balance between good social policy and good economic policy will provide the surest way to prosperity for developing countries.

Education – key to progress

Speeding the spread of education and skills will make the single greatest difference to the way the world's poorest countries can harness globalisation to eradicate poverty. (...) **International businesses invest more in better educated countries,** because there they find an adaptable, more skilled workforce. (...)

Sound investment

(...) **While transnational companies want to invest in new markets – they also want to know that it's a safe proposition.** And when the right domestic policies are established, the money follows – look at Mozambique, which has seen a six-fold increase in Foreign Direct Investment since 1994. **Business can also play a greater role in reducing poverty and creating sustainable development.** By applying best practice in relation to child labour, corruption, corporate governance, human rights, health and safety, environment and conflict, business can make a real contribution to poverty reduction. Many companies have also realised important commercial benefits, in terms of reputation, managing risk and enhanced productivity. **We will work to improve the monitoring of countries' performances, boosting information to potential investors – and helping avoid sudden shocks and outflows of investors' funds.** We will also work to strengthen the international system's capacity to resolve financial crises and improve the stability of global financial markets. (...)

Aid that really works

Richer countries cannot expect them to do this alone. **Over the years, immense sums of money have been handed or lent to developing countries in the name of aid, but it's not always been wisely given or wisely used.** We have to make sure that aid does what it's supposed to do – reduce poverty by strengthening the arm of the poor, but also create conditions to attract inward investment and boost economic growth. (...) *[Source: www.dfid.gov.uk; accessed on 06.04.2005]*

[Hence, the modus operandi of **DFID** is almost clear. It works and lends (or delivers grants) to the poor/underdeveloped/developing countries to make their economy **more investor-friendly (of course to the foreign investors),** to boost their market, and to tie them more closely to the 'globalisation' process. The govts. of these countries should work – according to **DFID** – **to "create conditions to attract inward (read: foreign) investment".** Hence **DFID** will extend its hands to those countries which are in a strong process of 'economic reforms' such as India. It will give grants to those **'focus' states** which are pursuing strongly the process of 'reforms' such as West Bengal (including AP, MP & Orissa). In another document ***(India: Country Plan)*** DFID clarifies its stand which was published in ***February 2004*** on the eve of the delivering the first phase of grants to the West Bengal govt. – *Update*]

India: Country Plan (DFID)

(...) In terms of volume, development co-operation assistance accounts for just 0.35% of GDP [of India – ***Update***], and 1.3% of govt. resources. But development co-operation assistance has helped bring new ideas and best practices from other countries [from UK or USA? – ***Update***]. It has provided space for innovation, and **has supported reform agenda owned at the national and state levels.** (...)

Governance *reform* is the cornerstone of the 10th Plan. The Plan states: '*weak* governance, manifesting itself in poor service delivery, excessive regulation and *uncoordinated and wasteful public expenditure*', is seen as one of the key factors impinging on growth and *development*. (...)

The Plan is framework for development. Unlike its predecessors, the 10th Plan is presented **as a 'reform rather than a resource plan' (...). So, as regards DFID's work, the 10th Plan is both a statement of development vision and a basis for policy dialogue with Indian partners** (...).

The 10th Plan is a basis for an Indo-UK development partnership (...). However, the Plan is not a vehicle for mobilising the resources necessary to achieve the targets, and it will be difficult to meet the financing requirements. **Fiscal reform**, especially on power sector losses, is needed **to free up public spending**. Fiscal reform and deregulation are also needed to achieve to ambitious 8% economic growth target (...)

[The Union Govt.] can provide incentives, but the development targets will be achieved **only where state governments,** particularly those with larger numbers of poor people, **adopt a strong reform** and poverty-reduction agenda. (...)

Finally, universal access to good-quality public services will remain elusive without significant progress on the **civil services reforms** outlined in the Plan. At a local level, it has been difficult for the poor and marginalised to realise their rights or gain a fair share of resources. Pro-poor policies and programmes exist, but are often weakened by vested interests and a lack of accountability. (...)

In terms of programme structure, DFID will continue to support its **four current focus states – Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal.** (...) [S]ome of DFID's focus states are making good progress on poverty reduction and are **pursuing a strong reform agenda.** (...) In each focus states, DFID will develop *Assistance Plans* in discussion with the Govt. of India and the state govt., civil society and other development partners. (...)

Assistance Plans will be tailored to the challenges that each focus state faces. Key themes are likely to be improving poor people's livelihoods on a sustainable basis, **economic and public sector reform** and the access to poor people to key services. (...)

An enabling environment for achieving high and sustainable rates of economic growth requires sound economic management and appropriate policies in key areas **such as private sector development and infrastructure, trade and investment.** (...)

DFID will support reforms of productive sector policies. We will provide technical assistance in specific areas **such as the restructuring of public enterprises,** working with other development partners. (...) *[Source: India: Country Plan, November 2004; www.dfid.gov.uk; accessed on 06.04.2005]*

[Thus DFID reveals its true mission. Clearly, the states (called as **'focus' states)** which are **'pursuing a strong reform agenda'** are eligible to get grants from DFID. **The DFID** or the UK govt has included **West Bengal in its list of focus states**, because the WB govt (like AP, MP & Orissa) **are pursuing these reform measures**

'strongly'. Hence, the 'conditionality' of the DFID is clarified. It's nothing but 'REFORMS'. The states which are **reforming fast** are suitable to DFID, an imperialist funding agency. In the next excerpt DFID reveals its policies on West Bengal. – *Update*]

DFID in West Bengal

(...) Over recent years, there has been a significant deterioration in the fiscal situation in West Bengal. **The current (revenue) receipts of the GoWB are not enough to meet even the committed expenditure (towards interest payments, salaries and pensions), making the fiscal position of the government very vulnerable.** The unfavourable fiscal position is squeezing out **GoWB's pro-poor and developmental expenditures in recent years** and this is likely to threaten the progress of poverty reduction in the long term. (...)

DFID is working with the ADB, UNICEF and others and seeking opportunities to support public sector efficiency and initiatives to tackle the state's fiscal situation, with a focus on freeing up additional resources for pro-poor spending. DFID continues to follow up the fiscal reform agenda in a limited way with GoWB by proposing to support a £28 million Public Sector Enterprises Restructuring Programme.

The programme will assist the GoWB **in restructuring of loss making manufacturing Public Sector Enterprises (PSEs)** and seeking GoWB's commitment to increased pro-poor expenditure in the long term. (...) *[Source: www.dfidindia.org/states/westbengal_state.htm; accessed 22.01.05]*

[The policies and goals of DFID in West Bengal are very much clear. West Bengal govt. is suffering from fiscal problem. The govt. money is tied in "loss making Public Sector Enterprises". These PSEs and 'salaries, pension bills" of govt. employees are "squeezing out" govt. finances. So, "pro-poor" programmes are suffering. Hence it's necessary to "restructure" PSEs. And the LF govt. of WB is very keen to 'reform' these PSEs. So, DFID extends it's helping hand. **Thus the interests of the imperialist DFID & Left Front Govt. converge splendidly.**

Surprisingly, the theoretician-cum-minister of LF, Mr. Nirupam Sen has given out almost identical logic for 'reforms of the PSEs' as DFID:

> "We have another **understanding** with DFID. The money we save after the restructuring will be funded in social sector. **If you call it a condition we will agree.** We will invest this money for education, health." *(Marxbadi Path, Vol 24, No. 2, November 2004)*

Thus, the LF govt. at least agrees that **there are 'conditionalities' (which means 'reforms')** of DFID.

In the next part we are going to present few excerpts from the **World Bank** publications. These excerpts also reveal the true mission of the World Bank in West Bengal (& in India). – *Update*]

Country Strategy for India: World Bank

"As for the fiscal reforms, I believe both the World Bank and the West Bengal government are finding many things in common in their perceptions," Dr. [Stephen] Howes [Bank's lead economist] told on the sidelines of a seminar on "State Fiscal Reforms in India," organised by the Bank and IIM Calcutta.

[Financial Express, 01.12.2004]

Working with the States

(...) Since 1997, the CAS [Country Strategy] has **included a focus on states undertaking comprehensive reforms,** in order to support the leaders of change and serve **as a catalyst to the state-level reform process**. With the widening gulf between the reforming and non-reforming states in India, leading to a concentration of poverty and poor social indicators in just a few states, some shifts in this approach are warranted. *Though the Bank Group strategy will retain an* ***essentially reform and performance-based approach to the states,*** *it will also change in ways that are intended to go as far as possible* ***in opening up new opportunities*** *for engagement with these largest and poorest states.*

A number of steps are envisaged. **First,** in consultation with GoI [Govt. of India], the Bank is seeking in this CAS to ensure that all of the largest and poorest states of India that so wish are **engaged in a dialogue on cross-cutting reforms** that are the **focus of adjustment lending (fiscal management, governance, service delivery, the power sector and the investment climate), regardless of their eligibility for adjustment lending.** Either the **Bank or ADB** would take the lead in offering support through dialogue on cross-cutting reforms in each of the major states. **Twelve of India's 28 states** – AP, Assam, Bihar, Jharkhand, Karnataka, MP, Maharashtra, Orissa, Rajasthan, Tamil Nadu, UP and West Bengal – account for over 90 percent of India's poor. The Bank is currently actively engaged in dialogue with Karnataka, Orissa (in collaboration with DFID), AP (in collaboration with DFID), UP and Tamil Nadu and would seek a similar dialogue with Bihar, Maharashtra, Rajasthan and Jharkhand. ADB is engaged in dialogue with MP (in collaboration with DFID) and Assam. **ADB has also had a longstanding engagement with West Bengal.** (...)

Thirdly, (...) [i]n addition to supporting state government efforts to reduce fiscal deficits, reform the power sector, strengthen governance and implement a range of actions to improve the investment climate – all of which have been covered by the initial state *SALs (Structural Adjustment Loans)* – this lending would support cross-cutting actions to improve service delivery. Any such lending would be preceded by in-depth analytic work; and the Bank would provide technical assistance to help states as they implement their comprehensive reform programs. (...)

Strengthening Fiscal Management and Reallocating Public Resources to Priority Areas for the Poor. (...) India's high fiscal deficits are not conducive to growth and poverty reduction over the long run. Deficits at both the federal and state levels have been accompanied by poor composition of expenditures, with **wages, pensions, interest and subsidies crowding out capital spending and maintenance,** and leading to constraints on social sector and infrastructure spending. State governments are currently borrowing to finance current spending, leaving very little room for capital spending. **There is an urgent need for expenditure restructuring to free up fiscal resources: for reforms to improve the quality of spending, and for increased spending in priority areas.** There is **scope for savings** in a number of areas (including **on the salary bill, subsidies, public enterprises, and interest payments).** The quality of spending is undermined by various problems, including: skewed composition of **spending towards salaries**; a regressive distribution of benefits; uneven productivity in the civil service; cases of corruption; an ineffective spread of funds across too many projects; and **duplication of services provided by the private sector.**

An important emphasis of Bank support will continue to be improved fiscal and public expenditure management that enables state and local governments to maintain or increase public resource allocation towards high priority areas – such as social protection programs and basic service provision. (...)

Improving Governance and Service Delivery. Simply improving fiscal management or the allocation of expenditures is not sufficient to achieve the desired result of improved service delivery, particularly for the poor. **Reforms to reduce administrative fragmentation, reform civil service pay and pensions and improve the performance of the civil service through** (i) increased public access to information; (ii) strengthened accountability; and (iii) reduced political interference, are also essential, as are steps to increase the voice of the poor and **strengthen decentralization**. (...) Support for **governance reforms** will remain an integral part of the Bank's work to assist GoI in strengthening overall government effectiveness in India. Through state level adjustment lending conducted in partnership with GoI, a large part of the Bank's investment lending, as well as through policy advice and technical assistance, the Bank will continue **to assist interested states** in addressing such broad governance issues. (...)

Promoting Private Sector-Led Growth

Indian policy makers recognize that a vibrant private sector – with firms investing, creating jobs, and improving productivity – is central to promoting growth and expanding opportunities for poor people. International comparisons indicate that India has intrinsic advantages, such as macroeconomic stability, a large and rapidly growing local market, a large and relatively low-cost labor force, a critical mass of well-educated workers, and abundant raw materials, **that should allow it to attract and sustain much higher levels of private investment, domestic and foreign**. At the same time, recent studies show that the private sector in India continues to be constrained by a number of factors. The most important **constraints** concern market distortions arising from policies on tariffs and domestic taxes, **limits on foreign direct investment (FDI)**; other product market distortions arising from industrial policy, particularly related to small enterprises, and the pricing and marketing of agricultural products; government interference in business entry and operations; **impediments to the functioning of land and labor markets;** financial sector inefficiencies which impede access to capital, for productive private investment, including SMEs; severe infrastructure bottlenecks; and **dominance of state-owned enterprises**.

(...) The **power sector's** claim on government financial resources is so large that **reform of the sector is critical** to India's fiscal adjustment and growth prospects – financial losses of the sector are running at 1.5 percent of GDP. (...) The Bank Group has advocated complementary strategies for the state power sector as follows:

- Facilitating serious, long-term; **private sector involvement** in improving and expanding services, which in the next few years means: (i) focusing on the steps which would eventually allow the relatively commercially viable segments of the **distribution network to be privatized successfully**; (ii) **increasing private investment in transmission** (...).
- Improving SEB performance, pending privatization, particularly through: (...) **advancing SEB unbundling,** including initiatives to implement open access to **transmission and distribution networks** and the establishment of capable and independent regulatory agencies; (...).

Where **a state government** is indicating a **serious interest in pursuing reforms** [in power sector], the Bank could, either directly or through GoI programs, **provide technical assistance in the shaping of reform strategies**. In states that are following through with strong initial reform actions, **Bank investment lending would be focused on areas that directly support reform** – for example **metering, transformer replacement or voluntary retirement schemes.** Eventually, in states that move forward with well-designed privatization transactions and the facilitation of new entry – the Bank Group would be able to offer a variety of forms of support, depending on local needs and conditions and the response of private investors. (...)

Similar to power, **water** is key to both growth and poverty alleviation in India – yet despite large investments over decades, India remains quite poorly endowed with *water infrastructure.* (...) [I]t is (...) a technical challenge and problem that will **require large investments in infrastructure (for flood control, drainage, storage, sanitation, wastewater treatment, etc.).** In helping India to address its broad water challenges, the Bank is engaging with its **investment lending** primarily at the state level

– **via project components** that are focused on strengthening the policy framework and institutional capacity for overall water resources management.

(...) While the Bank Group's engagement in **transport** mainly supports India's growth agenda, it will also contribute to empowerment of the poor and vulnerable groups by helping improve access to markets, jobs and services. India's transport sector investment needs are enormous, and, in any scenario, meeting them will require substantial increases in public investment – a major challenge given India's current fiscal constraints. Clearly, a strong focus on better allocation and use of public expenditures, **greater resource mobilization from users** and **efforts to leverage scarce public funds with private funding** will also be of critical importance. (...) In recent years, the Bank's transport assistance has focused on a large program of investment lending for *national and state highways.*

(...) The Bank strategy is to support the **urban reform** agenda of the Tenth Plan to empower citizens and improve property rights; liberalize land markets; improve the governance, incentives and financing capacity of urban local governments and their service providers; **encourage improvements in local finances and revenue mobilization making cities less dependent on state and central flows** and enabling them to gradually access sustainable forms of finance; and **facilitate private sector participation.**

(...) The Bank strategy is to facilitate **state irrigation and drainage reforms** and help create, modernize, and improve the management of these assets. Bank lending to a state will be within the context of a state's long term program, **allowing time for reform concepts to become firmly rooted.** Lending would need to be based upon a shared vision for: (i) de-linking water resource management from irrigation; (ii) **strengthening cost recovery**; (iii) beneficiary participation; and (iv) **focusing on investments with the highest returns:** for improved irrigation and drainage service delivery and increased productivity of water. This programmatic approach is based on the fact that reforms at the state level are going to take at least a decade to be fully implemented and a flexible response within a vision covering the long-term time horizon is needed. Bank support will also entail knowledge-based services to assist reforming states, (...).

Promoting Private Sector Participation in Infrastructure

Based on the state of sector reforms to date, the **best prospects for private participation** are in telecoms, power generation, ports and airports. **In telecom and ports, investors have direct access to the end consumer unlike in power, roads (except where tolled), water, sanitation, and solid waste.** The interface in these sectors has been through the national or subnational government. The perceived risks are higher and it has been more difficult to mobilize private capital. The analysis of the Bank Group is that **in the power distribution and transmission, road, water and sanitation and solid waste sectors, involvement of the private sector needs to be encouraged through a variety of models including public-private partnerships.** (...)

Promoting Private Sector Participation in the Provisions of Health

Through its state level health sector investment operations, Bank assistance could support: (i) Enhanced regulation of **privately provided health care services**; (ii) Designing and implementing effective social franchising or **contracting model for increased private participation in primary healthcare** (including public education and primary curative healthcare services) and non-clinical services; the emphasis will also be to assist **public-private partnerships** in contracting with output driven monitoring project design; and (iii) Developing an efficient and wide-reaching **private health insurance market,** and also effective community-based voluntary private insurance plans. **The focus of the private sector development strategy in the social sectors will be on health.** Complementing the Bank's work with the national and state governments, IFC [International Finance Corporation, a wing of World Bank which extends direct loans to companies – ***Update***] could contribute to the **development of the private health sector** by directly supporting private providers: continuing to pursue investments with top-tier facilities. (...) *[Source: Country Strategy for India, Report No. 29374-IN, World Bank, September 2004; www.worldbank.org; accessed on 30.03.2005]*

[The points emphasised in the 'Country Strategy' of World Bank are: i) The govt. finances are **misused in "salary bill, subsidies, public enterprises**, and interest payments". ii) So, "there is an urgent need for **expenditure restructuring to free up fiscal resources**", i.e. need for **'reforms' of the PSEs and government offices/departments**. iii) 'Reforms' are going on; but there are some **bottlenecks.** Some of which are: **"dominance of state-owned enterprises", "limits on foreign direct investment" (FDI), "impediments to the functioning of land & labour markets"**. iv) Large amount of **private as well as foreign investment is required** to develop infrastructure such as power, roads, communications, urban sector, water services, irrigation services etc. v) In some social sectors, such as health, education, sanitation etc. **'public-private partnership'** is encouraged. vi) **"User" charges** are proposed. vii) Urban & local bodies are instructed **to mop up their own resources** through different means. These are the instructions given out to the central & state govts. Note also the similarities in instructions/conditionalities given out by World Bank & DFID. Recently, **another policy document on the fiscal state** of the central and state governments have been published by World Bank. A commentator gives his account on it. – *Update*]

World Bank on India's Fiscal Policy

(...) [L]et us refer to a very recent report from the World Bank. It is entitled **State Fiscal Reforms in India: Progress and prospects,** released in India on 23 November [2004] (...). The officials of the World Bank did their best to impress on the officers of Central as well as State governments the urgent need of accepting the report and implementing its recommendations. Even a cursory glance is enough to convince that implementation has already begun and the coming Central and State budgets will incorporate the recommendations in their fiscal proposals. (...)

It is interesting to note that the **World Bank began its regular intrusion in India's fiscal affairs in 1996** when a non-Congress government was in power at the Centre and P. Chidambaram was its finance minister and Montek Singh Ahluwalia was an influential officer in his ministry. The World Bank prepared its first report on Orissa in 1996. **Since then it has come out with more than a dozen in-depth reports**

on almost all major States. Obviously, it was provided with all kinds of **confidential and not-so-confidential data** by government agencies.

The report claims at the very outset that it has no other motive except seeing India and its States come out of the existing financial mess and adopt fiscal policies focused on accelerating its economic growth.

(...) According to the Bank, the acceptance of the recommendations of the Fifth Central Pay Commission aggravated the situation. A sharp increase in expenditures when the revenue receipts were falling resulted in much higher deficits and debt burden. (...) They were hard put to find resources for developmental as well as welfare spending after meeting **growing burdens of interest and pension payments and increased salary bills.** The Bank holds that the quality of spending worsened, as **expenditures became more salary-intensive,** especially in the poorer States. (...)

The Bank has described Indian States as the most highly indebted in the world. Besides, poor States are showing almost no signs of recovery. In the opinion of the World Bank though they show signs of "reform fatigue", **there is no way out but to accelerate the process of reforms. Without further and comprehensive reforms the situation will only worsen.** While stressing the need for spending not only more but also effectively on priority areas, **budgetary deficit must be reduced.** For this the Bank has stressed the need of **restructuring expenditures and reforming tax policy and administration.** Both the Centre and the States have to initiate immediate steps in this direction.

At present salary payments account for 30 per cent of spending. This situation is not desirable and the Central as well as State governments must initiate immediate steps to restrain salary and wage bills so that in the next ten years at least 2 per cent of GDP is saved. The World Bank maintains that most public sector employees are **overpaid** as compared to their private sector counterparts.

(...) Since VRS (Voluntary Retiring Schemes) have failed to reduce the number of employees, **governments have been asked to adopt other measures to reduce their size.** In other words, the **ban on government recruitment must continue.**

(...) So far as the pensions are concerned, it supports the reform introduced by the NDA government and being continued by the UPA government that the **employees themselves provide for their pensions.** (...) **Public enterprise reforms must be undertaken** so that the need for budgetary support to loss-making units is eliminated so that liabilities do not pile up in the future. (...) *[Source: by Girish Mishra, March 13, 2005; http://www.zmag.org/content/; accessed on 16.04.2005]*

PwC asked to suggest fiscal reforms for WB

The Manila-based Asian Development Bank (ADB) (...) selected Pricewaterhouse Coopers (PwC) to chalk out **a fiscal reforms programme for West Bengal**. An agreement to this effect was signed in Manila.

(...) [S]ources in the state finance department said this would be part of the ADB's "State Level Fiscal Consolidation Programme" initiated in 1996. The Manila-based funding agency had earlier got similar studies done on Gujarat (1996), Madhya Pradesh (1999), Kerala (2002), Assam (2004) and Sikkim (2004). While in case of other states, ADB's involvement was essentially restricted to providing technical assistance (TA), in West Bengal case, it could be followed by sanctioning of a loan amount, finance department sources said. (...) *[Source: Economic Times, 09.12.2004]*

[Note the **Box 1** which depicts other externally assisted programmes in West Bengal supported by the **United Nations** (apart from the World Bank & ADB supported programmes).

In the next section, it will be observed how the LF govt. of West Bengal is pursuing these diktat/policies of World Bank, DFID, ADB etc. in different forms and degree. Another point should be noted here. *Ganashakti* claims (cited above) that the West Bengal govt. have some priorities and World Bank has agreed to these priorities. Any close study of the excerpts of the **'Country Strategy** of World Bank' (cited above) and other reports published in the next section will clearly reveal that these 'priorities' or 'projects' of the West Bengal govt. are in fact, the very agenda of World Bank, DFID, ADB, etc. The LF govt. is just implementing the various policies/projects of World Bank & DFID one by one. These programmes 'reforms' of LF govt. will be discussed in the next section. – *Update*]

Box 1: Externally Assisted and Planned Programmes in West Bengal

Sectors addressed	Current involvement	Planned Involvement
1. Education	DFID, France, UNFPA	EC, France, UNFPA
2. Employment & Poverty	DFID	ILO, UNDP, UNIDO
3. Environment	DFID, OECF, SDC USAID	OECF, UNDP, UNIDO,
4. Food security & Nutrition	USAID	UNDP, USAID
5. Gender	UNIFEM	
6. HIV/AIDS	France	
7. Industry & Private Sector dev.	Denmark, UNDP	UNIDO
8. Infrastructure	AUSAID	ILO
9. Population & Development	UNFPA	EC, UNFPA
10. Power sector	DFID, OECF, USAID	OECF, USAID
11. Water sector	DFID, Germany	Germany
12. Child labour	ILO	
13. Agriculture	DFID, Netherlands	
14. Cooperation with NGOs	USAID	
15. Drug Control	ILO, UNDCP	
16. Health	DFID, Germany, WHO WHO	Germany, Japan, JICA,
17. Transport	OECF	OECF

[Source: http://www.un.org.in/RC/matrix/WBmtrx.htm; accessed on 12.06.05]

"His Master's Voice" & LF Govt.

"Go and tell the world that we are changing. We Marxists are not fools to cling to obsolete ideas. In West Bengal, the Left is right. And this is the right place to invest."

[Buddhadeb Bhattacharjee at CII Summit; The Indian Express, 14.02.2005]

"The state government is committed to reforms and the chief minister today again assured us about it. The reason we are interested in offering our support to this government is because we know they are on the right trajectory and on the reforms path," [Suma Chakrabarty], the DFID official said.

[The Telegraph, 24.07.2004]

[It is already noted that LF ministers do not conceal their pro-reform role before the industrialists and capitalist classes. The ruling classes also read properly the message of the left parties. Hence, the interests of them converge. Above discussion also shows that even the imperialist donors are very much pleased with the ongoing reform process in West Bengal. In number of occasions the representatives of the imperialist agencies acknowledge this fact.

Now, in this section we will see: **'What is happening in Bengal'?** In every sector of the economy, the 'reform process' has been pursued by the LF govt. and somewhere it is being pursued with remarkable speed. From IT sector to agriculture, from fruit-processing units to housing estates, from multiplexes to entertainment park – it is a 'new face' of Bengal – claimed by the ministers. Joining in chorus with them are all the mainstream media, businesspersons and a 'vibrating' middle-class people. There are several news flashing out almost daily regarding this **'New Bengal'** and their mentors – **'New Left'**. But, forget the pathetic state of poverty & semi-starvation in rural areas & urban outskirts; forget the starvation deaths in districts; forget the plight of the hundreds of thousands unemployed youth and the workers who are thrown out of their jobs regularly; forget the casual workers who are forced to do any type of jobs and toil for indefinite hours per day for paltry wages; forget the severe underemployment of the agricultural labours and the miseries of poor peasants who cannot have two square meals a day; and so on. On the other hand, the LF ministers and the foreign funding agencies have promised that the processes of 'reforms' – which seems to be 'painful' to some people 'today' – will usher a 'New Bengal' in the 'tomorrow'! What a paradox it is! Nonetheless, it is happening!

It is well known that in the late 90s of the last century, the WB govt. had engaged the US consultant **McKinsey** to charter the path of 'reforms' in several sectors. McKinsey recommended volumes of measures in almost all sectors – starting from agriculture to industrial sector, fiscal state of the govt., public sector reforms, reforms in governance & administration, reforms in Panchayat and civic bodies and so on. Another US agency, **Pricewaterhouse Coopers** had been engaged to suggest the ways to reform and restructure the state PSUs. Thus, under the multi-pronged instructions/diktat/policy measures from **McKinsey, Pricewaterhouse Coopers, World Bank, DFID, ADB, etc.** the 'economic reforms' in Bengal have gained momentum.

Interestingly, overwhelming section of people in Bengal are not aware of this menacing penetration of imperialist interests, capital, culture, values etc. Extensive propaganda are going in the rural areas on behalf of the govt. and quasi-govt. organisations (not barring the mass organisations of the left parties) among the peasants to diversify to cash-crops or to work with multinational firms in contract farming to earn quick profits. They are trying hard to popularise the ideas of user charges for water, irrigation, power, infrastructure etc. to make people believe that these will deliver better services. (We don't deal here, the activities/programmes of self-help groups, NGOs and the propagation of micro-credits advanced by World Bank, United Nations etc. to legitimatise the underdevelopment & poverty in the countries like India.) They prescribed the formula for 'empowerment', 'decentralisation', 'self-dependence' of the local bodies. State PSUs are closed and/or handed over to private barons retrenching thousands of workers and staffs under the argument that these measures will boost the finances of the govt. Roads are being widened; flyovers are being built; glittering housing projects are being constructed with tremendous speed; IT parks, multiplexes, entertainment parks, amusement centres, boating complexes, fun clubs, shopping malls are developing briskly. And all these are portrayed as **"DEVELOPMENT"**. On the other hand, large number of people have been evicted to beautify Kolkata and other cities. Shanties are being demolished in regular intervals. Thousands of factories are being closed making lakhs of people jobless who are compelled to do petty works on paltry wages. Underemployment is reaching new heights. Hundreds of thousands of people have become permanent residents of footpath or ghettos on the outskirts of the cities. Thus, the cities (and particularly, Kolkata) are becoming the hub of well-to-do classes. Thus a 'New Bengal' is emerging. Bengal is 'reforming'. In fact, these type of activities in the name of **"DEVELOPMENT'** are happening all over India.

A commentator, appraises the recent 'changing face of Bengal' and writes the following excerpt. – *Update*]

Resurgence of Bengal Economy

A recent report by WBIDC was titled 'Perceptions do matter'. Indeed, the image of Bengal within the Indian and international media has been anything but positive. (...)

It was the **investment by Japanese companies** and the praise showered upon Buddhadeb Bhattacharya's administration by the Japanese consulate that first drew attention towards Bengal. Consequently, the UK-India Round Table headed by Lord Swaraj Paul lauded the state's efforts in attracting investment and offered to co-operate on various training schemes. Congressman Gregory Meeks spoke about the thriving bio-technology sector in West Bengal and **New York wants a 'sister state' relationship with Bengal in business, tourism, education and health projects.** (...)

Well, Bengal is back in the headlines! There is no doubt about it. And it's here to stay. Especially since Buddhadev Bhattacharya took over as Chief Minister, the state has really worked hard for an image change and **carried out pro-investor policies and structural reforms**, the results of which are now becoming clearer as the potential of Bengal is finally starting to show. As the catch phrase in modern Indian politics goes, its 'Bengal Shining'!

The state's traditional strength has been agriculture. (...) [T]he agro-based industries are increasingly moving up the value chain and diversifying. The traditional strength was concentrated mainly within sectors like tea, jute, fisheries, flowers, etc. New sectors like **food processing** have really come on in recent years. **McKinsey** is embarking upon a project of private involvement and integration in the agriculture sector across the value chain, from the producer to the consumer. Companies like **Dabur, Pepsi, HLL, Nestle, Marico,** etc. are all setting up bases in the state for food processing. The leather sector has really matured too, with the Leather Complex in Kolkata getting international attention. **Tuscany, Italy based companies** are now collaborating with their Indian counterparts in areas such as leather goods, food processing and jewellery.

The **IT revolution** in West Bengal is the event which is getting most of the spotlight. The state has a clear vision of where it wants to be in terms of the national stage. It wants to capture 15-20% of the national IT revenue, from 3% today, by 2009. The state has carried out constructive policies wooing investors to the state regarding this. The first stage was setting up of WEBEL, which plays the role of a nodal point for IT companies' access to the state by formulating policy specifically with the aim of attracting more investment in the IT sector. The second and much more radical step was the IT Policy 2003, whereby **the sector was declared a 'public service utility',** thus **eliminating** what investors have traditionally been apprehensive of about Bengal – **strikes.** The sector now performs on a 24 X 7 X 365 basis, giving a huge boost to productivity and has been the key to making the state attractive for IT companies, who have literally flocked on Bengal, especially Kolkata. Currently there are over **175 IT/ITeS companies** operating in the city including giants like IBM, Wipro, TCS, PWC, CTS, etc. **Wipro** is planning its second biggest centre in India in the city, with a 40 acre expansion project on the cards that eventually plans to hire 1,500 staff. **Satyam's** next mega centre is also in the city with a 3.5 acre being planned. **IBM** is on a hiring spree in the city and after its Millennium Park centre is complete, its workforce in Kolkata is set to reach 600 initially. **TCS and CTS** are also increasing their manpower by 1,500 and 2,500 respectively. The state is catching up on the BPO craze in India too. Wipro is planning a 2,000 seat call centre in Kolkata and numerous other ITes companies have moved to the state with 100-200 seat call centres. The animation sector is set to receive a boost after the Kerala based Toonz Animation set up an academy along with WEBEL. The government itself is revamping its traditional bureaucracy by increasingly making use of IT. For instance, the land records have now been totally computerised. It is working with TCS to set up a comprehensive **e-governance project** with a 70-30% stake division in an ASP model named Seva for further restructuring its administrative structure and increasing efficiency of the system. The workforce is large and extremely skilled with 52 engineering colleges and 15,000 experienced IT professionals. This number is also tipped to rise year on year.

Power has been, and is, a traditional thorn in developmental issues in most states across India. Thankfully, the West Bengal government has been serious in securing the long-term future of the state. From a power deficient state in the 1980s, today it generates surplus power. The problem remains in the distribution system, and with **Japanese soft loans** and Rs. 216 crores from ARDRP for 8 zones, the upgradation and implementation of the distribution network is underway with 22 new sub-stations being created and 9 being upgraded. In terms of power generation, loans from the JBIC are being utilised for the 4th and 5th units of Bakreshwar Thermal Power plant. The 900MW Rs. 3,180 crore Purulia Pumped Storage Project is the first of its kind in India and the state has offered 70% of its stake upon completion to the National Hydro-Electric Power Corporation. Rs. 2,619 has been issued by the JBIC in this regard which will reduce the thermal : hydel ration from 97:3 to 77:23 thus bringing stability to the grid.

(...) The state sponsored health care system remains a drag on the fiscal deficit and the quality of service, with some exceptions like the SSKM Hospital in Kolkata, is poor. (...) However, with **increased private participation, health care,** at least in urban areas, is comparable to the best India has to offer. Kolkata's health industry is also increasingly emerging on the international scene – the 325 bed **Apollo Hospital** was made in collaboration with **Singapore's Parkway Group** for Rs. 2.1 billion and attracts many patients from South and South East Asian countries. Tertiary companies like At last Medical has chosen Kolkata to set up its first Indian base for developing software for the health care industry.

The **retail sector** is another area of solid growth – with giants like Westside, Shopper's Stop, Landmark and the local giant Bara Bazaar all doing brisk business in Kolkata. In fact, the City of Joy is the only city where Pantaloons has more than 1 outlets and planning a third soon.

Coupled with the retail boom, Kolkata's affluent middle class is also out on a spending spree on **entertainment** products, which has given a lift to the sector. The city already has a rich tradition of theatre, art galleries, golf and racing courses. Added to these are new attractions like Millennium Park, Nalban boating complex, Science City, Aquatica, Swabhumi, etc. The first multiplex cinema theatre Inox has recently propped up in Kolkata. (...)

The **real estate sector** in Kolkata is also enjoying a high ride. As an Economic Times columnist put it, 'Kolkata is turning into a happy hunting ground for some of the country's largest real estate developers. DLF Group, Unitech, Ruchi Soya, Zoom Developers and the Sahara Group, are all vying for a slice of the city's real estate pie'. Impressive housing projects are propping up regularly around the Eastern Metropolitan Bypass. The 1,245 acre New Town Housing Project, undertaken by West Bengal Housing Infrastructure Development Corporation is tipped to be a huge nest for business houses, a variety of training institutions, industry and trading bodies. (...)

Infrastructure development ranks very high on the priority list of the state government keeping in tune with the Union Ministry's emphasis on this. In 2001, **ADB cleared a $210 million loan** for developing the Bengal road network especially due to its strategic location enabling it to ensure connectivity with Nepal, Bhutan, Bangladesh, China including about 340 km of national highways north of Barasat, and two state highways providing connections to the Bangladesh border. Recently, a further $1 million was granted for technical assistance to the state in this matter. The JBIC is currently funding the construction of 4 flyovers in Kolkata, of which 2 have been completed. To facilitate the communication network in the state, a submarine cable landing project at Haldia is underway and Reliance has been invited to bring its FLAG line to the state, the likeliness of which materialising is very high.

(...) West Bengal has been traditionally one of the worst states in terms of **fiscal deficits,** and currently it operates the most number of loss making PSUs along with Delhi. However, **it is increasingly keeping in line with the national trend** in this regard with increased efficiency in mobilising resources, reduction in non planned expenditure, divesting and closing loss making PSUs, computerising sections of the bureaucracy and increasing taxes on luxury items that has seen its fiscal deficit fall during the 03-04 fiscal year. (...)

One may dismiss my arguments as overt optimistic fantasies. If indeed Bengal was doing so well, it should have reflected in investment figures. Surprise Surprise! It is! Between 1991-02, the state received Rs. 30,000 crore in terms of investment, putting it **among the best performing states in India.** True, states like Gujarat and Maharashtra fare far better, but it has to be kept in mind that Bengal only moderately liberalised in 1994 due to the arm twisting of the left, and really started pushing through the reforms post-2000. Results are clear – in 2001-02, West Bengal was the second most popular destination for investment among all states in India, so says a CMIE report. It's in the FDI area that Bengal really needs to improve and the real effect of labour reforms and taming the unions can have. Nevertheless, the situation is not nearly as bad as some conceive it to be. In 2002-03, Bengal was ranked 5th, up from the 8th spot it had occupied in 1991-02. Definitely an improvement, but it still doesn't do justice to the tremendous potential this state holds. Already Bengal is the **largest receiver of Japanese FDI,** with a Rs. 1,600 crore petro-chemical plant at Haldia by **Mitsubishi** leading the way. Several secondary and tertiary sector investment stemming from this plant are also flowing into the state with as many as 250 companies poised for investment in the next few years. (...) *[Source: by Aruni Mukherjee, 27.06.2004; http://www.indiacause.com/columns/OL_040627.htm; accessed 17.02.2005]*

[The above excerpt was written in 2004. Since then, more & more projects and MOUs have been reported to be signed by the WB govt. In fact, during the liberalisation/reform period West Bengal have gained **second spot in terms of investment**. – *Update*]

Post-91 capital rush to Bengal – Next only to Gujarat in investments

Like it or lump it, communist-ruled Bengal and BJP-run Gujarat are in the super league of top two states that received the highest investment since the economic reforms started in 1991.

Between August 1991 and end-2004, Narendra Modi's Gujarat saw an investment of **Rs 34,758 crore in 1,002 projects.**

Bengal came second with **382 industrial ventures bringing in Rs 28,198 crore investments.**

The figures compiled by the Planning Commission show the two states, run by parties with extreme and opposite ideologies, have gained the most from liberalisation.

"It just goes to prove that investors are not really bothered by political colours of rival states, they go on the basis of ground realities," said S.P. Gupta, a former member of the Planning Commission. (...)

Two states that have created a reputation as super investment destinations, Andhra Pradesh and Karnataka, stand way down at fifth and eighth places on the list.

Andhra, always in the headlines when N. Chandrababu Naidu was in power, has a conversion rate – project proposal to actual investment – of a mere 9.1 per cent. Karnataka, home to India's Silicon Valley, is only slightly better at 10 per cent.

"It just shows investors do not go by hype alone," Gupta said. (...)

However, Bengal, where labour costs are among the lowest because of "rampant unemployment", has not created the number of jobs other states have. **While Gujarat generated 1.4 lakh jobs through new industrial units and Maharashtra 1.54 lakh, Bengal managed only 71,216.** *[Source: By Jayanta Roy Chowdhury, The Telegraph, 14.04.2005]*

[It is revealing from the above report that: though West Bengal ranks 2nd in terms of investment between 1991-2004, this investment has **generated fewer number of jobs**. This means: **in Gujarat** (ranked first) **between 1991-2004, Rs 1 crore of investment generates nearly 4.28 jobs.** Whereas, **in West Bengal, Rs 1 crore of investment generates meagre 2.52 jobs.** (*The Telegraph*, in its edition of *7th May 2005*, calculates that the relevant figures **are 3.75 in Andhra Pradesh, 3.92 in UP, 5.60 in Maharashtra**.) These figures show that the investment flowed to Bengal during these years are very much **capital-intensive.** In this 15 years, **Rs 1,880 crore per**

year has been invested in Bengal generating 4,748 jobs per year. This is the one of best pictures of 15 years of reforms in India! **How many jobs were lost during these years in Bengal?** Forget those 15 years. Forget also the **70 lakh job-seekers** in the live register of employment exchanges. By closing down the shutters of the **state PSUs** or handing them over to private barons (i.e., barring the jobs lost in the private sector, which employees maximum number of people), **Bengal lost nearly 4,000 jobs during the last year** (as reported in most of the daily newspapers on *19.05.05*, exclusively in *Anandabazar Patrika*). If one adds up the number of jobs lost in private sector (again, barring the seasonal lay-offs in several Jute Mills), the figure of job-losses may reach the sky perhaps. Thus the process of reform creates very fewer number of jobs than the jobs lost. This is the **true face** of the 'reforms' in West Bengal, as well as India.

Now have some glimpses on this **true face** of 'reforms' pursued in West Bengal. – *Update*]

Wake up and smell the coffee, Comrade

"If a unit is not viable, it will be a drag on state resources. Divesting such a unit could be in the larger social interest." No, this is not the BJP speaking.

Neither is it Manmohan Singh's Congress. Instead, it is a leaf taken out of the **State Economic Review** prepared by the Left Front government in West Bengal a year ago.

For all the shrill anti-disinvestment fracas the Left Front is kicking up in Delhi, in Kolkata – where it has been in power for 27 years – things are very different. (...)

The state government has already identified 16 units for "restructuring", 10 of them with significant private help.

Two others, **the Indian Sugar beets Ltd and the Indian Paper Pulp Ltd,** have already been shut down. The government has also drastically slashed fund support to the ailing SPSUs on the plan head.

Also on the chopping block now are five **Webel** units. But they will be different; they will be the first state-owned units to be shut down with the help of foreign funds (DFID funds are coming in to pay off the employees), marking the combination of two "sins" that the CPM cannot stomach in Delhi.

Having to compete with other states for a slice of the foreign-capital pie, the CPM here has got used to rolling out the red flag (in the form of a carpet) for anyone, videshi or swadeshi, promising money.

And the results are showing: **from power projects to roads, flyovers, upgraded drainage systems, hospitals.**

There are few sectors that have not benefited, or are not waiting to benefit from the largesse of Department For International Development, Asian Development Bank, Japan Bank for International Cooperation and World Bank.

Recently, CPM's Bengal secretary Anil Biswas categorically said: "The Left, if voted to power at the Centre can't pull out of reforms dumping the privatisation-liberalisation route. **The debate now is over ways to utilise international capital.** We should bargain on the conditions instead of throwing open our assets and national security."

Not only that, **Bengal has signed up a power reforms programme with the Centre** which comrades in Andhra have been calling a Fund-Bank model. Tying up with capitalists to offer service has ceased to be an activity that makes the communist government go red in the face.

Be it a hospital in south Kolkata's Dhakuria (AMRI) or housing projects (Bengal Peerless, Bengal Ambuja, Bengal Shristi), the red government here has been **embracing public-private-participation in infrastructure.** (...) *[Source: Times of India, 18.05.2004]*

[Interestingly, the above report, including some of the below are published in the website of DFID **(http://www.dfidindia.org/news/coverage.htm)** which earnestly focuses its role in reforming the state's economy. The reports published in the same website are as follows:]

West Bengal Govt. to privatise 10 sick units by 2005

Notwithstanding its opposition to privatisation of Central PSUs, CPI(M)-led West Bengal Government **plans to hive off 10 sick state-level units into private hands by next year,** for which it has already received technical bids.

The companies on the block include **Shalimar Works, West Bengal Chemical Industries, National Iron & Steel Company, three units of Lily Biscuits Company, Engel India Machines & Tools, Carter Pooler Engineering Company, Neo Pipes & Tubes, Krishna Silicate & Glass, West Bengal Plywood & Allied Products, and Apollo Zipper Company.** (...)

The state government will cede management control in these loss-making companies in favour of strategic partners. The state government is divesting stake ranging between 51 per cent and 74 per cent in these companies. (...)

The state government has sought the help of **DFID** to revamp the sick units, while **Price Waterhouse Coopers** has been engaged as the financial advisor to the entire privatisation process. *[Source: The Hindu, 01.08.2004]*

Bengal sweetens handshake

Around **450 employees associated with Webel,** the Bengal government's nodal infotech agency, have been issued notices for an **"early retirement scheme",** a euphemism that could help the Left Front to live with its opposition to labour reforms and initiate an industrial restructuring in the state.

The employees who have been issued the notices work in four units – **Webel Carbon and Metal Film Resistors, Webel Crystals, Webel Capacitors and Webel Video Devices.** (...) *[Source: The Telegraph, 08.07.2004]*

[In the process of these 'reforms' of the state PSUs, voices of protest have developed within the workers/staffs in some of the enterprises, such as in Engel India, Great Eastern Hotel, Britania Industries etc. But the govt. has taken measures of strong arm-twisting in all the cases. The govt. virtually threatens the employees with dire consequences. – *Update*]

“No opposition will be tolerated in selling the sick industries”

Left Front makes it clear that no opposition will be tolerated in the process divesting the sick state units. It is threatened if this initiative [of divestment] is opposed, either the wages of the concerned units will be frozen or compensation package in the form of ‘Early Retirement’ will be cancelled. (...) *[Source: Anandabazar Patrika, 03.03.2005]*

Great Eastern staff handed final deadline

The state govt. is toughening its stand on the Great Eastern staff. Tourism minister Dinesh Dakua issued an ultimatum to the hotel’s employees (...) – accept the Early Retirement Scheme by April 18 or the state will shut down the shutters of the hotel. (...) *[Source: Times of India, 15.04.2005]*

[Interestingly, identical reports on ‘toughening’ of the govt. is featured in the CPIM mouthpiece *Ganashakti* published on the same day headlined as: “Great Eastern will be ‘closed’ if the staffs don’t accept the scheme”. The fate of the staff of this hotel was hanging in the balance because some compulsions of electoral politics before the civic elections of Kolkata held at June were operating between the contestant parties. As these elections are over, the contestant parties quickly build consensus to retrench those employees. Barring this sole case, the first phase of ‘restructuring’ of the state PSUs have been completed. The LF govt. has already handed over the blueprint of **second phase of reforms** to the central govt. and foreign donors. – *Update*]

Buddha talks PSU reforms & World Bank

“DFID funds are not enough. We want the World Bank, the Asian Development Bank and the Japan Bank for International Cooperation (JBIC) to come and fund our PSU restructuring programme,” said an assertive Buddhadeb Bhattacharjee, the West Bengal Chief Minister (...). He was officially unveiling the state government’s plans for what he calls the **second phase of PSU revamp**. Total funding needed: **Rs 1700 crore. The key emphasis in this phase is on transport and power sector reforms.**

In essence, **it means the closing down of at least 29 perpetually loss-making government companies and corporations and the possible laying off of a chunk of the 70,000 workers** in these units over the next couple of years. These include state transport corporations and several manufacturing units.

It also carries with it a social safety net clause that not only ensures payment of dues to the laid-off workers but also ‘‘re-skilling’’ a section of them so that they can be ‘‘employable’’ in new ventures.

One reason why the state is now pitching for other international donor agencies is that the UK government’s DFID (Department for International Development) grant is largely linked to the poverty alleviation programme. But in the second phase the state government has to **look beyond that and modernize the transport sector and the power sector infrastructure.**

Speaking to *The Indian Express,* Howard Taylor, deputy country head, DFID, said that the British government would fund the second phase to the tune of 4**0 million pounds** – a chunk of it **tied to social sectors like health and education**. **“But the DFID, World Bank and ADB often act in conjunction with each other and the state should get a commitment on funding by the other donors,” he said.**

One of the **World Bank** representatives in the meeting Rajni Khanna said that so far no formal application for loans on behalf of the state government has reached the Bank. **“But the message was clearly spelt out by the Chief Minister today and we carry forward things from here,” she said.**

Yet another important aspect of the second-phase restructuring is the **interest component**. While **DFID’s funds** came to the state government as outright **grants,** the **World Band and ADB** finances will obviously have a **loan component**. The Centre is said to have agreed to offer the same interest rate as the Centre pays for such funds.

Under the first phase – described as the pilot project for PSU restructuring – as many as 17 companies are in the final stages of being closed down with British DFID funding of over Rs 200 crore. (...)

The West Bengal Chief Minister's robust advocacy for international donors during the day comes at a time when his comrades in New Delhi hem and haw over the Centre's 'economic policies'' and have vowed to stall pension and banking reforms.

Bhattacharjee himself was aware that he was speaking the unspeakable. ''People talk about dichotomy. What you are saying in Delhi, you are not saying in Kolkata,'' he said and went onto explain his position. He sought to differentiate between core sector, profit-making central PSUs and perpetually loss-making ones. ''These are two different things. Their undertakings and our undertakings are different,'' said Bhattacharjee. (...) *[Source: The Indian Express, 19.05.2005]*

[In the same meet several other declarations are announced. *The Telegraph (19.05.2005)* reports:

> "The government has engaged a "spin doctor" – communications specialist **Grey World-wide** – to devise a strategy, both external and internal, for smooth sailing of the second phase... The state government is also taking the advice of **CB Richard Ellis,** the world's premier real estate services company, on how to use the land being unlocked following the closure of some of the sick public sector units... A **new slogan** coined for the government says: ***Ami notun Banga, samriddhi amar sathey*** **(I am the new Bengal, prosperity is with me)**."

The names of the state units/corporations slated to be 'reformed' in the 'second phase of restructuring' are given in the **Box 2**. It is notable (in the box) with due importance that the LF govt. has included two sectors in the second phase of 'restructuring'/'reforms' which is advocated for long by World Bank. These sectors are – **Power and Transport**. In the World Bank documents it has been noted how the Bank pressurises the governments to 'reform' power sector claiming that it 'drains' huge govt. finances. The LF govt. is now singing the same tune. – *Update*]

Left is right on power reform track: CM

The Left demand for a review of the Electricity Act will not come in the way of power reforms in West Bengal. Chief Minister Buddhadeb Bhattacherjee on Wednesday gave the **go-ahead to the proposed restructuring of the West Bengal State Electricity**

Board, a move that trade unions have been opposing at the national level. “It will help us further improve the Board’s efficiency,” Bhattacharjee said at the inauguration of a workshop on restructuring public sector undertakings in the city. (...)

“It’s impossible for states, no matter which party – Left, Right or Centre – runs them, to pump in a total of Rs 1,050 crores every year for the SPSUs [state public sector undertakings], many of which have notched up huge losses. We have closed some down, (have to) restructure a few while keeping them under govt. control and also find takers for some others. **Power and transport are the two major sectors that will come under the second phase of restructuring,”** Bhattacharjee said. (...)

Taking the cue from the chief minister, state power minister Mrinal Banerjee said: **“We will start the restructuring process segregating the SEB into separate transmission and distribution companies.** But we won’t take the Orissa route and privatise them.”

In fact, the state has already appointed a consultant firm to take stock of the state of affairs in the SEB and suggest ways to improve customer service, fix specific targets for the management and chalk out a reform route.

And Banerjee did all this months after a seven-member panel of experts led by Subimal Sen had submitted an extensive report to the power department on SEB reorganisation. (...)

The Sen Committee had examined the SEB structure in detail and proposed to split it into separate autonomous holding companies responsible for transmission and distribution. Over and above this, **it also suggested a huge redeployment of the existing workforce** as part of cost-cutting measures, if not bidding them good bye. (...) *[Source: Times of India, 19.05.2005]*

Box 2: Second phase of industrial reforms in Bengal

- The Kalyani Spinning Mills Ltd.
- Silpabarta Printing Press Ltd.
- West Bengal State Handloom Weavers Co-operative Society Ltd.
- West Dinajpur Spinning Mills Ltd.
- West Bengal Mineral Development & Trading Corporation Ltd.
- Webel Consumer Electronics Ltd. (branch of WBEIDC)
- West Bengal Film Development Corporation.
- West Bengal Tea Development Corporation Ltd.
- West Bengal Pharmaceutical & Phitochemical Development Corp. Ltd.
- West Bengal Co-operative Spinning Mills Ltd.
- Webel Informatics Ltd. (branch of WBEIDC)
- West Bengal Dairy & Poultry Development Corporation Ltd.
- The Infusion (India) Ltd.
- The West Bengal Projects Ltd. (branch of WBSIDC)
- West Bengal State Food Processing & Horticulture Development Corp.
- West Bengal State Electricity Board
- The Durgapur Projects Ltd.
- Calcutta Tramways Company Ltd.
- South Bengal State Transport Corporation
- North Bengal State Transport Corporation
- West Bengal Surface Transport Corporation
- Calcutta State Transport Corporation
- Greater Calcutta Gas Supply Corporation Ltd.
- Basumati Corporation Ltd.
- West Bengal Agro-Industries Corporation Ltd.
- West Bengal Essential Commodities Supply Corporation Ltd.
- West Bengal State Minor Irrigation Corporation Ltd.
- West Bengal Tourism Development Corporation Ltd.
- Government Dairies Under The Directorate Of Dairy Development.

[Source: Anandabazar Patrika, 19.05.2005]

[Interestingly, World Bank in its document, **recommended the same proposal in "segregating" the SEBs into separate companies** such as **"distribution", "transmission"** etc. In the **Electricity Act 2003** of the central govt, same recommendations were prescribed. The Sen committee appointed by the WB govt. proposed the same. Now, the WB govt. is busy to implement these proposals originally recommended by World Bank.

In fact, some of the reports of Sen committee were flashed in the newspapers in 2004. Follow the next excerpt.]

10,000 staffs to be axed in SEB

A committee appointed by the state govt. for the reforms of SEB declared **10,000 employees as surplus** and advised the govt. **to axe them** through **'early separation scheme'** or voluntary retirement. The committee led by Subimal Sen, a former member of the state planning commission, opined that out of 33,005 employees of the SEB, 9,583 are surplus. The committee advised the state to start the process of reducing this **30%** employees as early as possible. (...) *[Source: Anandabazar Patrika, 04.03.2004]*

[More or less identical reports of "unbundling" of the WBSEB had been published in *Times of India (19.12.2003)*. Thus, under a new slogan **"I am the new Bengal, prosperity is with me",** the reforms of the SEB has been started by the LF govt. In an identical manner, the **'reforms' of the state transport companies** have been taken. This was also recommended by the **World Bank** long ago. The LF now begins this 'reforms' obediently. In fact, the process of restructuring the state transport sector had been started in 2004. – *Update*]

Govt taps World Bank on transport

The Buddhadeb Bhattacharjee government today began **talks with the World Bank** for upgradation and modernisation of transport services in the state. "We had preliminary discussions with World Bank officials, where we told them that we are looking seriously **at restructuring and reviewing the transport sector** in the state," transport secretary Sumantra Chowdhury said after meeting a five-member team from the funding agency at Writers' Buildings this evening. (...)

A major component of the upgrade will be the restructuring of the **five state transport undertakings – Calcutta State Transport Corporation, the North Bengal State Transport Corporation (NBSTC), the South Bengal State Transport Corporation, the West Bengal Surface Transport Corporation and the Calcutta Tramways Company.**

The process involves close scrutiny of the entities and rationalisation and redeployment of their employees. (...)

"We have approached the World Bank to help us in upgradation and modernisation as transport is a core area for them. (The) Department for International Development **(DFID) will be approached to fund the voluntary retirement schemes, which will be introduced to trim the workforce of the undertakings.** DFID has also agreed in principle to fund the study of the transport system," a government official said.

Chief secretary Ashok Gupta is expected to take up the matter formally with Michael Carter, the World Bank's India director, when he visits Calcutta on Wednesday. (...)

With a massive **workforce of 23,000** looking after about 3,380 vehicles, the five transport corporations are overstaffed. The worker-vehicle ratio, which should ideally be 1:7, is currently 1:12 in some corporations. With an annual shortfall of Rs 10 crore after subsidy, the NBSTC is in the worst shape. Officials said paying salaries to the NBSTC staff has been very difficult for the past three months.

The World Bank team held another round of talks with commerce and industry secretary Sabyasachi Sen. The visitors, who have prepared a report on the state's industrial climate, were reportedly **dissatisfied with road conditions and transport infrastructure.** *[Source: The Telegraph, 30.11.2004]*

Bus doctors meet the bosses – Govt names consultants to study transport malaise

The government has roped in a consortium of consultants to study the transport sector and suggest measures to revitalise it.

The exercise to be undertaken by Consultant Engineering Services (CES) and ICRA Management Services could translate into the merger of some of the state transport undertakings and early retirement schemes for excess staff.

Transport minister Subhas Chakraborty today met the heads of Calcutta State Transport Corporation, West Bengal Surface Transport Corporation, North Bengal State Transport Corporation, South Bengal State Transport Corporation and Calcutta Tramways Company and representatives of the consultants. He said the government is looking forward to curtailing the huge subsidy given to the undertakings and to ensure better services.

Representatives of UK's Department for International Development (DFID) and World Bank were present at the meeting (...). The British agency is funding the restructuring and **the bank may be roped in** later for its knowhow of the sector. (...)

The government pays Rs 228 crore as subsidy to the five undertakings every year. It now wants optimal resource utilisation, commercial efficiency and better passenger comfort and amenities. The study will focus on:

- Merger of the units to create mass transport services separately for Calcutta and its neighbourhood and rural areas.

- Recommending an optimal fleet and manpower strength after assessing number and quality of existing vehicles.

- Suggesting a management structure for the new entities targeting optimum utilisation of resources, including a road map for use of modern office techniques, automation and refashioning navigation.

- Creating franchises on a revenue-sharing model, whereby private players will run services on particular routes.

- Inviting private investment in operational modernisation. (...) *[Source: The Telegraph, 21.01.2005]*

[Apart from the state PSUs, the WB govt. has taken massive cost-cutting measures in govt. departments also either by **imposing bans on new recruitment** or by recruiting **contract** teachers, doctors & staffs in different categories in place of permanent jobs.]

Long-term plan to identify surplus staffs

After the divestment, the state govt. has taken plans **to identify the surplus staffs on department-basis.** The aim of the govt. is **to reduce the monthly salary-bill of the employees.** The monies saved will be expended in developmental sector. (...)

The state govt. is in great difficulty to pay the salaries of the **nine & half lakh employees**. If the first and second phases of divestment make success, the burden of salary-bill on the govt. will be reduced to a certain extent. According to the finance department, if the divestment process succeeds in full, **salary-bills of nearly 1 lakh employees will be reduced.** The state govt. has to arrange Rs 1000 crores per month to pay the salaries. The govt. is in favour of **half** of this amount. (...) [Out of the nine and half lakh employees], there are **four lakh** employees in first class category which comprises of different departments operating directly under the govt. (...) There are **five lakhs** employees in the second class category in educational institutions, civic bodies, Panchayats, and corporations. (...) The govt. has already ordered to various departments not to appoint any casual employees. (...) In all, the govt. has plan to allocate resources in development sector (...) by reducing the employee strength & salary-bills. *[Source: Anandabazar Patrika, 23.05.2005]*

[The LF govt. had done a survey in various departments to enumerate the actual number of staffs & vacancies in 2003-04. **It was found that in 29 departments out of 54, 45,000 (or nearly 25%) posts are vacant out of 1,74,000.** *(Anandabazar Patrika, 12.02.2004)* And, according to The West Bengal Headmasters' Association "**72,000 posts of teachers lying vacant** in primary, secondary and higher secondary schools in the state". *(The Telegraph, 22.03.2005)* In fact, the state govt. employed **contract employees** in various categories. Mr. Asim Dasgupta, in his interview to *The Indian Express (14.12.2004)*, when asked about the World Bank loans in hospitals, said proudly: "Interestingly, you know, in the municipality run hospitals, **the doctors and paramedical staffs are appointed on a social contract**." Not only in municipal levels, the govt. has appointed **Group D staffs** in state run hospitals **on contractual basis**. *(Anandabazar Patrika, 18.04.2002)* The govt. has also appointed teachers in contractual agreement:

> "Panchayat-run shishu kendras have already started **hiring teachers for Rs 1,000 per month on yearly contract.** There are around **18,000 such kendras with two teachers** being sanctioned for each". (*Times of India, 02.06.2003)*

Moreover, The Statesman (08.02.2002) reports:

> "The govt. has served a bitter pill to **temporary medical laboratory technicians** in state-run blood banks in medical colleges and Institute of Blood Transfusion and Hematology, **but not only refusing to absorb them into permanent jobs, but also by practising disparity in wages**."

Recently, The 'pro-reform' CM of LF govt. denied permanent absorption to the casual staffs working in govt. hospitals for years. *Times of India (26.05.2005)* reports:

> "Casual workers engaged in the three state medical colleges have no hope. CM... turned down a Cabinet proposal for absorption of a section of Group D casual employees who have been serving the hospitals **for long**... Over and above (Buddhadeb) Bhattacharjee believed that the **carrot-and stick system in contract jobs was working well. "We got good result by giving contractual jobs to teachers and doctors. This should be followed. Otherwise nobody cares to work."**

The above statement of the CM of Bengal is nothing but the voices of the big capitalists and imperialist masters. Note how the interests of the left parties merge splendidly with the bosses of imperialist funding agencies and their Indian lackeys.

Next excerpt shows how DFID directly helps in the WB govt. budget to bail out it. Also follow the designs of the foreign donors in **'reforming' the civic bodies at the grassroot levels**. This report has been taken from the DFID website mentioned earlier. – *Update*]

DFID keen to play saviour role for state

The Department For International Development is not averse to bailing out the cash-strapped state government by granting funds **by way of budgetary support**. The issue came up for discussion during the meeting between the British minister for Asia for the DFID Gareth Thomas and chief minister Buddhadeb Bhattacharjee on Thursday.

"We held a preliminary round of discussion on the budgetary support funds," he said. Further discussions will be held in future between the officials of the DFID and the state government.

Mr. Gareth was in the city to launch the **Kolkata Urban Services for the Poor,** a joint project with the West Bengal government. In a bid to clear the confusion if the DFID could provide budgetary support to state governments to tide over their financial crisis, Mr Thomas said that the British agency had in the past given such funds to two other states in India. "The budgetary support funds given to Andhra Pradesh is Rs 483 crore (£65 million) and Orissa is Rs 223 crore (£30 million)," he added.

Mr Thomas clarified that the DFID had no problem if the state government wanted to use the funds for disbursal of salaries to its employees. "The state government can overcome its fiscal problems by using this fund. It can pay salaries to teachers, doctors and nurses," he elaborated.

Mr Thomas claimed that the state government could never divert funds from development projects to spend on non-development projects. **"We have a whole series of checks and balances to monitor how the money is being spent,"** he pointed out. (...)

[The chief minister] said that the DFID was allocated a fund of Rs 714 crore and the state government will be giving Rs 22 crore for the project. "The funds will be **used in greater Kolkata in 40 municipality areas** barring the Kolkata Municipal Corporation areas," Mr Bhattacharjee added. The project is expected to be completed by 2011. (...) Mr Bhattacharjee said that different projects taken up by his government included **improvement of the infrastructure of rural hospitals and the healthcare system.** After his meeting with Mr Thomas at Writers' Buildings, state industry minister Nirupam Sen said that DFID has promised to allot £150 million in seven years in two phases for **strengthening the rural decentralisation project** and another £200 million for strengthening the **primary healthcare system.** (...) *[Source: Asian Age, 23.01.2004]*

[Above document reveals that DFID has given grants for many projects such as, primary healthcare, primary education, sanitation, infrastructure development etc. in the municipal levels. It is also clarified that **40 municipalities** of Bengal have taken grants from DFID for various project-specific programmes. Hence, the focus of DFID is aimed at the **grassroot level** for extensive 'reforms'. In a separate arrangement, DFID also allocates grants for **Kolkata Municipal Corporation and Kolkata Metropolitan Development Agency (KMDA)** (a state govt. undertaking). In the above discussions it is noted that World Bank also extends its support to the civic bodies with a definite aim **to make them 'self-sufficient'** in such a way that they may no longer be dependent for funds on the governments – either central or state. Thus, the civic bodies are instructed to follow the path of 'reforms' **by increasing the revenue collection, imposing fresh taxes on various public utilities used by common people (as user charges), and/or axing the 'surplus' staffs,** etc. In rural areas, in the name of **'rural decentralisation'** and/or **'self-dependence'** more or less similar instructions are given to the **Panchayat** bodies. Thus, in the stated goals of 'fiscal reforms' of DFID, the local bodies are integrated very closely. In this process, the imperialist interests are infiltrating the interior Bengal with a 'human face' under the mask. – *Update*]

Deadline key to British largesse lock

The stick: meeting deadlines set for development projects.

The carrot: raising monetary support from Rs 100 crore to Rs 500 crore.

The Department for International Development (DFID), government of UK, is willing to pump in five times the present funding to Bengal in the coming years, provided the Buddhadeb Bhattacharjee government achieves the targets set by it.

"We are offering about Rs 100 crore to the government now. In three years, this may go up to Rs 500 crore if the government achieves the targets," said Gareth Thomas, minister for Asia, DFID, at the launch of the £102-million **Calcutta Urban Services for the Poor (CUSP)** programme. (...)

CUSP, which is to be completed by 2011, covers **40 municipalities.** It will focus on:

- Rehabilitating and building assets for water supply, sanitation, drainage and small access roads in slums;
- Rehabilitating and filling gaps in the town network for basic water supply and sanitation services;
- Partial meeting of costs of water supply and sanitation projects serving two or more municipalities;

- Staffing and running costs for programme management and supervision, support to a process of economic planning.

"CUSP is part of a wider process of empowerment, as well as development of Calcutta. People will open doors to clean water, education and jobs," said Thomas. (...) *[Source: The Telegraph, 23.01.2004]*

Foreign tips to get civic recruitment in shape

The urban development and municipal affairs department has tied up with the Department for International Development (DFID) to modernise the recruitment system prevalent in municipalities and civic corporations across the state.

The step is part of **an effort to cut down on surplus civic staff,** and at the same time, improve efficiency.

It was learnt that the task of undertaking a ground-level survey for the purpose has been entrusted to a consultant firm which will study the existing "staff pattern" and suggest efficiency-improvement techniques to various municipal bodies.

The municipal affairs department's move could be fallout of allegations that several civic bodies in the state have **excess and non-performing staff** who render poor service to the people.

Once the survey is complete, the urban development department will bring out a "strategy paper" aimed at implementing the suggestions.

Sources in the urban development and municipal affairs department said the **survey would initially be undertaken in 40-odd municipalities under the Kolkata Metropolitan Development Authority (KMDA).** The initiative would be extended later to **civic bodies in districts north and south Bengal.** (...)

Urban development and municipal affairs minister Asok Bhattacharya said: "DFID is funding the project, while another consultant firm has been roped in to review the recruitment system prevalent in the municipalities. The survey is expected to review the existing staff pattern and come up with suggestions to improve the efficiency level. This will go a long way in allowing civic bodies to serve the public better."

Sources in the department said the effort was part of an exercise to **cut down on surplus staff** and reduce the burden on the government exchequer. They said the department was trying to improve staff-efficiency, especially in the accounts and conservancy units of the municipal bodies.

(...) **The civic bodies now shoulder the additional responsibility of supplying potable water to residents. Earlier, the public health engineering (PHE) department used to do the job.** *[Source: The Telegraph, 07.07.2004]*

[In the name of making the civic bodies "efficient", DFID advocates the same formula: **'retrenchment of civic staffs'**. The **Asian Development Bank (ADB)** also, which is a major donor to **Kolkata Municipal Corporation (KMC)**, prescribes the same treatment:

> **KMC will retrench 10,000-12,000 'excess staff' next year following recommendations of the ADB**... "We have around **45,000** persons on our payrolls. Out of this, there are at least 10-12,000 have no work," (the Mayor)... told newspersons... The excess staff problem has been **mentioned in the ADB's report**... A **voluntary retirement scheme** will also be financed by the UK govt.'s **DFID**. The DFID is providing a £30 million grant for a capacity building programme of the KMC, **meant to shed excess staff** and improve efficiency. "**Around Rs 50 crore will be available for the VRS,**" the mayor said. *(Times of India, 12.12.2002)*

Kolkata Metropolitan Development Authority **(KMDA)**, another developmental organisation run by the state govt. is also under scanner of ADB. Here also, the LF govt. under the ADB prescription has decided to trim the KMDA workforces. Nearly **2,000 workmen out of 7,000 have been given early retirement.** *(Anandabazar Patrika, 16.12.2004)*

Moreover, note the last paragraph of the above report. The **"responsibility of supplying potable water" is handed over to the "residents".** Thus under the 'reforms" prescribed by DFID, the civic bodies **sheds the responsibility of water**

distribution and handed over to the residents. And this is called as **'decentralisation'**! In many civic areas all over West Bengal this process is going on large scale. In most of the cases primary expenditure has been met by DFID. Once installed, the secondary expenditures and other 'burdens' of responsibility of water distribution have been skilfully handed over to the 'residents' in name of 'decentralisation' or 'reforms'.

These foreign funding agencies advocates the 'reforms' in administration machinery in the name of 'professionalist', 'corruption-free' activities from the bureaucratic administration of the state. They prioritise the need for **'administrative reforms', 'e-governance', 'accountability'** (!) etc. – *Update*]

British assistance to bring transparency in state's administration

The British are trying to get involved in the **'good governance' project** to achieve an **administrative reform** and transparent administration at govt. level in West Bengal. In several times, the DFID men have been pushing the state govt. that a radical change in the work-processes of the Writer's Buildings, the sacred place of two hundred years of British colonial rule, is necessary. At last, a proposal for change in the inherited old administration of the British system has come from the very British.

The state govt. has no objection in involving DFID in this matter. At present as a primary step of 'good governance' a detailed survey will be undertaken with DFID fund. (...) The outline of reforms will be drawn on the basis of this survey-report. (...)

Not only the technological development of **e-governance**, the main purpose of 'good governance' is **to enhance governmental expertise**. (...) The sources in the govt. says that the CM is trying to put emphasis **on administrative reforms**. (...)

Grants are also coming for development of the cities and **civic services**. A two-years project for improvement of efficiency and competency of the **Panchayat system** has been taken up. To improve the efficiency and competency is also one of the aims. With this came the projects to bring transparency in keeping of accounts of the self-governed bodies like Panchayats and municipalities. In fact, the DFID men have emphasised on the urgency to bring **transparency at the governmental level** to ensure clean administration at the **grassroot level**. (...) *[Source: Anandabazar Patrika, 11.02.2005]*

[In fact, the CPIM mouthpiece, *Ganashakti* pats the West Bengal govt. for **"a successful model of Governance"** in West Bengal referring the compliments from World Bank in the following words. – *Update*]

Decentralized development trends in West Bengal: government to citizen

West Bengal creates another **successful model of Governance which is very much appreciated by Central Government as well as the World Bank authority.** From accessing land records and obtaining a birth certificate to paying bills on lines, G2C (Govt. to Citizen) services are **set to get a fillip in Bengal with World Bank promising help.** According to a senior official of Govt. of West Bengal: **The World Bank wants to strengthen e-governance in our state**... The Centre's decision to include Bengal is an important recognition of our efforts in the fields of information technology. Even on the choice of Bengal Sri R. Chandrashekher, the joint Secretary of the Union Information Technology Ministry, Govt. of India said 'we thought it best to start with states from different regions that have done significant work in this field. Bengal has done remarkable good work in computerizing land records, transport registration, panchayats and national resource planning. It would be good representatives of the parameters to be set for other states'. (...) *[Source: by Sisir Chatterjee, Ganashakti; http://www.ganashakti.com/tw/thisweek/week_feature5.htm; accessed 02.04.2005]*

[Thus, the bureaucratic structure of the state machineries is being 'decentralised'. Moreover, good 'governance' through e-revolution is highly appreciated not only by Centre but also by World Bank. And, World Bank assistance now gets a fillip. In fact, in the Panchayat and/or in the municipal levels these types of administrative reforms' imposed by World Bank, DFID are **depicted by LF as a 'remarkable' success in 'decentralisation', 'clean administration at the grassroot levels.** These activities in fact, will **tighten the grip of the imperialist agencies** (as well as the ruling classes of India) over the lives of the people at the grassroot levels. Moreover, in future, these programmes will pave the way to cut 'excess' manpower in govt. institutions.

The WB govt. is engaged with **USAID** (a notorious imperialist agency of the USA) also for **municipal 'reforms'.** Follow the next excerpt for USAID role. – *Update*]

Indo-USAID Program Launched in West Bengal

The United States Agency for International Development (USAID) and the Government of West Bengal have agreed to work together to improve water and sanitation services in West Bengal. (...) [O]n April 26, 2005, USAID Mission Director George Deikun and Mr. Asok Bhattacharya, the Honorable Minister of Urban Development and Municipal Affairs, announced that the Indo-USAID Financial Institutions Reform and Expansion (FIRE-D) program will work with the Government of West Bengal to design and operationalize a **Municipal Development Fund** to assist various cities in West Bengal **to develop and finance water sanitation projects, to improve garbage collection and disposal systems, and to improve the financial positions of municipal governments.** USAID Mission Director Deikun, in his first visit to Kolkata, emphasized the importance of infrastructure and governance to improved citizen services and sustained economic growth. (...)

The program, which will assist seven selected states including West Bengal, will focus on **capacity building** of state and municipal institutions for the development, **financing and management of viable water and sanitation services with market-based financing.**

The project aims to increase urban infrastructure investment by:

- increasing **participation of municipalities, the private sector, and community organizations** in the development and delivery of commercially viable urban infrastructure services;
- improving capacity of municipal and state governments, infrastructure agencies, and other urban professionals to manage urban growth, mobilize resources and improve infrastructure services; and

- supporting development of a **market-based urban infrastructure finance system.**

The program has already successfully introduced major municipal legislative and **financial reforms**, as well as market financing mechanisms for investment in municipal infrastructure services. *[Source: http://mumbai.usconsulate.gov/wwwhindpr204.html; accessed 03.05.2005]*

[Asok Bhattacharya informs the newspersons that the projects of USAID are slated to be implemented in the Durgapur-Asansol belt and in the Siliguri area. *Business Standard (27.04.2005)* reports:

> Bhattacharya said West Bengal would seek help from USAID to migrate **all the 126 municipalities in the state**... "Municipalities should be equipped to raise funds not only from regular sources but also **from the capital market**. A major objective of the project shall be to design a mechanism so that municipalities can approach the capital market **to raise funds**," said Bhattacharya.

What a fascinating project it is! The **formula** is simple: 'don't depend upon the governments for funds; join the capital market; jump into the speculative bandwagon and raise funds. It is discussed earlier that DFID & World Bank also advise the civic bodies **to raise funds on their own.**

It is already noted earlier that one of the prescriptions coming from DFID, ADB etc. is to create **"an investment climate"** which will favour **"inward investment"** and **"public-private participation"**. What does it mean? It's also plain & simple: 'invite FDI or domestic capital literally in all sectors'. The LF govt. also cordially invites it. In every meet organised by the big industrialists involving foreign investors, the LF ministers made it clear: **"we are all for FDI"**. The CM in an interview to *Economic Times (23.09.2004)* emphatically said: "*Amar to* FDI *chai*" (**"I got to have FDI at any cost"**). And, investments are coming in. It's coming from USA, Japan, France, Indonesia, Singapore slowly but steadily.

The funding agencies have given strong emphasis to develop infrastructure, particularly roads, communications, power, etc. **ADB**, an Asian sister of World Bank, has given **$210 million loans** for **West Bengal Corridor Development** project. In general, this type of funding attaches an **“implicit conditionality”** to provide foreign business houses as much orders as to make super profits. An ***US website*** *(http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/fr/gr-75527f. html; accessed on 30.03.2005)* reports that this project will “provide **US businesses** with as much lead time as possible **concerning procurement and consulting opportunities**.” This project is intended for “improvement of National Highway 34, which is the artery of north-south transport corridor and the eastward connections to the border with Bangladesh... Two other corridors (to be developed)” have **“potential for private participation”** and “are being developed as **public-private partnership** projects.” (ibid) ADB is also involved with ‘*Pradhan Mantri Gram Sadak Yojona*’ of Central govt. In this project ADB is entitled to develop arterial roads in West Bengal (including some other eastern states). A newspaper reports:]

Bengal wants private funds for roads

The West Bengal government plans to replicate the **joint venture model in housing sector** to develop other infrastructure like **roads, water supply and sewerage.**

Asok Bhattacharya, West Bengal’s minister for urban development, said the government would **encourage private players in these areas.** He said such projects were yet to take off as private investors were sceptical about return on investments. “The state will give some road projects on built-operate-transfer on BOT basis (...)”.

Some water supply and distribution projects, Bhattacharya said, could be offered in the industrial town of Haldia. Private investors have stayed away so long as they were not confident of the revenue model, the minister complained.

The state government will **permit user charges to attract investors.** “The state hopes investors will make a small profit and consider the social aspect,” he said. Harshavardhan Neotia who has pioneered joint sector housing projects in the state said his group could be interested in road projects. (...) *[Source: Business Standard, 29.01.2005]*

[Again, the formula is made crystal-clear. "To attract investors" (of course, both foreign & domestic), **"user charges"** will be slapped on the consumers. That means: water taxes, road taxes, taxes for garbage removal will be imposed. In a normal course, these measures will hard-hit the common people who are already marginalised in several ways. In fact, the state govt. has already instructed different municipal bodies (as per the guidelines of the imperialist mentors) to collect **water taxes**. *Anandabazar Patrika (07.05.2005)* reports:

> ...Japan will provide financial and technical assistance in production and distribution of water in 30 municipalities of the KMDA area... More areas may be added later... Recently, Germany provided assistance in purifying the sewerage water. Now comes Japan...
>
> In the greater Kolkata... where the WBSEB supplies power, Japanese assistance may be available in modernising and developing the distribution system.... The govt. is interested in building 'rapid mass transport system' with the Japanese loan of Rs 2400 crore...

In fact, large amount of foreign investment is pouring in roads, flyovers (with the 'assistance' of Japan), real estate businesses, malls, shopping complexes, and even in golf courses. – *Update*]

Foreign funds find Bengal home

Three hundred and fifty million dollars and three laudatory adjectives should count for a good day in office for any chief minister but for Buddhadeb Bhattacharjee they represent the first investment breakthrough of his reign.

Two Indonesian companies will build a **township** in west Howrah at a cost of $350 million. Plans were also announced for a **two-wheeler plant, a coal-mixing project and a golf course** – all three to be funded by Indonesian companies.

The **Salim and Ciputra groups** are coming together to construct the township over 400 acres, a project that has progressed the farthest among the plans mentioned today by the chief minister.

Flanked by Benny Santoso of the Salim group and I.R. Ciputra of Ciputra, Bhattacharjee said: “This is the country’s first FDI-funded project in a township and we have completed all the formalities.”

It is also the **country’s largest foreign investment in housing.**

To be developed by Beyond Limit International Ltd – the joint venture company set up by the two Indonesian firms to implement the project – the township, christened Calcutta West International City, will have 6,800 residential buildings, a commercial complex, health centres and entertainment zones.

“The project will be completed in 10 years and will be home to around 1,50,000 families,” Bhattacharjee said. (...)

To “market economy”, Bhattacharjee has added the “human face” by insisting that some of the land in the township be kept aside for housing for the poor. “They have agreed to our proposal of earmarking 5 to 7 per cent of the land to develop low-cost housing for people below the poverty line,” he said. (...) *[Source: The Telegraph, 10.11.2004]*

[The above-mentioned Indonesian companies are also keen to invest in other projects. *Times of India (05.02.2005)* reports:

> “Indonesian business giants Salem Group is keen to invest in Bengal **road projects** and to open a **cell-phone manufacturing unit** in the state... Other sectors... the group is interested in are **power and food processing**. Santoso (a senior official of the Group) had earlier shown keen interest to undertake development of **township and housing in Rajarhat and Dankuni**. The **automobile industry**, especially two wheeler sector, besides **multiplexes, shopping malls and hotels** were other areas that the Indonesian firm was interested in...”

In fact, there are surges of new investments (both foreign & domestic) in the lucrative real estate & entertainment business flourishing in Bengal. – *Update*]

Global players join real estate race

The city’s credential as an emerging real estate hub received a huge boost with international property consultant Chesterton Meghraj setting up an office in Kolkata.

Chesterton Meghraj is the Indian subsidiary of Chesterton Blumenauer Binswanger, a consortium of three consultant majors – Chesterton International Plc of Britain, Blumenauer Immobilien of Germany and US-based Binswanger International – with 160 offices worldwide. (...)

The firm conducted several studies, validating the need for a stronger presence in Kolkata. (...) Incidentally, Chesterton had the exclusive right to leasing all the three malls properties that are currently in operation – Forum, City Centre and the Metropolis. It is also exclusive handling Lake Mall and working with others on South City Mall. (...)

"We also foresee a **lot of action in the residential segment.** With large residential complexes and townships being announced in Calcutta shortly, Chesterton wants to play an active role in marketing these projects," said [Abhijit] Das [Kolkata office head]. (...) *[Source: Times of India, 03.03.2005]*

Foreign realtors gear up to test Kolkata waters

(...) [After] Meghraj group (...) American firm NAI Global followed with local big name NK Realtors in tow. Operating in 300 markets spanning 40 countries, NAI transacted over $27 billion business in 2004. (...) A strategic alliance with mall development and retail consultancy major Asia Property Group will help the NAI-NK entity prepare the retail platform. (...)

NAI is also eyeing German and American investment trusts called REITs that are funding source for the mega-developments in China. (...) *[Source: Times of India, 27.04.2005]*

[Another report published in *Economic Times (07.12.2004)* said:

"A big **township project** that has been cleared is a 100-acre project in **Durgapur**. This project involves foreign participation, but not foreign investment. It is being developed by the Kolkata-based Srei Group in collaboration with the **Singapore-based Sembawang Group**."

Times of India (09.02.2005) reports:

> Kolkata is now set for an entertainment boom. And the investment on multiplexes in Bengal could even rise to **Rs 1,000 crore**," FICCI president... said. **Six new multiplexes** would open in West Bengal soon"

Now, the state govt. is very much busy in allotting lands to this burgeoning business of housing, multiplexes, shopping complexes, malls etc. Again, *Times of India (13.05.2005)* reports:

> "The govt has changed its stance on using industrial land for industries alone. They have taken the market route **to unlock the land in closed industrial premises in and around city**... Now it could be anything – **schools, colleges, hospitals, condominiums, multiplex, non-polluting industries**.... The proposal entails some **changes in the Urban Land (Ceiling and Regulation) Act (Ulcra)**..."

The above newspaper further calculates that the volume of land locked in closed industries in the state is **41,000 acres** of which nearly **30% will be freed** if the govt. makes changes in the Act. Thus the **govt. is going to throw open the urban land market** for **'DEVELOPMENT'**. It is already clear in the discussions that this **'DEVELOPMENT'** is entitled for a handful of well-to-do classes.

In fact, in this process of **'DEVELOPMENT'** the poor classes are regularly marginalised, forcefully evicted in and around the cities including Kolkata. Under the **ADB scheme**, the *nalas* (canals) in Kolkata were desilted and **thousands of people were evicted** who were residents of the banks of *nalas* for years. Under the scheme of widening of roads, beautification of cities either on the sides of Budge-Budge Trunk Road or in the Bellilious Park of Howrah, **thousands of people were rendered homeless**. Just after the conclusion of civic elections in June, new initiatives have been taken to evict people & demolish bustees beside the railway track in south Kolkata. These are the true faces of 'development'.

In an article in *Times of India (27.04.2005)* titled as **"Shining Bengal"** an author referring several leaders of CPIM said:

> [T]hrough 1991-2004, Bengal could create only 70,000 jobs. This year, the **govt. admits to 7 million unemployed**. "The pattern of investment here has been capital intensive", confesses (Asim) Dasgupta. **Some new investors import captive – and**

docile workers from other states and keep them within the factory's walls with the little interaction with outsiders. "These are sweatshop conditions. Even chaiwallas outside these plants get no business, because workers can't come out", frets a senior CPM leader in Delhi...

"Sweatshop conditions" exist in Bengal? Yes, it is and this fact is revealed by a CPIM leader! In fact, in the name of industrialisation in Bengal, several "sweatshop" factories/enterprises (& highly polluting industries) have been permitted to operate in West Bengal. This is out of the perview of this issue of ***Update***. Nonetheless, it shows the true face of the "shining Bengal".

Now have a look into the social sector projects taken at the behest of the imperialist agencies. One of this sector is **HEALTH**. For a long time, **World Bank was involved in health sector** in West Bengal. What is happening in health sector under the diktat of World Bank? Mr Asim Dasgupta, the finance minister in his interview to *The Indian Express (14.12.2004)* said gladly:

"It is really good on the basis of performance. **And everybody pays fees... Fees are much below private-sector fees and above the government sector**."

What a candid statement it is! In fact, these **fee-hikes** in govt. hospitals had been effected on and from late-nineties. Thus, millions of people had been denied access to the meagre healthcare services provided by the Bengal govt. hitherto. Not only that, the state govt. is now passing over the 'responsibility' of health sector to **private hands**. Several 'five-star' hospitals are being built up in and around Kolkata. On the other hand, the govt. hospitals are left in pathetic conditions. The govt. hospitals are languishing being cash-starved. Utilities of govt. hospitals are being handed over to private capital. In fact, **the LF govt. is following the diktats of World Bank or DFID's model of public-private partnership in health sector** also. Follow the next excerpts. – *Update*]

Hospital tests go private

The health department has decided **to hand over clinical test facilities at 19 rural hospitals in 13 districts to private organisations** as the government will not be able to fill up vacancies to deal with an acute shortage of staff. Private organisations will conduct clinical tests such as X-ray, ECG, ultra-sonography, blood sugar at government rates at these centres, said a circular issued by the principal secretary of the health department, Rajiv Dubey.

Rural hospitals are hamstrung by a shortage of staff and the government is not in a position to fill up all the vacancies, the circular said. East Midnapore, West Midnapore, Birbhum and Purulia districts will have two rural hospitals each with clinical laboratories, while Burdwan, Bankura, Hooghly, Nadia, Howrah and North 24-Parganas will have one such hospital each. **The private clinics will be allowed to use the hospital building and equipment and will be given electricity and water.** In return, they will have to charge rates fixed by the government for tests, said an official. *(...) [Source: The Telegraph, 25.02.2005]*

Private agencies to clean up hospitals

Cleaning up hospitals is no longer the government's forte. The onus has passed on to private agencies. With this, privatisation has finally entered government hospitals. An order was passed (...) to appoint private agencies for cleaning up three medical college hospitals in the city. Other medical colleges will follow suit later.

SSKM Hospital, Calcutta Medical College and Hospital and National Medical College and Hospital will hire private agencies **to clean and maintain** the wards in their main buildings.

A number of vacancies has been created in government hospitals for more than a year as some group-D staff retired. But the government decided not to fill up the vacancies. Instead, tenders were invited from NGOs and private agencies to hire their staff for clearing medical waste and cleaning wards. (...) The others who will be asked to employ private cleaners are RG Kar Medical College and Hospital and NRS Medical College and Hospital. (...) *[Source: The Statesman, 29.06.2001]*

Medical bodies oppose... privatisation move

Medical associations in the state have opposed the state government's move to privatise hospitals and medical colleges.

The protest comes in the wake of the **government's recent move to allow private parties to operate CT scan machines in three medical colleges.** The Medical Service Centre today organised a convention against the government's policy.

The Indian Medical Association secretary, Dr. RD Dubey, said: "There is no dearth of private hospitals and diagnostic centres in our city and many more are coming up to provide state-of-the-art medical services to those who can pay for it. But for those poor people who can't pay for the much-needed medical services, the only place to go is the government hospital."

Dr. Dubey said: "There are many diagnostic centres doing CT scan outside the medical colleges. How is it going to help people if one private diagnostic centre is opened inside the hospital?" The Heath Service Association West Bengal feels there was no need to open private clinics in the hospital premises. (...) *[Source: The Statesman, 09.07.2001]*

Hospital food now comes with a price tag

Now the government will charge patients for the food they get in hospitals. The meals will be served in use-and-throw foils and **prepared by private agencies.**

As the Opposition cries itself hoarse over the recent hike in hospital rates, the government has quietly decided that the days of free meals are over. A circular issued to government hospitals yesterday revealed as much. People belonging to the below poverty level bracket will still get it free, though – on providing a certificate from local councillors. But the rest must pay 50 per cent of the cost of a meal. The meal won't be cooked by the hospital authorities any more, private agencies will be appointed for the job. (...) *[Source: The Statesman, 05.12.2001]*

Private hand in govt eyecare raises brows

Hours before the inauguration of a centre for cornea retrieval at Nilratan Sircar Medical College and Hospital, the health department's top brass has **questioned the involvement of a private firm** in the venture. The centre, run by a private firm, is scheduled to be opened (...) by health minister Surjya Kanta Mishra (...), where a state-sponsored Hospital Cornea Retrieval Programme will also be launched.

The health officials have questioned why the state government decided to hand over the task of retrieving corneas from willing donors to a private operator despite NRS hospital having a dedicated eye department.

(...) The hospital authorities seem clearly upset at the manner in which a private institute has been given the nod and the hospital's eye-department virtually rendered jobless. (...) *[Source: The Telegraph, 12.05.2005]*

[The State govt. is quite pleased with these 'developments' in the healthcare sector. They are asking candidly more **'public-private partnership'** (as prescribed by World Bank) in the healthcare like housing, roads etc. – *Update*]

World Bank health talks

The state government has turned to the World Bank for funds to improve health infrastructure in rural areas.

The World Bank has agreed "in principle" to provide funds for developing rural hospitals and primary health centres, chief minister Buddhadeb Bhattacharjee said (...).

[T]he chief minister said the **success of private-public ventures in housing projects could be replicated in healthcare.** "The success in the housing sector has shown us the way and if private corporate groups extend their hand then healthcare in rural Bengal can improve. **We are looking at setting up new health centres where the private sector will play an equally big role**." Bhattacharjee said some private hospital groups, including the Apollo group, has agreed to help the government in this endeavour. (...) *[Source: The Telegraph, 24.08.2004]*

[Recently, a **draft health policy** was announced by the LF govt. This draft document projects an interesting focus on the policy of the govt. in healthcare. *Economic & Political Weekly (29.01.2005)* writes:

> "The most compelling argument for public-private sector partnership approach that the draft presents goes as follows: (1) We need to increase the number of hospital beds and doctors; (2) The government has no money to spend on hospitals or medical colleges; (3) **Therefore private hospitals and private medical colleges must be**

> **promoted**... Until recently, it was considered enough just to let the private hospitals do their business without any oversight or accountability. From now on, it seems, they will get a positive incentive from the government simply because they run their business **(i.e., selling services to those who are 'able' to pay)**"

Buoyed by the expectations and policy of the state govt. the **private hospitals** are growing with rapid pace in & around Kolkata. Mr Sajal Dutta, President of AHEI (Association of Hospitals of Eastern India) said:

> "The **total investment by the private sector** in hospital/healthcare infrastructure in Kolkata alone is of over a healthy figure of **Rs 1,000 crore** in the last few years. The average capacity utilisation in our member hospitals is around 75 per cent," (...).
>
> Dr. Satadal Saha, Managing Director of Westbank Hospital, informed that private hospitals currently fetch a return on investment (RoI) of around **10 to 15 per cent**. "This is **much higher** than the average RoI in the **US or Europe**. There the RoI normally do not cross 7 to 8 per cent," Dr. Saha said. *(Business Line, 10.02.2004)*

Recently, the govt. has decided of **outsourcing several diagnostic tests** to these burgeoning private hospitals. The policy behind this decision is plain & simple: the **costly medical equipment** purchased by these private hospitals is **running under-capacity**. Amit Dey, Secretary of AHEI has admitted that:

> ...this would also increase the capacity utilization of the various hardware used in conducting the diagnostic tests. Hospital sources informed that the **capacity utilization of equipment** presently stands at a mere **30%** for most of the private healthcare units in Kolkata. *(Times News Network, 11.02.2004)*

In an identical move, the LF govt. has **invited private capital in EDUCATION**. They have already given nod to private engineering colleges which are mushrooming with poor & insufficient infrastructures in most of the cases. The venture of setting up private institutes is going with full steam now, notably in higher education because in this sector the profit margin is much steeper. Moreover, the govt. has 'soul-searched' intensively and finally decided that they have **no objections to private & foreign universities** in setting up their units and/or have **no objections to joint collaborations with foreign universities**. – *Update*]

Govt nod to pvt medical, law colleges

Besides engineering colleges where doors have already been opened to private entrepreneurs, the **government will welcome private initiatives in the fields of medical and law studies**. Mr Satyasadhan Chakraborty, the higher education minister, said this here today. (...) "The government will provide all support to these investors provided they abide by the rules laid down by the state higher education department," he said. **At present, around 10,000 students study at the 32 private engineering colleges in the state.** *[Source: The Statesman, 11.08.2002]*

State opens its doors to pvt varsities

Private colleges are in. And it won't be long before **private universities make a beeline for Bengal**. With the lifting of the cap on private initiative at the highest level, the state has decided to throw open its doors to such universities that exist in states like Maharashtra. At a meeting with the centre on January 10, state higher education minister (...) conveyed Alimuddin Street's approval of the decision. (...)

CPM is also open to the **idea of state universities tying up with reputed foreign institutions**. "What's the harm if CU or Jadavpur collaborate with Oxford University on a specific course? But the govt. should see to it that the joint initiative does in no way undermine our institutions," [Anil Biswas – CPM state secretary] (...) said. (...) *[Source: Times of India, 19.01.2005]*

Left state will welcome foreign 'varsities

(...) The LF govt. has no objection to bid **welcome to foreign universities in the state**. (...) The state higher education minister said, in the draft policy of higher education prepared there is proposal to invite foreign universities in coming days. *(...) [Source: Anandabazar Patrika, 15.03.2005]*

[At the warm welcome of WB govt., Wales University of UK are now ready to invest in Bengal.]

Wales varsity comes calling to city

University of Wales is all set to unveil its management programmes in Kolkata, courtesy Training & Administrative Studies in Management and Communications (Tasmac). Tasmac, which is validated by the University of Wales and already has campuses in Pune and Bangalore, has built a campus in the city of Salt Lake which will offer degree courses in business of the UK institute. (...)

University of Wales is the second-largest among four federal universities in the UK. The other three are the universities of Oxford, London and Cambridge. The bachelor's stream, stretching over three years, entails a fee of £4,950 which translates to about **Rs 3.5 lakh**. In step, the one-year MBA programme entails a fee of £3,000 or in the region of **Rs 2.4 lakh**. "We are offering the MBA programme at Indian costs. The same course in the UK would have required a student to cough up between £15,000 and £20,000," Dr. [Giri] Dua [Tasmac's chairman & managing director] said. (...) *[Source: Economic Times, 24.06.2005]*

[Thus, the foreign universities have started their innings in Left-ruled Bengal. In fact, there are high interests for investment in **'EDUCATION INDUSTRY'** in West Bengal from various quarters including some domestic biggies such as **Reliance, BP Poddar Group** etc. – *Update*]

Paper chase for private colleges

A day after chief minister Buddhadeb Bhattacharjee's policy declaration, the government on Friday got down to evaluating **30-odd proposals** it has received over the past few months from various trust bodies and individuals for setting up undergraduate colleges in and around Calcutta.

Satyasadhan Chakrabarty, higher education minister, said several self-financing colleges, promoted and managed by private organisations or individuals with proven track record in the field of education, would go on stream in the city and elsewhere in Bengal in two years.

Among the private promoters in talks with the government are the **Nopani group of industries, Mumbai-based Sterlite Foundation and educational bodies like Bharatiya Vidya Bhavan, Agrasain Education Trust, Pondicherry-based Sri Aurobindo Ashram Trust, Ramakrishna Mission Vivekananda Mission and the Holy Home chain.**

"Considering the present financial constraint as well as the growing demand among students for seats in undergraduate courses, we are about to clear quite a few proposals for setting up self-financing colleges," said Chakraborty.

Education officials said they were expecting a surge in proposals in the wake of the chief minister's emphatic statement on Thursday, urging the private sector to develop quality institutions, especially in the higher education segment. (...) *[Source: The Telegraph, 16.11.2002]*

Private cradle for doctors – Nod for medical courses in hospitals

If chief minister Buddhadeb Bhattacharjee is worried about the state of education in medical colleges, he has reasons enough, because **private hospitals in the city are now making rapid inroads into healthcare studies.** If **Calcutta Medical Research Institute (CMRI) is offering a DNB (diplomate of national board) course in surgical gastroenterology** for the first time in eastern India, there are others like **Peerless Hospital and BK Roy Research Centre,** which is **planning a private medical college and specialised para-medical courses** for young graduates.

With medical education turning out to be a multi-crore affair, hospitals will not only be able to generate revenue for themselves, but also get quality manpower at relatively low cost, once these trained healthcare professionals are inducted into hospital service.

The fact that the Union health ministry and the state government (nursing) has approved the courses, makes them significant for budding doctors. "The winds of change are blowing through Calcutta and most hospitals know they have a crucial role to play in creating a quality medical education system here. (...)” opined Rupali Basu, general manager of **Wockhardt Hospitals and Kidney Institute**. (...)

The hospital, which has just started a **DNB course in urology**, has laid out plans to start specialised courses for doctors in the field of **nephrology and critical care**. (...)

With private hospitals planning to invest in medical education, the government can do little about the absence of quality teaching faculty in all the branches of medical education service.

“There is a genuine scarcity of medical teachers and infrastructure. We, however, welcome the initiative taken by the private sector,” said Gautam Mukherjee, secretary of the pro-government Association of Health Service Doctors.

The biggest attraction is the specialised course initiation in **surgical gastroenterology by the CMRI**. “The ministry of health and the DNB council have approved the project, which is the first of its kind in this part of the country,” said surgical gastroenterologist Sanjay De Bakshi.

Doctors who have passed an MS (master’s in surgery) or DNB in surgery can opt for the three-year course.

Similarly, **Belle Vue clinic**, one of the pioneers in promoting healthcare in the private sector, has laid out elaborate plans for providing **non-invasive cardiology and nephrology courses and also start a nursing school** in the near future. *[Source: The Telegraph, 16.05.2005]*

Pvt hands push for medical courses

Medical education, so far the exclusive domain of the state government with the exception of a single dental college, has attracted private sector players who are now gearing up to storm the arena.

B.P. Poddar Hospital has already announced plans to set up a medical college as part of its second phase expansion. **Peerless** is also trying to locate a college in close proximity to its existing hospital.

The industry news is that **Ramakrishna Mission Seva Pratisthan** is also looking to tread the same lane. Between them, the three establishments have drawn up investment plans of about Rs 400-450 crore. Even **Apollo Gleaneagles is planning to invest Rs 30 crore in an institution to train para-medics.** (...) *[Source: The Indian Express (Kolkata edition), 27.05.2005]*

[Thus, after the initial hectic rush in setting up private engineering colleges, the industrialists & private companies are entering into the **market of medical education** with govt. nod. **Even school education has been made hunting grounds for big investors.** In fact, in the last few years, a good number of private companies have invested largely in 'quality-of-the-art' or 'world class' schools in Kolkata & other cities. – *Update*]

Rs 100-cr mega school to match world's best

"Imagine this: a school on a sprawling 40-acre campus, world class facilities (...) is coming up in the city. The **Pailan World School** is quietly coming up near Joka but when it opens its doors to students in April 2005, it promises to be a stunner. The school, a **Rs 100-crore project** of The Pailan Group will be fully residential from class VI onwards. The primary section (KG to Class V) will have day-boarding facility, where kids will come in, play, study, have their meals and return home. (...)

All classrooms will be **air-conditioned** and equipped with **computers and televisions,** enabling teachers to use multimedia. "Every class will have four sections with not more than 28 kids. **Five air-conditioned hostels** are being built to accommodate 2,000 students and **each room will have a computer with internet.** Kids will take their meals in a dining hall," said director S. Dey. The school will have a **swimming pool of international dimensions** and offer students access to a **wide range of sports (e.g., squash, basketball, cricket, football, volleyball, tennis, martial arts)** The school has **tied up with Westfield Sports School, Sydney,** for coaching sessions. A **stadium** with an eight-lane track is coming up and an indoor games sports complex (...). “Art and culture will be another key thrust area. We are building Heritage Centre where students will be able to choose from sculpture, clay-modelling, painting and dancing (both Western and Eastern classical forms)” (...). *[Source: Times of India, 16.12.2004]*

[What a marvellous project it is! But for whom these types of schools are being opened? In fact, it is for that minuscule minority section of the population which enjoy the fruits of the liberalisation/reform processes. And, this is happening in Bengal – a ‘left bastion’ for 29 years – where the LF has concluded collaborations with the big capitalists and their imperialist patrons.

It is noted in the above discussion that the **HIGHER EDUCATION** – which is declared by the govt. as ‘cash-starved’ – now becomes a **lucrative sector** to the capitalists & foreign investors. In fact, the business organisations are very much keen to invest in higher studies. In several discussions with the govt. at centre and state they have lobbied time & again for the policy changes of the governments. And, the World Bank diktat to create **‘investment climate’** or to make **‘public-private partnership’** has given them goldmine. – *Update*]

CII, Ficci call for pvt initiative in higher studies

With the govt. focusing on primary education [!], **the private sector has decided to pitch for the higher education pie.** This effort is not new, with private players concentrating on professional and vocational education. However, in a fresh initiative, industry chambers are getting into the act in trying to create space for private players in higher education.

The good news for industry is the greater realisation in govt. that public expenditure on higher education has been far from adequate. And that resources being stretched the way they are, the govt. is incapable of meeting the growing demand in the sector.

Greater public-private partnership appears to be the solution. To this end, the govt. is reviewing the existing legal and procedural framework – University Grants

Commission Act and the All India Council for Technical Education Act – **to make it "more attractive for private initiative."** (...) Industry chambers like Ficci and CII for their part are (...) trying to carve a space for private initiative in the higher education sector. (...) *[Source: Economic Times, 01.12.2004]*

[One of the World Bank diktats is to reduce the fiscal 'burden' on various sectors. One of these sectors which face the axe of govt. spending is of course higher education. Hence, not only the **'public-private partnership'** or creating an **'investment climate' for both the domestic and foreign capital** are mooted, it is also dictated to **spend less** on higher education. This prescription, nonetheless, paves the way for **fee hikes** in higher studies. In West Bengal during the last few years, the fees in colleges and university levels have been increased manifold. – *Update*]

Higher fees mooted for schools and colleges

The funds-starved LF govt. will ask state-aided schools and colleges to generate their own resources by increasing fees and seeking donations and investment from the private sector. Teachers will be recruited on contract basis even at the Madhyamik level on the lines of Sishu Sikhsha Kendras, which are run up by the state with the help of Panchayats. (...) *[Source: Times of India, 31.01.2003]*

[The fee structure in all the govt. engineering and medical colleges have been increased massively. In Jadavpur University Engineering College, the annual fee have been increased by as much as **1164%!** In Bengal Engineering & Science University (BESU) it is increased by **4900%!** (Interestingly, the fee structure in govt. engineering colleges are still far below the private engineering colleges. BESU charges **Rs 12,000** per student annually, whereas most of the private engineering colleges are pocketing **Rs 32,000** per student annually *(The Telegraph, 28.10.2004)*, i.e., **almost 2.67 times**! In certain elite private engineering colleges the annual fees are nearly **Rs one lakh!**) And, surprisingly enough, World Bank is lending state engineering colleges and technical educational institutions for the last few years! Everyone may guess what is happening under the cover, i.e., **fee-hikes are the "implicit conditionality" of World Bank**.

(Moreover, it is also clear that only the rich & upper middle classes can avail this type of higher education.) – *Update*]

State to get Rs 280-cr IBRD aid

(...) [T]he govt. of West Bengal is in the process of receiving a Rs 280 crore loan-cum-grant from the bank to improve and upgrade the standard of education in the state. And interestingly, **the state has agreed to abide by the bank's guidelines to get the funding.** West Bengal will receive funds under National Project Implementation Unit's (NPIU) **"Techequip"** programme. NPUI falls under the human resource department ministry. As per the scheme, four lead institutes have been identified to receive Rs 50 crore each.

There will be a network of eight engineering and technological institutes, (...) each of which will get Rs 10 crore. State higher education department sources said 70% of the fund would come as a loan and 30% as grant. (...) Sources said that the four lead institutes to get the World Bank funds are Calcutta University, Jadavpur University, Shibpur BE College (Deemed University) and Durgapur Regional Engineering College. (...)

The fund will be utilised to improve quality and standard of teaching in these institutes, improvement in quality of teaching staff, procurement of most modern equipment and machinery, upgradation of laboratory facilities and other infrastructure development, sources said, adding that the **World Bank has set guidelines on how to make best use of the funds.** Over and above these, the World Bank funds will be used to develop the scope of studies in some particular areas like nanoscience, biotech, environmental engineering and robotic engineering, sources said. The state project facilitation unit (SPFU) will monitor the progress of the Techequip programme **under the World Bank guidelines**. *[Source: Economic Times, 13.09.2004]*

[What are the "implicit conditionalities" behind the above projects financed by World Bank? In University/college levels, the authorities are trying to implement some **'code of conduct'** for the students, teachers & non-teaching staffs. Perhaps, these are the "implicit conditionalities" of the imperialist donors. A massive student agitation in Jadavpur University has been going on recently against these **'code of conduct'** imposed upon the students on behalf of authorities. A large section of students and teachers of the University believe that these 'code of conduct' are prescribed by none other than World Bank. *Times of India (16.06.2005)* reports:

> Tech colleges... have learnt lessons from the Jadavpur University unrest and reframed their admission rules so that students remain on the leash. Bengal Engineering and Science University (Besu) and West Bengal University of Technology (WBUT) – to which all govt. run and private tech colleges are affiliated – will get students to sign a "code of conduct" at the time of recruitment... "We have attached the code to the admission form so that students know how they must behave on campus. **They're budding engineers who will join big corporates** at the end of four years," Besu vice-chancellor, NR Banerjee said. The code was drawn up earlier this year. Other than outlawing ragging, the code tells the students when he must be in class. **It bans class, semester and exam boycotts.**

Clearly, this **'code of conduct' has been formulated to impose ban on the democratic rights of the students to launch agitation, protests, movements.** This is happening in LEFT-ruled Bengal under the behest of imperialist agencies like World Bank!

The left-ruled Bengal has in fact, become a hunting ground for the imperialist agencies/countries like other states of India. Some of the states may be well ahead in this race. But the WB govt. is galloping with speed to catch them up. Though in terms of foreign direct investment (FDI), Bengal is still lagging far behind the states like Maharashtra, Gujarat or Tamil Nadu, the business organisations, e.g., CII, FICCI, time and again, have recognised that LF govt. is surging fast. These organisations are regularly publishing surveys on West Bengal which portray rosy pictures for investment climate. In one of the **'Partnership Summit' organised by CII** in January this year the CM of Bengal (often described as the CEO by media) said:

> "**Go and tell the world that we are changing.** We Marxists are not fools to cling to obsolete ideas. In West Bengal, the Left is right. And this is the right place to invest."
> *(The Indian Express, 14.01.2005)*

Interestingly, in the same meet, *Financial Express (14.01.2005)* reports: "**He (Buddhadeb Bhattacherjee) charmed the industrial audience** at the closing day of the summit... when he sought a membership of CII. **"Make me a member of CII",** Mr Bhattacharjee said... In fact, this speech of the CM of Bengal has been published in all the leading national dailies (except the daily newspaper, *Ganashakti* of the CPIM). This advocacy of foreign investment in Bengal by a 'left' CM is now projected as an advertisement like a hot brand. Note the next excerpt. – *Update*]

Kamal Nath showcases Buddha to sell India story

Guess whose quotes were liberally used by Commerce and Industry Minister Kamal Nath to sell the India story in Australia? West Bengal Chief Minister Buddhadeb Bhattacharjee's.

Speaking at the 15th India Australia Joint Business Council and later at the Lowy Institute, the Minister's central theme: to convince Australian investors that ''wooing FDI is an integral part of the economic strategy not just of the Centre but also state governments.''

"This is what the Chief Minister of the longest surviving Communist government of a state says," Kamal Nath said, "we have to come face to face with reality... We have to attract more funds... More foreign funds... Foreigners could come here... They are not coming here for charity... They will earn profits and create job opportunities... That is mutual interest."

Underlining the point, the Minister said, ''After these words of a Communist Chief Minister, you can make an estimate of the economic climate in India and our responsiveness to foreign investment.'' (...) *[Source: The Indian Express, 20.05.2005]*

[What a certificate to have been conferred on a 'communist' CM by none other than a central minister who is also an industrialist himself! Left Front of West Bengal is thus marketed as a brand new investment destination. After much rumblings on "double standards" followed by the left parties on FDI, CPIM now 'declared' their 'stand' on FDI

& some other issues. But the declaration is very much interesting with respect to what they are doing in Bengal:

> Stating that FDI should be allowed only if it enhances the country's productive capacity, upgrades technology and generates employment. Mr Yechury added that the Left-ruled State Governments would not accept foreign loans, **if the conditionalities included structural changes, privatisation, downsizing staff, cutting subsidies or entailing fiscal changes**. *(Business Line, 16.06.2005)*

In fact, this is a splendid blend of "dialectical materialism" formulated and implemented by CPIM. It was indeed proved by the above excerpts that this declaration is none other than a lie. Next excerpt shows how the Bengal has achieved the feat of FDI-friendliness specially from the US. – *Update*]

Uncle Sam's bucks keep Leftists mum

American companies top the list of foreign direct investment (FDI) in West Bengal. (...) According to govt. sources, the state has received FDI approval worth Rs 2,899.55 crore involving America companies out of a **total Rs 8,906.86 crore foreign investment in the state in between August 1991 and October 2002.**

"**More than 32 per cent of the FDI involves American companies.** The investment included both technical know-how and financial involvement in IT and other sectors including commercial exploration of natural gas like coal-bed methane", said an official.

However, **British** investment was meagre Rs 145.22 crore during the same period. But NRIs, mostly from the US and UK have investment approval of Rs 441.09 crore. Mauritius, courtesy The Chatterjee Group, seconds the FDI list with investment worth Rs 1,668.53 crore.

Japanese companies have investments worth Rs 571.07 crore in the state. Hong Kong-based companies have investment approval of Rs 331.18 crore. In contrast, (...) Germany and France have investment worth Rs 368.86 crore and Rs 4.7 crore respectively.

The total number of investment projects involving FDI was 614 including 194 with approval for transfer of technical know-how and financial investment in another 420. According to the sources, American companies are involved in 125 projects, with financial stake in 85 and technical collaboration in 40.

(...) While US giants like PricewaterhouseCoopers, IBM, Morgan Stanley and Research Engineers Corporations are involved in IT and ITES sectors, Caltex, McKinsey, Methane Corporation, ONDEO-NALCO Chemical, Delta Corp. and Trans-America Corporation are among the best names in oil and gas exploration sector.

US oil major UNOCAL is also courting Writer's Buildings with an eye on Bangladeshi gas. Talks with cola-giant **Pepsi** is in an "advanced stage" in the field of **food and fruit processing** as well as **bottling of green coconut water** for airline passengers [these projects of Pepsi is now operating with full swing – ***Update***], while **HLL and Cargill** are interested in **commercial farming** and **export of Bengal variety of aromatic rice and better processing of trash fish and shrimps** [some of which are also operating now], according to the officials. (...) *[Source: Times of India, 08.04.2003]*

[It is well known now that there are keen interests within the **TNC giants in farming and/or in AGRICULTURE** of West Bengal. Bengal has been projecting as a model state in 'land reforms'. Now, the rulers of Bengal try to showcase Bengal agriculture as a lucrative investment destination. We will not deal here the agriculture sector comprehensively & elaborately since this requires a separate & intensive attention. Hence, we are presenting here a few excerpts only to depict the subject in a sketch.

The LF govt. engaged **McKinsey & Co,** a US consultant TNC to prescribe about the farming in West Bengal. – *Update*]

McKinsey to study state crop production

(...) The **McKinsey report had recommended crop diversification** from the traditional paddy and jute cultivation to **aromatic rice, pineapple, litchi, mango, potato, tomato and green vegetables and even floriculture.**

It also suggested that a master plan be prepared defining the geographic areas for agri-centres specialities in particular kind of crops and food production **catering to the local, inter-state and foreign markets.** The CM asked for a detailed report on the possibilities **in processed meat, wool, dairy, poultry and fisheries.**

While asking for a hike on paddy productivity **with the help of private sector,** the report also stressed on rice bran oil and use of rice-husk for power generation.

"Make the transition from agriculture to agribusiness. Focus your technical and administrative resources to six selected areas like horticulture. **Attract top-3 retail chains and upgrade the market,"** it said.

Multinational food companies like Pepsi, HLL, Cargill and ITC and domestic majors like Dabur have already begun exploring investment opportunities, it said. **"The private sector should play a lead role in providing farm inputs, primary and secondary processing distribution, logistics and retailing,"** it said.

However, the latest report tried to alley the fear of land alienation among small peasants under market rules. "The plan should take into account the requirement of food security as well as allow farmers to choose from a range of viable options. The govt. needs to facilitate **mutually beneficial partnership between the farmers and corporates**," the report stated. *[Source: Times of India, 23.10.2002]*

[Months before the presentation of this report by McKinsey, the West Bengal govt. made a draft of 'New Agricultural Policy' *(dated 12.04.2002)* and was greeted by the media and corporates. This draft categorically proposed **'contract farming'** in line with New Agricultural Policy of the NDA govt. This was rejected due to some 'oppositions' within the Left Front partners and reportedly in the ranks of CPIM. Hence, another (or second draft) was prepared at the end of August 2002. This was also 'rejected'. Now came the third one and it was also rejected. Finally, a fourth draft is prepared (interestingly by the industry department, but not by the agricultural department) and endorsed by the LF. We are not going into these drafts and policy. But several commentators in journals/pamphlets/newspapers showed that all these drafts (including the final 'Agricultural Policy') have profound reflections of the proposals of **McKinsey & Co**.

In the **McKinsey report,** it is clearly stated **to transform the "agriculture into agri-business".** It advocates **"crop diversification" from rice to "aromatic rice, pineapples, litchi, mango, potato, tomato and green vegetables and floriculture".** It promotes the concept the **"partnership"** between "farmers and corporates", i.e., **'contract farming'**. It suggests the commercialisation of agriculture. It is not a debatable matter that under the present conditions of Indian agriculture (including Bengal), the measures formulated by McKinsey are aimed to make **super-profits for the agri-TNCs and domestic agri-majors** (also making the peasants very much **dependent on these TNCs**; making way for the **further pauperisation** of the vast majority of peasants; **generating more landlessness** among the rural poor and making harder for them to find work in the agricultural sector; etc.). Nonetheless, it may help the rich peasants and capitalist zamindars. Moreover, the "diversification" of crops proposed is a dangerous signal **to move away from the farming of paddy.** These will have a cascading impact on the availability of food. **Daily per capita net production of foodgrains in West Bengal is 451 gm, while in India it is 501 gm in the year 2000.** *(Economics & Politics of West Bengal, Ajit N. Basu)* Hence, moving away from production of paddy means more deficiency in food. That means **more starvation and/or semi-starvation** among the population of Bengal.

In fact, McKinsey report was prepared for the benefit of the profit-seeking agri-business houses of both foreign and domestic origin. – *Update*]

Left Front makes U-turn to lure the right stuff

To facilitate the entry of at least **10 premier companies** including **Pepsi, Cargill, RPG and Hindustan Lever** into West Bengal's agricultural sector, the Left Front govt. has assured them **"zero labour problem"** and permission to adopt a **hire and fire policy.**

The govt. has also decided to form a team to resolve **"critical labour issues like a 7-day working week."**

The decisions, which (...) embrace market-driven practices of the West, were taken at a recent meeting between representatives of **McKinsey & Co**, key state govt. ministers (...) and senior departmental secretaries. The minutes of the meeting were made available to Times News Network.

The **Cargill-HLL** group, one of the 10 companies, plans to invest Rs 100-125 crore for domestic retail and export of scented and non-scented rice from the state, provided the govt. allows contract farming arrangements with farmers.

Pepsi has proposed to invest Rs 5.7 crore in West Bengal and purchase 400 tonnes of pineapple concentrate and 100 tonnes of litchi pulp. But here too there is a rider. The Left Front govt. must "drive pineapple costs down" to Rs 2 per kg from the prevailing rate of Rs 3.50 per kg.

RPG-Giant plans a hypermarket in Kolkata and a 'Giant' chain to invest Rs 15-20 crore. Venkateshwara Hatcheries and Eagle Industries propose to invest Rs 15-20 crore and Rs 20-25 crore respectively in breeding and hatching operations.

Though the three together will generate merely 1900 jobs, they have been able to extract from the govt. an assurance that theirs would be zero labour problem industries, with a firm hire-and-fire policy in place and a 7-day working week. (...) *[Source: Times of India, 26.05.2002]*

[Most of the above proposals were implemented in the last few years. In fact, the proposals/plans/projects cited above are enunciated in the **'McKinsey Report'** which envisages the penetrating of big TNCs and domestic majors deep into the agriculture (or agri-business) of Bengal. Note **Box 3** in which McKinsey & Co presented **11 projects** 'that can be implemented very soon'. **Box 4** shows how the TNCs are making foray into the rice market for export. Also note **Box 5** which shows areas of 'contract farming' prescribed by McKinsey & Co.

McKinsey & Co categorically proposed **diversification** from the production of paddy/rice to horticulture, floriculture etc. Interestingly, the Agricultural Policy of LF govt. sings the same tune. We are presenting here a few salient points of the McKinsey Report. – *Update*]

Encouraging crop diversification in WB

The state has a strong aspiration to achieve national/Asian leadership in focus horticulture crops and to be self-sufficient in other food crops e.g. rice. To achieve this aspiration the state will need to increase rice yields from 2.2 to 3 tonnes/hectare by 2010 and **simultaneously reduce area are under rice by 14% through a crop diversification program.** Both the govt. and the private sector will play a crucial role to achieve these dual objectives. The immediate imperatives for the state is to a) **increase collaboration with the private sector** on agricultural research and extension, b) enable creation of forward linkages for horticultural crops through appropriate **contract farming policy** and fiscal incentives. (...)

Effective extension along with agricultural research is key to increasing yield of rice. Experience indicates that collaboration with private players and international organization has helped significantly in achieving crop yield increases. On the other hand, creation of assured markets will be key lever to drive crop diversification. Private sector supported by govt. policy will play a dominant role. At the highest level a crop diversification team under the department of agriculture should be created to draw up over all plans and to oversee implementation. (...) *[Source: Encouraging Crop Diversification in West Bengal, McKinsey; May 8, 2002]*

Box 3: Eleven immediate investment opportunities in agri-business

	Investor	Interest area	Impact (in Rs crore) Investment	Revenue/year
1.	RPG-Giant (Rallis)	Food retail	80	50
2.	Subhiksha	Food retail	na	100
3.	NDDB	Fruits & vegetable wholesale	150	750 per day
4.	Rallis	Fruits & vegetable sourcing retail	20	na
5.	HLL	Tomato & fruit processing (ketchup & jams)	5	na
6.	Cargill	Rice export	125	na
7.	Dabur	Pineapple & litchi processing	7	na
8.	Pepsi	Pineapple & litchi processing	7	na
9.	ITC	Shrimp processing	30 in 3 years	300 in 3 years
10.	Eagle Industries	Poultry	70	250
11.	Venkate-shwara	Poultry	15	50

[Source: Converting eleven potential investor opportunities in Agribusiness; McKinsey Report; May 2, 2002]

Box 4: Input companies interested in improving rice trade

	Investor	Project objective
1.	Cargill Export	Procure fair average quality rice from West Bengal for export to Bangladesh, Africa. Overtime develop Bengal as a sourcing base for high value varieties of rice (long slender grain & scented grain)
2.	Cargill Foods-Nature Fresh	Source high value rice for their premium brand nature fresh
3.	ITC-IBD Bangladesh	Source fair average quality of rice from Bengal for
4.	HLL	Selling branded rice both in India and developing the 'Darjeeling rice brand'

[Source: Integrated Rice Opportunity, McKinsey Report; May 2, 2002]

Potential contract farming policy guidelines for WB

(...) 1. The farmer will own the land and produce the agricultural crop. He will be responsible for providing the land and labour, and for crop management. **The farmer will bear the risk of crop failure,** except in extreme circumstances like floods and cyclones where the state or the company may provide support.

2. The agribusiness company will provide the off take for the farmers' produce by using its processing and marketing infrastructure. **It will also help the farmer with inputs and services to grow the variety and quality of produce required.**

3. The Panchayat Samiti may act as a liaison between the farmer and the agribusiness company, and **help build the farmers' confidence on the contract relationship.** It may help the company interact with the farmers, helping in discussions regarding the elements of the contract. It will also help in channeling state funds to the farmers.

4. The district administration will play an enabling role in the formation and execution of the contract relationships or encouraging the formation of grower councils and **providing them legal recognition.** (...) *[Source: Ibid]*

[The US Consul General George N. Sibley in an address to the Indo-American Chamber of Commerce, Kolkata on 11 December 2003 **praises the new look of the WB govt. in the agricultural sector** and advocates 'contract farming'. Excerpts of this speech is cited below. – *Update*]

Speech Delivered by U.S. Consul General

(...) Here I must note that the **West Bengal government is working on a significant shift in its agriculture policy.** When the Left Front Government assumed office, its focus was on boosting agriculture production in a food-deficient economy. Through a successful land reform program, it can proudly claim substantial success in this effort. However, now is not the time to rest on laurels and, to the government's credit, it recognizes this. For this reason it commissioned McKinsey to report on agribusiness prospects. This report suggests that there is ample scope to expand in this field.

(...) [T]he goal would be to keep the farmers on the land, but to ensure that their production was of a quality and type that would be suitable for an agroprocessing unit that would require some degree of uniformity to function. This means **contract farming**, in the sense that the processor and the farmer would have some kind of contract between them to ensure, for the business, the right produce, and for the farmer, a higher income. After all, if the contract does not ensure a higher income, why would the farmer willingly enter into it?

This shift in rural economic/political relations is still underway and it has encountered some resistance. That is natural, since all change involves some dislocation. **But once the advantages have become clear, the prospects will open up for floriculture, horticulture, and animal husbandry. As the food processing industry grows, commercial possibilities will open up in areas like cold chain and logistics management.** With the fertility of its soil, there is no reason that West Bengal could not become **a major exporter of food products to the rest of India and then eventually to the world, including to the United States.**

Several U.S. food and beverage processors are in a position to help the state realize this potential. **Already Coca-Cola, PepsiCo, Heinz and many others are either operating in West Bengal, or are likely to be coming in soon.** And when they come, they will bring the latest technologies and business practices, including the environmental protection norms followed in the U.S. (...) *[Source: http://usembassy.state.gov/calcutta/wwwhcgiacc.html]*

[A commentator & expert in the field of agricultural economics, writes on the proposals of McKinsey:]

Box 5: Crop areas for contract farming in WB

Crop areas for contract farming: a) strategic crops, b) other crops.

a) Strategic Crops:–

Fruits:	Pineapple (Darjeeling & Jalpaiguri)
	Litchi (Murshidabad & South 24 Parganas)
	Mango (Malda)
Vegetables:	Tomato (Coochbehar, Purulia, Hooghly)
	Potato (Hooghly & Burdwan)
Floriculture:	Orchids (Darjeeling)
Grains:	Rice (Burdwan, Midnapur, Bankura, Birbhum)
Others:	Poultry (North & South 24 Parganas and Midnapur)

b) Other crops:–

Other Fruits:	Papaya, Banana
Vegetables:	Green Vegetables,
	Exotic vegetables like okra, gherkins, baby corn
	Mushrooms
Others:	Oilseeds
	Chilies and spices
	Floriculture (rose, lilies, carnations)

[Source: Encouraging Crop Diversification in West Bengal, McKinsey; 08.05.2002]

McKinsey Report: Agriculture of WB

(...) For whom these report has been prepared? It is prepared for a few TNCs & big domestic companies. What do they want? They want scented rice, fine rice grains, pineapples, litchi, mango, tomato, potato. Besides this, (...) they may want flowers, spices, green vegetables, oilseeds, etc. What do they do with this crops? It is written [in the report] that these will be sent to the foreign markets or will be sold from their own outlets in the big cities of the country to the valued customers or will be marketed as their brand products as fruit juices, ketchups, jams.

How do the TNCs and domestic companies, who are wanting the crops at their wish will get these crops? This is answered in a chapter of the McKinsey Report. This chapter is ‘Encouraging crop diversification in West Bengal.’ What does it meant by encouraging crop diversification? The main crop of West Bengal is paddy. In the production of paddy, productivity per area must be increased. And lands must be diversified from the production of paddy to the crops which these companies desire. The Agricultural Policy of the WB govt. coincides with this proposal of McKinsey Report. **The agricultural**

lands of West Bengal are divided into four zones in this plan. Somewhere productivity per area must be increased. Somewhere land in the production of paddy must be decreased. Somewhere, both of these must be accomplished. **Thus, in which districts and how much lands under the production of paddy must be decreased is chartered.**

How the production of paddy will be increased per area? In certain proposals these are answered. More land will be brought under the coverage of high-yielding varieties of seeds. More uses of high-bread seeds, chemical fertilisers and insecticides are proposed. But it is not told – what happens to the erosion of fertility of soils, over-utilisation of groundlevel water, the poisoning of crops, diseases of peasants [due to the over-use of insecticides].

McKinsey tells yet, West Bengal has a natural advantage of having enough water and fertile land. (...) Another confusion arises. So far, the land has been tilled with this seeds, fertilisers, insecticides. But the productivity is either decreased or remains at the same level. Then? **McKinsey has an answer. Use high-bread seeds instead of HYVs used for a long period. But the results of that will be more dangerous.**

(...) [McKinsey] prescribes which crops will be cultivated in which lands and in which districts. Pineapples will be cultivated in Jalpaiguri & Dinajpur, mangos in Malda & Murshidabad, litchi in Nadia & 24 Parganas, tomato in Nadia, potato in Hooghly.

We are frightened at this proposal. The Industrial-commercial companies select a zone in a country according to specific weather conditions, qualities of land and cultivate [in contract] a particular crop. If this crop succeeds to generate profits, more land is engaged in tilling that crop. Thus a zone is flooded with this type of crop. If the crop fails [to generate profits for the companies], area under cultivation is decreased. Hence, the peasants are compelled either to increase or decrease farming according to the wishes of the companies. **If compelled to decrease, the peasants find it difficult to return to the original crops they have harvested before.** (...) Once the crops are cultivated as the companies wishes, the inputs used are also prescribed by these companies. McKinsey stipulates which foreign or domestic companies will deliver seeds. Fertilisers and insecticides will also be delivered by these companies. **Thus, the companies gain**

the crops for marketing and gain also the markets for seeds and fertilisers. And they kill two birds with one stone! Moreover, they make the peasants bonded to the farming of a particular crop. (...)

More frightening facts are there. One the one hand, there are reduction of the cultivation of paddy; and on the other, more farming of paddy is proposed. But, these are not the normal paddy. These are scented, long slender rice which will be exported. For this type of farming [McKinsey] prescribes a list of varieties of paddy with specific qualities and characteristics. From this list the companies will select two or three varieties. But, it is to be stated that legally a list of specific varieties of grains cannot be handed over to a foreign company unless the govt. agencies or peasants take the patent of that. Otherwise, the TNCs may take the patent of that seeds/grains in their own name and the peasants of Bengal may be compelled to buy these seeds/grains from that very TNCs. (...) McKinsey Report says that a TNC will market a specific type of rice under the name of 'Bengal Brand', another will bring it as 'Darjeeling Rice'. **Once these brands are patented, peasants cannot cultivate, sell these brands bypassing the companies.** Thus the peasants will lose the rights over their seeds and cultivation of paddies. (...) *[Source: by Suvendu Das Gupta, 'Krishi Katha', Nagarik Mancha, Jan. '04]*

[Thus the 'frightening' aspects of the McKinsey Report have been exposed more or less. It is also noted earlier that diversification from paddy to horticulture, floriculture etc. will develop more and more food insecurity leading to more starvation of the people. Moreover, it is also exposed by many commentary/articles that the **'New Agricultural Policy' of WB govt. are more or less a copy of the McKinsey report.** In this way, the govt. of WB has chartered a roadmap for the entry/penetration of the TNCs in the agriculture of Bengal and this has been done by parties 'communist', 'leftist' in name! In fact, during the last few years, the TNCs and domestic majors were **making foray** into the **food processing and/or agri-businesses or in various types of businesses in rural areas** in West Bengal under the patronage of the LF govt. Some of these ventures are:

> **Frito-Lay India, Pepsico India's snack food arm** is eyeing a 50 per cent market share in the east and North-East region. The company has been maintaining an annual

growth rate of 10-15 per cent in the region and the newly set up plant at Sankrail, Howrah... At present, the company is producing **potato chips and Kurkure** at the plant... The company is procuring potatoes from the local farmers and the easy availability of the agriculture produce in Bengal had attracted Frito-Lay to invest in the state... The state government has been able to woo Frito-Lay because of McKinsey's presentation. The state government had given a mandate to the global consultant to bring in potential investors to the state — mainly in the agro-processing and information technology sectors... Frito-Lay India, which has been consistently making profits in the snack foods business for PepsiCo India, manufactures leading snack brands like Lays Potato chips, Lehar Namkeen, Nutyumz, Kurkure and Cheetos fun snacks in India. Though Frito-Lay India does not give out turnover figures, industry sources peg it at Rs 250 crore. Its parent company, the $14-billion **Frito-Lay International, is the world's largest snack food company and is part of the $27-billion PepsiCo Group**... *(The Telegraph, 06.05.2005 & 10.07.2003)*

Pepsi has proposed to set up a processing unit for **tender coconut water** in West Bengal... (I)t envisaged value addition to the tender coconut water for eventual marketing as a packed beverage. The procurement is to be done through contractual arrangement with the local producers... *(Business Line, 10.09.2002)*

The Pailan Group, Pataka Industrial Group & Exodus Aquatics make a joint venture with the **French company PB Conceel** and invest Rs 447 crore in food processing industry such as **potato and fishes.** The raw materials will be procured from the local farmers and fishermen. The commodities produced in the factories will be exported to the foreign markets. In Dhanekhali, Hooghly a **potato processing unit** is set up by the Pailan Groups in collaboration with the PB conceel. Pataka Group has set up a glucose making unit processing from potato at Jangipur, Murshidabad with the French enterprise. A **fish processing unit** is set up at Falta export processing zone by Exodus Aquatics jointly with the same company of France... The unit set up in Jangipur will produce **glucose, sirup & toffee from potato**... At Dhanekhali unit, processing of **tomato, onion & garlic** will be done apart from potato... Moreover, 'potato dust' will be produced... **The group will deliver potato seeds to the farmers.** They will train the farmers of technology... *(Anandabazar Patrika, 16-17.04.2005)*

ITC Ltd. is finalising plans to market **marine products** from West Bengal. After a half hour meeting with state chief minister Buddhadeb Bhattacharjee on Thursday, ITC chairman Y. C. Deveshwar said the company would extend expertise in **prawn culture** and processing to farmers through aqua-choupals. Aqua choupals are part of its successful e-choupal initiative, an agri-business portal that offers all farm related information including price indices at agri-markets... "We are planning initiatives in agri-business in the state, particularly in **sea-food**..." (ITC chairman Y. C. Deveshwar said)... "The purpose of the **e-choupal** initiative is to empower farmers with real time information on weather and prices so that they can insulate themselves from unpredictable climatic conditions and price fluctuations at the mandis," Deveshwar said. The initiative would help develop a trade marketing and distribution super highway for farm produce of the country and benefit farmers who are currently at the mercy of intermediaries. *(http://www. itcportal.com/newsroom/press_feb14.htm; accessed on 03.07.2005)*

In a bid to reach out to a wider target audience, ITC Ltd is extending its business model **e-choupal to five states including West Bengal,** Himachal Pradesh, Punjab and Haryana in the current fiscal. At present, ITC Ltd has 5,150 e-choupal telecentres covering 30,000 villages in Madhya Pradesh, Uttar Pradesh, Maharashtra and Rajasthan. It is also planning to extend its e-choupal models to cover 1,00,000 villages across in the next two years and is looking at investing Rs 5 crore per 50 e-choupals. *(Financial Express, 11.05.05)*

Dabur Foods have invested Rs 200 million to set up a **multi-fruit processing facility** at Siliguri, West Bengal... (T)his move could turn out to be an extremely profitable investment, as the company would have a greater access to fresh fruits, which in turn would increase its production volumes. Amit Burman, CEO, Dabur Foods, said... "We have been procuring fruits from different parts of the country till now – pink guavas from Bihar, mangoes from southern India, pineapples from Thailand and some eastern states of the country and grapes from Mangalore. But with the Siliguri plant expected to become operational soon, procurement will largely be concentrated in and around Siliguri. This will mean up to 10 per cent reduction in raw material sourcing,"... Dabur Foods chose Siliguri as the location for this major investment as the region is a major fruit producing and trading area for **pineapple, banana, litchi, mango, guava and others**... *(http://www.etfoodprocessing.com/oct_nov04/marketmovers.htm)*

Out of a total of 11,455 Shakti Entrepreneurs across India, West Bengal has over 209 Shakti Entrepreneurs spread across 9 districts... **HLL** (Hindustan Lever) **'i-Shakti'**...

kiosks remain open from 9 a.m. to 7 p.m., six days of the week. To enable access to the services, users have to register themselves first and obtain the unique registration number. An ID card with the registration number is provided for use every time they visit the kiosk... **A farmer from the village can obtain a quick solution to a pest problem with his crops.** People can also send **queries on health and hygiene to a local doctor** for a speedy response. Villagers can avail of discount coupons from the kiosk for medical treatment from doctors operating in local areas... 'i-shakti' has also tied up with **Azim Premji Foundation** to deliver innovative **educational modules to students of classes VIII-XII through the kiosk.** Local school teachers have also been involved in the process. A similar partnership is in place with **Tata Adult Literacy** for adult education... The system is based on an interactive dialogue technology **developed & patented by the Unilever Corporate Research Team, U.K**... *(http://www.hllshakti. com/sbcms/; accessed on 12.06.2005)*

These are few aspects of tightening of grip of the big TNCs on the rural Bengal. The list is, in fact, too long.

Now, the LF govt. (famed for 'land-reforms') are **inviting World Bank grants** for a project 'to enable the poorest of **bargadars or sharecroppers to buy plots of the land** they have been tilling for their masters'. Note the next excerpt. – *Update*]

Left-ruled state ties knot with World Bank

(...) Not in development or infrastructure, the Left Front govt. has now taken initiative to start the second phase of land reforms with the help of financial grants from World Bank. Not even the govt., the Krishak Sabha of CPIM also has recommended the projects of handing over the ownership of land to the bargadars. (...)

In this pilot project, **hundred per cent financed by the World Bank,** primary work has been commenced with the **3000 bighas of barga-lands of 10 blocks** of the underdeveloped areas of the state for the time being. Under the initiative of Land & Land Reforms department, the state is preparing a detailed project to hand over **absolute ownership of a bigha of land to each bargadars.** Primarily, two blocks of Sunderban, four of Belpahari and four blocks of north Bengal Dooars inhabited by the Rajbanshis are selected. (...)

It has been known from the govt. sources: in these regions many of the landowners have expressed wishes in different levels to sell land. Particularly, those owners who are migrated to towns and who have no interest in taking care of the rural lands are eager to sell lands. (...)

With the assistance of **World Bank** these types of lands have been spotted to ensure bargadars the ownership of that land. **The state govt. will pay the price of the land to the landowners.** (...) Rs 10 crore has been allocated in this pilot project with the primary consultation of World Bank. According to the primary calculations, (...) 3000 bighas can be collected (...) to distribute **among 3000 bargadars**. (...) *[Source: Anandabazar Patrika, 10.06.2004]*

[The above article has termed the above measures as ‘land reforms’. In fact, the real meaning of ‘land reforms’ are quite different in content from the above. Nonetheless, **World Bank are giving grants for ‘land reforms’.** It may sound strange that an imperialist agency is extending support for land reforms. But, in real life, imperialism is engaged for a long time in **promoting projects of ‘land reforms’** in the underdeveloped/developing countries where the relations of production and production-process are predominantly and/or extensively feudal in character. In India also, the nexus between the big landlords and imperialism intimately tied with the big bourgeoisie have taken a path of slow process of land reforms from above (by ‘Junkar Path’ as it may be called) for a long time. In fact, the programme of land reforms ‘from above’ (by administrative and bureaucratic apparatus) is in content a bourgeois reform along the ‘Junker Path’ operating against the revolutionary interests & path of the peasants (i.e., against the revolutionary spirit of democratic revolution). Thus, the programmes of land reforms of the Left Front – for which they are greeted by the ruling classes of India – are in fact acting like a bulwark against the revolutionary initiatives of the broad masses of the landless and poor peasants. The imperialist agencies like World Bank is supporting this programme, now, with a new initiative. It is interesting enough to note **how the interests of the LEFTs and imperialist agencies have been converged splendidly.**

Moreover, it is discussed earlier that India is groaning under the thumbs of imperialism since its 'independence'. During the green revolution period, the agriculture sector was thrown open to the imperialist plunder with more intensity. This discussion is beyond the scope of this issue of *Update*. But it should be noted by the readers that the effects of that green revolution prescribed by the imperialism have been felt now with different degrees in various states including West Bengal. Thus, either in 'land reforms', or in 'green revolution', there were hands and interests of the imperialist agencies in collaboration with the nexus of big capitalists and big landowners. And, it should be remembered also that most of the people of India are under clutches of the medieval feudal relations and conditions. They are languishing under strong feudal remnants due to the unfinished stage of the democratic revolution in India. These subjects, i.e., real picture of the agricultural scenario in India should be discussed in proper perspective and comprehensively. *Update* has a strong desire to take up this work as much as possible with its limited resources in some of its coming issues.

In this issue of *Update* we have tried in a short scope to depict the tightening of grips of imperialism on the economy, lives of the people of West Bengal. We hope that this venture may throw some lights into the facts what are very much common all over the country. – *Update*]