

कट्स ✕ CUTS

*Discussion Paper*

## SACRIFICING OUR FUTURE

The New Economic Policy and the Environment





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Ashish Kothari with Miloon Kothari

October 1991

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## About CUTS

CUTS is a registered, recognised, non-partisan, non-profit and non-government membership organisation pursuing social justice and economic equity within and across borders with value for people as the underlying theme.

It began out of a rural development communication initiative in Rajasthan in 1983 - a rural wall-newspaper: *Gram Gadar* (Village Revolution). Involved in several grassroot activities, through five centres in India and simultaneously, several national and international issues, today, it is the second largest consumer group in India encompassing unique advocacy strengths.

Over the past decade CUTS has risen to the forefront of the consumer movement in India and the world. It has not only spearheaded several campaigns but pioneered consumer empowerment. At the ground level it has trained and created over 1000 activists and help establish over 300 independent groups.

In association with Consumer International (CI) in 1993, CUTS launched an intensive programme for training young consumer leaders in India and Nepal to meet with the challenges of future. This has thrown up new coalition: Voluntary Consumer Action Network (V-CAN), which is challenging the irrational health policy and practices in India.

In 1994, the Friedrich Ebert Stiftung spurred CUTS in establishing the South Asia Watch on Trade, Economics & Environment to build up policy research and advocacy capacity among consumer and environment groups and media persons in South Asia to cope with the 'pains of transition' in the process of economic liberalisation and globalisation. CUTS is now a full member of CI and also the co-convenor of CI's Global Policy and Campaigns Committee on Economic Issues.

CUTS also serves on several Govt of India committees: the Central Consumer Protection Council, the National Road Safety Council and the Technical Committee on Ecomark.

Consisting of eminent persons on its board, elected after every three years, CUTS has over 35 staff members and derives its support from members and donors like HIVOS, Netherlands, The Ford Foundation, USA and the Government of India. More details are available in a report: "A Decade of CUTS".

## PREFACE

The Consumer Unity & Trust Society (CUTS), founded in 1983, has been at the forefront of the consumer movement in India and is also recognised in several parts of the world for its pristine work in the areas of trade, economics and environment. With centres in Calcutta, Jaipur, Chittorgarh and Padrauna (UP) in India it works simultaneously at the grassroot, national, regional and international levels in the areas of consumerism and development. CUTS pursues its activities with value for people as its underlying theme, pursuing social justice and economic equity within and across borders.

Pursuant to the discussions under the Uruguay Round of the General Agreement on Tariffs & Trade (GATT) there was a heated debate within the International Organisation of Consumer Unions (IOCU, now Consumers International), as neither there were much consultations, nor there was a capacity within consumer groups in the South to understand and discuss the ramifications of the Round. Consequently, CUTS took a decision in 1991 to engage in analyses and debates revolving around the Uruguay Round and domestic economic reforms, and their likely impact on developing countries.

In 1993, the IOCU commissioned CUTS to write a paper on the impact of the Uruguay Round on Developing Countries: "Trading Up". This association led to CUTS being nominated as the Asian representative on the IOCU's Global Policy & Campaigns Committee on Economic Issues. One of its first decisions was to create a vertical process for consultation and horizontal process for education of members and other interested persons.

As a part of this quest involving policy, consultation and training, CUTS assumed a very heavy burden. And as part of its mission, CUTS decided to empower activists and mediapersons in the South Asia region to understand the processes of transition resulting from trade and economic liberalisation, and build capacities and alliances by enhancing regional and international cooperation. In pursuance of these goals, in 1994, CUTS launched the South Asia Watch on Trade, Economics & Environment (SAWTEE) in association with Consumers International's India Programme, Federation of Consumer Organisations, Tamilnadu in India; The Network and the Sustainable Development Policy Institute in Pakistan; the Law & Society Trust in Sri Lanka; Consumers Association of Bangladesh; and the LEADERS and the PRO PUBLIC in Nepal.

SAWTEE's methodology involves policy research, advocacy, capacity building and networking. Under the programme, we are publishing a quarterly newsletter, briefing papers, discussion papers and occasional papers.

"Sacrificing our Future" is one such publication, which is a collection of three articles spread over three time periods: 1991-93, 1993-94 and 1994-95 written by noted environmental activist, Ashish Kothari and his brother Miloon Kothari. This collection brilliantly maps out the impact of the new economic policy on the ecology and suggests specific measures for appropriate changes. We recommend this document for anyone interested in following the inevitable conflict between environment and development. The authors have invited comments, which are more than welcome.



## AUTHOR'S FOREWORD

The 1990s have witnessed far-reaching changes in the economic policies of the Government of India. From a stress on self-reliance and internal growth, the country has suddenly been catapulted into the arena of 'globalisation', with the concomitant opening up of borders to a massive increase in imports and exports, and an atmosphere of free-for-all ("liberalisation", some people call it).

Whatever the alleged economic imperatives and impacts of this new thrust, it is clear that virtually no concern has been shown for its environmental and social impacts. Hard-won ecological victories, which characterised the 1980s, and saw a much greater level of integration of environmental concerns into our planning process, are being rapidly eroded.

Not everything in the new economic policy (NEP) and its impacts are new; destructive development and trade policies and practices were present even earlier. However, there is both a tremendous acceleration of these trends, as also certain qualitative changes, which are of great concern. Particularly worrisome is the wasteful consumerism being lapped up by our elite, and the clear signal that has gone across to state governments that natural resources and habitats are expendable so long as foreign exchange and profits can be made.

At the same time, as the consequences of this form of 'development' become starkly visible, there is also far greater public resistance. This is witnessed in the battles over the Dupont-Thapar, Enron, Cogentrix, Cargill, Kentucky Fried Chicken, and other projects, and in the outcry against largescale mechanised trawling and aquaculture. These movements, along with much more incisive critiques of the NEP, and articulation of viable alternatives, appear as hopeful diyas (lamps) in the darkness engulfing us.

Some of these trends and changes are explored in the series of articles presented in this booklet. The articles follow a chronological order, having been written as successive pieces over the last three years of the NEP. They have been previously published in somewhat different versions in the Alternative Economic Survey (Public Interest Research Group 1993 and 1994; Wiley Eastern 1995); the 1993 and 1995 pieces also appeared in Economic and Political Weekly. They are being put together here for easy access, and to give a more complete picture of the trends over the last few years.

I am grateful to CUTS for publishing this document. Many thanks also to colleagues at Kalpavriksh and the Indian Institute of Public Administration, for the intellectual and activist atmosphere which stimulates such writing. Though I have not asked Miloon, I am sure he will not mind being co-author of the document, given that he was instrumental in starting off the series of articles.

Comments and criticisms from readers would be greatly appreciated.

Ashish Kothari

New Delhi, September 1995

## TABLE OF CONTENTS

<b>1. New Economic Policy And The Environment: 1991-93</b>	<b>3</b>
i) Forex, the New God	3
ii) Liberalisation vs. the Environment	5
iii) Privatisation And Foreign Investments: How Wise?	5
iv) Increasing Efficiency by Cutting Off the Poor	6
v) The Absence of Assessment	7
vi) SAP vs. Democratic and Human Rights	8
vii) What is the Alternative ?	8
<b>2. New Economic Policy And The Environment: 1993-94</b>	<b>10</b>
i) Export orientation	10
ii) Liberalisation	11
iii) Foreign Investment	13
iv) Consumerism	14
v) Equity, Environment, and the New Economic Policy	15
vi) Is there a Way Out?	15
<b>3. New Economic Policy And the Environment: 1994-95</b>	<b>17</b>
i) Exports: Selling our Future	17
ii) Liberalisation and Foreign Investments: A Free-for-All	19
iii) The Economic Survey and Environment: Lip-service	21
iv) People's Resistance Increases	22

### Annexure

CUTS Publications, Trade, Economics & Environment 1994-95





The last couple of years have seen drastic changes in India's economic policies. The thrust towards socialism and egalitarianism which has characterised planning in the last four decades and a half (though not very successfully), has been all but given up, and moves made to usher in full-scale capitalism, domestic and global. Also gone is the emphasis towards self-sufficiency (somewhat more successful), displaced by an increasing dependence on agencies like IMF and the World Bank, and international capital of other kinds.

Under the New Economic Policy (NEP), drastic 'stabilisation' and 'structural adjustment' programmes are being put into effect in an effort to meet India's severe balance of payments crisis, and to propel its economy into quicker growth and global integration. Apart from direct fiscal policies, the major components of the new package include boosting exports to earn foreign exchange, liberalising industrial production, dropping barriers to the entry of foreign companies and goods, expanding privatisation, and cutting government spending. Some of these are a part of the IMF-World Bank led Structural Adjustment Programme (SAP), a set prescription which these multilateral agencies have forced onto dozens of Third World countries.

The drastic nature of the NEP package has understandably set off considerable debate on issues of economic management and national sovereignty<sup>1</sup>. But the debate has only marginally, and in a very general way, touched the vital question of how the new economic policies will affect the environmental and living conditions of our citizens. It is surprising that a year and a half after the adoption of the new policies, there has been almost no serious analysis of their implications

on the living environment of our citizens<sup>2</sup>.

The natural environment has so far been looked at by conventional economists and development advocates, whose vision is the driving force behind the NEP, as either or both of two things: an exploitable resource, and a sink into which the effluents of affluence can be thrown. This view ignores the fact that for the vast majority of Indians, the natural environment forms the very basis of their subsistence economy. Forests, land, and waterbodies directly meet their food, water, housing, energy, medical, and cultural needs. When these resources are targeted by development planners for commercial

**When the resources are targeted by development planners for commercial use, it is the lives and livelihoods of the peoples which are threatened**

similar SAP regimes, and some analysis can be attempted by juxtaposing past developmental trends in India with the new policies. The overwhelming impression we are left with is that the NEP could lead to an acceleration in the already deteriorating environmental situation, and

consequently further marginalisation and alienation of communities that are already living in economically and ecologically vulnerable conditions. This includes the landless and the marginal farmers, the tribals and the so-called OBCs, and amongst these groups particularly the women and children.

### Forex, the New God

Take, for instance, export-orientation. With foreign exchange (forex) as the new god, the government will be keen on earning it any which way, regardless of the environmental consequences. This of course is not a new phenomenon; export of iron ore from Goa has devastated its once-lush forests, granite mining for export to Japan has laid bare hills in Andhra Pradesh and Tamil Nadu, processing units for India's fourth largest export earner, leather, have polluted water over vast stretches in Tamil Nadu and along the Ganga. Yet these are only precursors of what could come if the SAP aim of converting India into an export-led growth economy is fulfilled. What this could entail is a further and rapid transformation of staple food and subsistence crop lands into cash cropping, intensification of commercial fisheries in marine and freshwater areas, increase in mining for raw mineral exports and so on. The acceleration of this trend is already evident. In a bid to "tap the country's vast marine resources on a priority



use, or for appropriation by a small elite in the name of some unspecified "national interest", it is the lives and livelihoods of these people which are threatened. In adopting the NEP, has our government been mindful of this?

It seems not. It is, of course, difficult to predict the impacts with accuracy, for the interplay of various economic, social, political and ecological factors is complex, and there are pulls and counter-pulls of all kinds within Indian society, including within its decision-makers. But important lessons can be drawn from the experiences of other Third World countries which have come under



basis", the government recently cleared eleven 100% export-oriented deep sea fishing ventures in the private sector, with foreign collaboration *The Economic Times*, Delhi, 30/5/1992). Indian companies are also quickly cashing in: the powerful house of Tatas has moved the Orissa state government to clear a large-scale shrimp farming project adjoining one of India's most valuable brackish wetlands, the Chilka Lake. The proposed project is aimed at exports primarily to Japan, and the language used in a glossy brochure aimed at quelling rising environmental and local opposition is revealing: "Several countries are enriching their national exchequers through aquaculture. The opportunities for India to net this 'new-wealth' are limitless"<sup>3</sup>.

It has been argued that export-oriented development in itself is not destructive. The export value of a product/resource could theoretically be an argument for its conservation. Experience from India and other countries, however, strongly suggests otherwise. When the predominant motive for change in an economy becomes short-run profit-seeking and foreign exchange earning, the neglect of long-term environmental and social responsibility grows. Cash cropping in many parts of India has already led to severe problems of water overuse and pollution, fertiliser and pesticide based contamination and land degradation. Large-scale commercialised fishing has led to destruction of aquatic and coastal ecosystems, and the marginalisation of traditional fisherfolk. If export-orientation could indeed be made more environment-friendly and people-friendly, there is nothing in the current SAP package which could make it so.

Recently, an agri-business consortium has been proposed by the government, ostensibly to help small

and marginal farmers, which is to give a boost to commercialising Indian agriculture to cater to expanding consumerist markets, both locally and abroad. Dr. M.S. Swaminathan, chief architect of the Green Revolution in India, praised this proposal, stating that this "second Green Revolution" would shift the present emphasis on meeting minimum needs to tapping the full commercial potential of agriculture. Suddenly it seems that meeting minimum needs (like food and water) is no longer important, so long as money (especially forex) can be generated.

The experience of Latin American countries is indicative. Under SAP policies, the Costa Rican government has since 1985 encouraged beef exports, clearing thousands of hectares of forests for conversion into ranches. The burgeoning cattle population has overgrazed the land, increasing topsoil erosion and killing the country's only coral reef due to silt deposition. Under IMF recommendations, the government reduced credit to subsistence farmers, replaced indigenously grown basic grains with imports from the United States, and subsidised cash crops (strawberries, melons and ornamental flowers) for export to the U.S. market. The resultant ecological damage has been accompanied by a rapid growth of poverty, and increasing income

disparity<sup>4</sup>. As an analyst commented, "real minimum wages have declined and the rich-poor gap has become a chasm. According to Otton Solis, a former Minister of Economic Planning, 'the wealthiest ten per cent of the population used to enjoy an average income 16 times greater than the bottom ten per cent; now, it is 31 times higher.'"<sup>5</sup>

In Guatemala, export-orientation has led to the replacement of the staple crop maize by cash crops such as

cardamom and macadamia, produced to meet the demands of the international market. Ironically, maize has now to be imported! SAP led policies have also led to excessive commercial timber logging at a time when the Mayan people have been forbidden to cut even a single tree for their daily subsistence.<sup>6</sup>

Similarly, over a large part of the African continent, SAP policies of export-orientation have aggravated ecological degradation through excessive cropping, over-grazing, soil erosion, and deforestation. For example, Zimbabwe was till recently hailed as one of the few 'successes' in Africa, with an efficient public distribution system and self-sufficiency in foodgrains. Not any more. In the current drought year, the country is facing critical famine conditions. Part of this is a direct consequence of the IMF influenced forex chase, which forced the government to sell off one year's stock of food grains, depress the price of the staple crop maize, and encourage farmers to switch to cash cropping. As an analyst has recently remarked "In Zimbabwe, there has been strong criticism of the running down of the country's large maize stockpiles in recent years, World Bank officials agree some strategic stocks are necessary, but argue that carrying stocks sufficient to deal with drought does not make economic sense. 'A country needs financial reserves, not large grain reserves', one Bank official comments"<sup>7</sup>.

Exports are one way of earning forex — tourism is another. The last few months have witnessed an aggressive new thrust to tourism promotion. Many areas previously restricted to foreigners — Ladakh and Lahaul-Spiti, the Andaman Islands, and others which had so far been saved from hordes of insensitive and uncaring tourists, have been thrown open. And it is not only India's image which is being sold. Recently the government announced its intentions to lease out entire islands in Lakshadweep, India's famous coral island union territory, to international



hoteliers for developing as tourist resorts.

### Liberalisation vs. the Environment

The other major component of SAP is the liberalisation of the economy. Unnecessary bureaucratic hurdles definitely need to be removed, but the tendency seems to be to throw the baby out with the bathwater. In no country in the world has industry on its own shown social and environmental responsibility; there has always been a need for appropriate regulations. Such regulations are in

of India's National Development Council, but has not yet, over 11 months after it was proposed, okayed its final gazetting.

Indeed, in the new "liberalised" (read: free-for-all) atmosphere, the environment departments in all states and at the Centre are going to become everyone's punching bag, and will find it harder and harder to enforce their regulations. In the state of Gujarat, several private sector industries have been cleared adjacent to a Marine National Park, despite objections from wildlife officials.



grave danger now. The first hint of this has come in the strong opposition to a proposed central government notification of January 1992, which would make environmental clearances for major industries and development projects mandatory.

Such a notification is long overdue, to control the haphazard and often politically motivated siting and planning of development projects in India, with severe social and environmental impacts. Not surprisingly, the strongest objections to this move came from Chief Ministers of several states, industrial houses, and export conglomerations, all of whom argued that such a notification would create barriers to the new-found industrial "freedom". To his credit, the Prime Minister defended the notification in a meeting

Yet another example of the destructive potential of the new 'liberal' era is the strong revival of the proposal for a Free Port in the Andaman and Nicobar Islands. Scientists and ecologists have justifiably identified these tropical islands, with their incredible wealth of rainforests, coral reefs, and marine waters, as one of the world's most important genetic storehouses. By their very nature, these islands are also extremely fragile, their ecosystems easily disrupted and leading to a chain of consequences which have repeatedly rebound on human settlers themselves. In addition, the islands are home to some of India's most ancient tribes, two of whom have already been reduced to near extinction by the activities of outsiders. It is sheer common-sense that a Free Port here would be folly of the highest order,

especially when the greed for foreign exchange is threatening a tourist boom in the islands. The proposal had been dropped for the last couple of years, following strong protests from various quarters. Yet, in a recent meeting of the Island Development Authority, chaired by the Prime Minister, the proposal has been revived, and a group reportedly asked to look into its feasibility.

### Privatisation And Foreign Investments: How Wise?

Accompanying liberalisation is an emphasis on privatisation. Resources which are considered for the common good and are under public control, may increasingly come under private corporate control. This sector has shown scant respect for the environment, let alone for the needs of the poor. Particularly severe will be the adoption of 'user charges' on essential services such as drinking water, sanitation and medical care, regardless of whether people can afford to pay. Such a measure has been recommended by the World Bank for years, ostensibly to increase the economic viability of social services by adopting the principle of 'cost recovery'. For families that are burdened with these charges, it becomes increasingly difficult to meet other basic needs.

Yet another thrust of the SAP is the opening up of the country to foreign investment and goods. A limited amount of competition from abroad in specific sectors may do our own industrial sector some good. However, the environmental consequences of what is proposed may offset the gains. An extreme, but not uncommon, form of this mindset is evident in by now infamous internal memo circulated by World Bank's Chief Economist Lawrence Summer. He suggested that the Bank should be "encouraging more migration of dirty industries to the less developed countries", where concern for the economic and social costs of pollution are less than in developed countries!



The transfer of hazardous industries and commodities, as has already happened in Africa, becomes much more possible with the new open-door policies. So does, on the other hand, the transfer and growth of pollution control and 'clean' technologies. But if trends in other countries are an indicator, this positive prospect may be far outweighed by negative ones. Our government is currently wooing Japan's giant corporations, many of whom have a horrendous environmental record. These multinationals have caused the decimation of rainforests in South-East Asia, and the consequent dispossession and displacement of entire tribal and poor peasants communities. Prime Minister Rao's recent visit to Japan with a begging bowl, and the talk of a "mini-Japan" being established to provide special privileges to Japanese investors residing in India, are chilling indicators of things to come.

#### **Increasing Efficiency by Cutting Off the Poor**

At the current juncture in our country, the Government will have to continue to play an important role in harmonising developmental and environmental interests. This was recently reiterated by the Prime Minister. But will the NEP allow this? It is here that the IMF-World Bank insistence on increasing government efficiency by cutting spending is of particular concern. Though these agencies do not necessarily specify which sectors to make budgetary cuts in, countries under SAP conditionalities invariably end up chopping allocations for those social or "soft" sectors which cannot show immediate tangible returns. The last three budgets (since 1989) have seen mild to severe cuts, or no appreciable rise in allocations, in a number of social sectors: education, health, developmental and employment-generating expenditure, and environment.

Indian Finance Minister Dr. Manmohan Singh's 1992-93 budget is particularly harsh in this respect.

While some of the cuts may be justified on account of under-utilisation in the previous year, the severity of the cuts indicates another logic at work. Allocations for the prevention and control of pollution have been cut (in real terms) by 35.5% at a time when the policies outlined above are likely to increase the pollution problem. Rural sanitation programmes have suffered a cut of 46.8%, and the rural water supply project of the Water Mission has been sheared of 39.3% of its budget. In a situation in which lakhs of children and adults die or are afflicted every year by water-related diseases, this cut is extraordinarily callous. Other programmes which have suffered are wastelands development (down by 23.5%), and promotion of non-conventional energy sources (cut by 26.3%). But the heaviest reduction (61%) is in the biomass development programme. This cut, coupled with increasing privatisation of common property resources displays total insensitivity towards the 30 crore people (40% of our population) whose very existence is tied to the health and availability of biomass fuels and fodder.

These spending cuts are already having their impacts on the rural poor. Several voluntary organisations working in the drought-hit areas of Rajasthan have reported intensified distress as allocation of foodgrains under the Public Distribution System (PDS) has been severely curtailed.<sup>10</sup> Cuts in the water supply and biomass development programmes may undermine long term anti-drought measures. Further desertification could result where the Government reduces investments in conserving or regreening, while the rural poor have no option but to overuse the meagre natural resources left to them. Experiences from several sub-Saharan African countries under SAP indicate the clear co-relation between SAP

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policies and intensified desertification.

The health impacts of the NEP are particularly worrying. Reductions in investment towards improving civic infrastructure, particularly water supply and sanitation, have resulted in sudden

outbreaks of cholera in several Latin American countries. The IMF, in the case of Peru, was directly held responsible. In mid-1991, Hiroshi Nakajima, Director-General of the World Health Organisation stated: "The economic adjustment programme dictated by the IMF is responsible for the increasing cholera epidemic in Peru....without doubt, in order to comply with payments claimed by the IMF, Peru now finds itself in a position that it cannot allocate more resources to fight the cholera epidemic"<sup>11</sup>.

Many communities in India live in perilous conditions where epidemics of water-borne diseases (cholera, diarrhoea, typhoid and hepatitis) already occur without warning. Witness the death of over 1500 (officially 600) people in the cholera epidemic in Delhi in 1988<sup>12</sup>. Poor communities all over India are in urgent need of health and housing infrastructural inputs to reduce the incidence of such outbreaks. Instead, the government is reducing allocations, which will result in even more severely debilitating and life-threatening conditions.

In its eagerness to maintain a 'honorable' record of repayments so that even more money can be borrowed from the IMF, the Philippines government has diverted money from primary health care, drinking water schemes, employment generation, housing, and nutrition. The results are horrific on women and children, as has been repeatedly pointed out by UNICEF and the Freedom from Debt Coalition (FDC) and other Filipino NGOs. One child is reported to die every hour from the diversion of



resources for debt servicing. This particularly telling example exposes the hollowness of the claims that SAPs are only short term measures and do not involve any severe hardships in the long run. As Richard Jolly of UNICEF says, "If you miss the opportunity when a child is one, five or even ten years old, to provide the basic nutrition, early education, and a secure loving home, the consequences will show when that child is an adult. I fear that we will see these consequences and have to deal with them 20, 30, 40 years from now." It is, of course, another matter that today's planners will not be around then.

Finance Minister Manmohan Singh in a recent lecture on 'Environment and the New Economic Policy'<sup>13</sup>, correctly stated that environment is "here and now" for the majority of India's people. Unfortunately, his severe budget cuts do not reflect any concern for this "here and now". According to the Minister, such cuts are only temporary, and greater allocations will be possible once the economy stabilises. Such logic is not only small compensation to a drought-hit Rajasthan struggling for survival "here and now", but also exposes the insensitivity of a minister sold to the neo-classical world-view of economics. Nor do the experiences of other nations, trapped in the SAP tunnel, inspire confidence that there is an escape from the debt trap even in the long run, so long as the development model is not fundamentally changed. Examples are available from around the world that indicate the increasing inability of governments, who indulge in SAPs, to grapple with the devastation caused by natural and human-made disasters<sup>14</sup>.

Spending cuts and other measures also entail a massive laying off of workers, about which much has been said. An estimate by the ILO and UNDP states that by 1992-93 between

4 to 8 million people will become unemployed. Many of these people, who are currently employed in rural development programmes, are likely to either migrate to cities, adding to the environmental and social and environmental stress already faced there. Those who are already in the cities are unlikely to leave, but will probably be forced to live in environmentally degraded slum settlements. If they do go back to rural areas, they will probably end up further degrading the environment by being

forced to cash in on common lands or moving into marginal, ecologically sensitive zones. Certainly SAP appears not to provide any alternative employment for them.

Indeed, an often overlooked consequence of SAP is the large scale displacement resulting from the dispossession of people and communities. The rise in unemployment, changes in modes of agricultural production particularly affecting small farmers, intensified extraction of natural resources to fuel foreign trade, favouritism to the urban or commercialised sector to the detriment of rural development, the acceleration of five star tourism and so forth could all lead to displacement.

The case of the maize farmers in rural Mexico is a telling illustration of this process. The fall in the support price of maize (on IMF recommendation) and the attendant fall in real wages, the flooding of the domestic market with foreign grains, and the official favouritism towards export crops all contributed to a deepening recession in rural Mexico, forcing many maize farmers to migrate. The plight of the Mexican peasants and the existence of a viable rural economy are now in serious doubt. As has been pointed out "Small and medium-size national companies are being rapidly eliminated by competition from transnational companies; foreign dependence will increase as imports of technology and

materials increase; and foreign capital will exercise greater control and influence on the types of production in the primary sector and on the patterns of consumption, with repercussions on the diet and nutrition of the majority of people in both urban and rural areas.....Transnational corporations are today involved in the production of 90% of processed foods and 84% of animal feeds.....and the law has been changed to permit foreign capital 100% ownership of certain non- strategic branches of Mexican industry"<sup>15</sup>.

In the Philippines, policies resulting from debt servicing (to the tune of \$6 million a day!) have displaced hundreds of thousands of people from their productive lives and driven them into huge squatter settlements that surround the cities. In Brazil, the conversion of agricultural lands into export-oriented cash cropping (soybean, etc.) has displaced thousands of small peasants, who have been forced to clear the Amazon rainforests to eke out a perilous living.

### The Absence of Assessment

The irrefutable evidence of environmental damage from a majority of SAP affected countries should have cautioned our government to proceed only after a thorough understanding of the likely consequences in India. Yet, there was no environmental or social impact assessment of these policies by either the government or the funding agencies. Indeed, it is unlikely that the Ministry of Environment and Forests and other relevant ministries were even consulted.

Keeping in mind the adverse impact that SAPs have had on living conditions all over the world, it is shocking that the IMF has not even bothered to conduct social and environmental impact studies of the SAP that it recommends. As has been pointed out "the IMF has taken no effective measures to protect the poorest sectors of society or the environment ... Since poverty and vulnerability are an



integral part of the crisis, any adjustment program that does not seek to reverse this from worsening is wholly inadequate ... Currently, unlike the World Bank, the IMF does not conduct studies of environmental and social consequences of its action. This is partly the result of the absence of qualified personnel on the IMF staff in the areas of natural resource, development, poverty and related subjects, as well as the lack of contact with the affected populations"<sup>16</sup>.

### **SAP vs. Democratic and Human Rights**

One of the worst aspects of the NEP is the thoroughly undemocratic process in which it has been adapted. There was no prior public debate, no attempt by the government to explain its consequences. In his June 17 lecture Manmohan Singh said that a debate should take place now. This is like throwing open the stable door to let the horse out (or rather, to let the multinationals in!), then asking everyone to debate whether the doors should have been opened or not!

For those who question these policies, democratic space is being further squeezed. Thousands of workers were arrested in pre-emptive moves all over the country, before their June 16 strike protesting the new economic policies. So keen is the government to appease its donors that peaceful demonstrations organised by grassroots movements against the NEP have been often brutally dealt with<sup>17</sup>.

In the face of such opposition, which is mild compared to the food-riots and indeed the toppling of governments that have occurred in other countries, the IMF's stand remains tragically irresponsible and bereft of the lessons of history. In September 1991, the IMF told the

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fail in India, since our government has neither sought nor received the support of the majority of its citizens on this issue.

The immense loss of social and human capabilities that accompany the adverse environmental impacts of the NEP is a violation not only of constitutional rights of India's citizens, but also of numerous rights recognised in international legal instruments which India has ratified. These include the Universal Declaration of Human Rights, and the International Covenant of Economic, Social and Cultural Rights (ICESCR). The latter in its Article 11(1) places the obligation upon States Parties to recognize "the right of everyone to an adequate standard of living for himself and his family including adequate food, clothing and housing, and to the continuous improvement of living conditions". The ICESCR in Article 12(b) also recognises that "The steps to be taken by the States Parties to the present Covenant to achieve the full realisation of this right shall include those necessary for...The improvement of all aspects of environmental and industrial hygiene"<sup>19</sup>.

The U.N. Committee on Economic, Social and Cultural Rights recently noted in a legal interpretation of Article 11(1) that "external factors can affect the right to a continuous improvement of living conditions, and that in many States Parties overall

United Nations that "programmes supported by the Fund are the programmes of the countries themselves. Indeed, they cannot succeed unless they have the full support of the population, including those whose full economic, social and cultural rights may be infringed upon"<sup>18</sup>. If full support is the criteria for success, then SAP is bound to

living conditions declined in the 1980's....It would thus appear to the Committee that a general decline in living and housing conditions, directly attributable to policy and legislative decisions by States Parties, and in the absence of accompanying compensatory measures, would be inconsistent with the obligations found in the Covenant (the ICESCR)"<sup>20</sup>.

### **What is the Alternative?**

All this is not to say that the pre-NEP days were ideal from an environmental and social justice viewpoint. There is no denying that structural transformation of our society and economy is required. But such a transformation must tackle the patently unequal control over natural resources (especially land and water) which allows the minority elite to race towards a luxurious 21st century, at the cost of further dispossessing the poor of whatever little they have. This transformation must also redirect the present model of development, which is socially iniquitous and ecologically unsustainable. The NEP shows no potential for this, but rather reinforces the *status quo*.

Alternatives to the IMF-World Bank led policies have been put forward by regional groupings and popular movements throughout the world. One such effort that carries universal lessons is the African Alternative Framework (AAF) to SAP co-ordinated by the Economic Commission for Africa (ECA) and endorsed by the United Nations General Assembly in 1989. Rooted in the cultural traditions of African societies, its "fundamental ethos is the intrinsic sanctity and dignity of the human person, the collective spirit in social endeavours and mutual support under reciprocity". The African Alternative seeks a Global People's Coalition and a spirit of global solidarity because the mission it is promoting is "a mission for all democratic forces the world over". The AAF stated, "in addition to stressing the need for democratisation and effective popular participation, human-



centered development has a clear environmental obligation to maintain sustainable ecological balance between people and nature. As further stated "The traumatic experience of the 1980's has demonstrated abundantly that it is easy enough to reel off statistics of increasing GNP, GDP, savings, capital stock, exports, etc. while human misery, starvation, unemployment, mortality rates, diseases, literacy and environmental degradation worsen" <sup>21</sup>.

Within India too, the true alternative to the economic crisis lies in getting away from both an over-centralised system, which has been the case since Independence, and an excessively privatised one, which is looming on the horizon. Community management of resources needs to be revived, with a clear set of rights and obligations for local communities, governmental agencies, and voluntary organisations. Nor is this an empty slogan; if sustainable development is the goal of economic policies, then there is much to learn from the many genuine people's and governmental developmental efforts that are scattered throughout India. The watershed and land management experiments of Ralegan Siddhi (Maharashtra) and Sukhomajri (Uttar Pradesh), involving villagers with the help of some enlightened individuals who had their feet firmly on the ground, have turned food and cash-deficit villages into surplus economies<sup>22</sup>. Ralegan Siddhi is in fact quite an eye-opener, for it is in one of India's most drought-prone areas (an average rainfall of 400 mm), and has achieved adequate water supplies for drinking and agriculture through rainwater harvesting, without the help of a costly, debt-incurring big dam<sup>23</sup>. These experiments have also ensured a greater degree of equity in the distribution of the resultant benefits than has been possible in most government programmes. Such equity has been the hallmark of another unique effort, the water management and distribution system of Pani Panchayat in villages of Pune district of Maharashtra. Then there are the

dozens of efforts at switching to organic farming, either through traditional methods or new ones, reducing or eliminating completely the need for expensive, ecologically disastrous, and fossil-fuel guzzling chemical fertilisers and pesticides<sup>24</sup>. Gloria Land in Pondicherry, Narayan Reddy's farm in Karnataka, Bhaskar Save and P.D. Baphna's orchards at Bordi (Maharashtra), and myriad others come to mind, yet remain neglected by the dominant agricultural establishment. As for governance, there is a lot to learn from the tribal village of Seed (Rajasthan), which is managed by a Gram Sabha (village council) having the legal and executive power to decide all matters relating to local land and natural resource use, under the Rajasthan Gramdan Act of 1971<sup>25</sup>. Stringent rules regarding the use of common lands ensure their conservation and sustainable use. But in many places, local community structures have broken down; they will need to be revived, and collaborative management strategies between them and the government thought of to complement each others strengths. There are, for instance, the joint forest management systems evolved in many parts of India, between villages and forest departments<sup>26</sup>, which are proving to be successful not only in afforesting degraded lands but also in providing employment and economic security to impoverished village communities.

The ideas and models are there, the solutions staring at us in the face, if only we care to look. The danger is that the new policies may wipe out these genuinely sustainable alternatives even before we have learnt from them.

[Help in the preparation of this article was received from Arun Kumar and Manisha Marwaha, and comments on an earlier draft from Shekhar Singh. Our thanks to them. References are given at the end of this book.]



A year back I had co-authored an article on the possible impacts of structural adjustment and liberalisation on India's environmental and living conditions in the Alternative Economic Survey (1992-1993). We had warned of the intensification of ecological damage and social disruption by activities and programmes related to an export-led growth, the dismantling of industrial controls through liberalisation, the wooing of the private sector (domestic and foreign), the servicing of external debt, and cuts in spending on social sectors (including environment). We had also cited the example of several other countries which had been undergoing structural adjustment programmes for varying periods, to provide indicators for the direction in which India could be heading.

A year later, some trends of the impact of the new economic policy are beginning to emerge. An analysis of the major new domestic investments and foreign tie-ups, and of other governmental and industrial actions, suggests that most of the fears we expressed may be coming true.

### Export-orientation

Most Third World countries who have stressed exports under SAP or debt-repayment compulsions, have focused heavily on the export of raw materials including biological resources. Given India's industrial capacity, raw materials are likely to be supplemented substantially by value-added goods. But even in such a scenario, there appears to be a very marked stress on exploiting the country's natural wealth to gain foreign exchange.

In the earlier chapter, we had written that "the SAP aim of converting India into an export-led growth economy ... could entail a further and

rapid transformation of staple food and subsistence crop lands into cash cropping, intensification of commercial fisheries in marine and freshwater areas, increase in mining for raw mineral exports and so on."

All of this, and more, is already happening. The Minister of State for Food Processing, Shri Tarun Gogoi, recently stated that 56 100% export-oriented projects in fish processing were cleared in the last two years (1992-93). Marine fisheries grew by 28.45% in 1992-93, and exports of marine products are expected to cross Rs. 2000 crores in 1993-94. In 1992 alone, 18 foreign collaborations for marine fishing and fish processing, many of them deep sea fishing, were approved (List of Foreign Collaborations Approved During the Year 1992.

Indian Investment Centre, Government of India, New Delhi. Hereafter referred to as IIC 1993). At a time when fish catch along India's coast is stagnant or on the decline (due to serious overfishing and habitat destruction), and when small-scale traditional fisherfolk are up in arms at the loss of their livelihoods as a result of modern trawling operations, such investments can only spell further trouble. The government claims that the deep seas in India are still relatively untapped, and that this will not interfere with traditional fishing grounds. But such assurances were given when trawling was first introduced in India, and was proved hollow. Trawling operations have frequently impinged on small-scale fisherfolk, resulting in often violent clashes. The National Fishworkers Forum, a conglomeration of mass movements along much of India's coastline, has repeatedly sought a ban on trawling operations during the fish spawning season and within a

certain distance of the coastline. Such a step is absolutely necessary if the fish populations are to regenerate and the interests of small fisherfolk protected. But with an all-out effort at exploiting marine areas, the government is unlikely to ever agree to such a ban.

Apart from its impact on local fisherfolk and coastal eco-systems in general, specific concern has been expressed about the implications of trawler operations on endangered marine species of fauna. For instance, at least one and possibly four jetties are

### **The rapid expansion of aquaculture in the coastal areas is also going to cause serious ecological and social disruption.**

being constructed or planned close to Bhitarkanika Sanctuary, Orissa, to service deep sea trawlers. Bhitarkanika harbours the world's largest nesting site of the Olive Ridley turtle, a severely endangered marine reptile. Over 200,000 turtles are known

to nest here. Wildlife experts and enthusiasts have protested against the state government's proposals, and the central Ministry of Environment and Forests is reportedly not in favour of them. The imperatives of foreign exchange earning may, however, override these objections; if allowed, the trawling operations in this area would be yet another nail in the coffin of this species.

The rapid expansion of aquaculture in the coastal areas is also going to cause serious ecological and social disruption. Prawn and shrimp farming involves intensive, single-species oriented management of coastal eco-systems, a process which completely disrupts the delicate salinity balance and greatly reduces the biodiversity of these areas. Nor do the benefits of export-oriented aquaculture go to small fisherfolk, since large-scale operations standardised to meet stringent export requirements are



affordable mainly by big companies. According to information compiled by the Centre for Monitoring Indian Economy, in 1992, three projects for aquaculture were approved, of which 2 were 100% export-oriented; in 1993, the number of approved projects jumped to 24, 17 of which were 100% export-oriented, and 7 with foreign collaboration (The Shape of Things to Come: A Synoptic Survey of Major Investment Projects on Hand: December 1992 and December 1993 Centre for Monitoring Indian Economy, New Delhi. Hereafter referred to as CMIE 1992 and CMIE 1993). The Indian Investment Centre has offered somewhat different figures for foreign collaborations in 1992. Eleven projects of aquaculture were approved, mostly prawn and shrimp farming (IIC 1993). (The discrepancy between the figures of foreign collaboration given by the CMIE and the IIC has not been resolved, but could be due to greater access to information that the latter, a governmental body, has).

Other sectors which are receiving a major boost for export purposes include agro-industries and food processing. On the face of it, agro-industries should help rural communities in adding value to their produce, thereby getting them a better price. However, the dictates of the export market often have ecological and social consequences which undermine the sustainability of such value addition. There is, first of all, a transformation of food cropping to cash cropping lands, with some of the major export items targeted being cotton, sugar, tea, etc. The exception to this could be rice, which is also slated for major export increases. In both these cases, however, there is going to be an intensification of production through artificial inputs like fertilisers and pesticides, and loss of genetic diversity. This last impact, genetic erosion, is as yet largely ignored. Export markets and large-scale agro-industries typically demand standardised, uniform products, and result in the replacement of a high diversity of indigenous crops by a few

so-called high-yielding varieties. If Basmati rice is favoured by foreign consumers, it will replace dozens, possibly hundreds of other local varieties of rice. Pepsi has reportedly encouraged farmers to grow one particular variety of tomato, which is suited to its production process. Kentucky Fried Chicken has delayed the start of its operation in India because it wants maize-fed chicken, which it will introduce to replace the local Indian breeds of poultry.

Mining is yet another sector targeted for export-oriented production. Considerable opposition has been voiced to the devastation wrought by granite mining in Andhra Pradesh and Tamil Nadu, for export to Japan, even before the new economic policies came in. Now, as many as 10 major foreign collaborations have been approved in 1992 alone, for granite slabs and related product (IIC 1993). In all, 16 projects for making granite products were approved in 1992, of which 12 were 100% export-oriented; in 1993, an additional 21 were approved, including 13 which were 100% export-oriented (CMIE 1992; CMIE 1993). Of these 13, figures of granite quantity to be exported are available for 8, and total up to about 13.38 lakh sq. metres. All of this is being extracted in open-pit mines and by blasting hillsides, which cause great and irreparable devastation.

A final indication of the shape of things to come are the revisions made, in April 1993, in the policy regarding exports. In one sweeping move, some 144 items and sub-items were removed from the negative list of exports. Most of these were from the agricultural and biological materials sector, though chemicals and minerals also figured prominently. Chills were sent down the spines of those who have fought for years to ban or restrict the export of threatened plant and animal species. The notification removed or severely diluted

**Mining is yet another sector targeted for export-oriented production. Considerable opposition has been voiced to the devastation for export to Japan, even before the new economic policies came in**

restrictions on the export of wild orchids, kuth extract of *Saussurea lappa*, roots of *Diosgenin* and *Dioscorea* spp., and other plants whose continued survival in India is already a matter of great concern. Also on the list were brown sea weeds and agarophytes (mushrooms), processed timber of all species except Sandalwood and Red Sanders, and items made of peacock tail feathers, sandalwood, and seashells. A general category of "plants, plant portions and derivatives, obtained from the wild" was also removed from the negative list, leaving open to interpretation whether virtually all wild plants were now exportable. Evidently, the survival of the country's rich and valuable biodiversity is in danger of being sacrificed at the altar of foreign exchange.

### Liberalisation

Removing unnecessary bureaucratic redtape is one thing, throwing all regulations into the dustbin and encouraging a free-for-all is another. India's liberalisation programme, under the SAP, is tending more towards the latter than the former. In last year's article we had lamented the delay in issuing a notification making environmental clearances legally mandatory for certain types of development projects. This notification, drafted and made public twice over by the Ministry of Environment and Forests (MOEF), was till recently pending with the Prime Minister. It has now been gazetted, but in a considerably diluted form. For instance, a provision that development projects near ecologically fragile areas would need special clearance, has been dropped. This dilution is due to severe opposition from industrialists and politicians, whose objections are simple: when all regulations are being removed, and the economy is moving into fast gear, why impose environmental regulations?



A simple argument, but deadly in its consequences. In no industrialised country of the world are development projects, even privately owned ones, given a free reign over how and what natural resources they can use, and what they are to do with the adverse social and environmental impacts of their activities. These issues are subject to stringent regulations, including environmental clearance procedures, siting considerations, monitoring exercises, and penalties for violations. Such regulations have been put into place after learning the hard way, that an uncontrolled development process is a recipe for ecological and social suicide.

Till the late 1980s it appeared that we were willing to learn from this experience, by instituting the appropriate safeguards and regulations. In the 1990s, the lessons are being unlearned, as the move towards the "fast track" bulldozes even the environmental measures taken in the past. The Union Minister for Environment and Forests recently admitted that the Forest Conservation Act of 1980, which helped to reduce the diversion of forest for non-forest purposes, is itself being challenged by Chief Ministers, who now see in it a roadblock to unfettered industrialisation. Indeed, one major change in the Act which the Ministry is actively considering is to lease forest land for industrial plantations. Ostensibly to reduce pressure on natural forest lands, this move has been opposed for years by environmentalists and local communities because of the serious implications of giving control over large tracts of land to private corporations. The former National Wastelands Board had considered this step in the 1980s, but widespread opposition made it change its mind. Senior Ministry of Environment officials themselves have been vehemently against it. Their political

bosses, however, may now have different ideas.

Another chilling indication of things to come is the spate of proposed and actual denotifications of national parks and sanctuaries in various states. Both the declaration and management of such wildlife protected areas is in the hands of state governments, as is the procedure for their denotification. Taking advantage of this, the Himachal Pradesh government took the lead in 1992, denotifying the Darlaghat Sanctuary to make way for a cement factory. Nation-wide protests after this fact became public forced the government to renotify a smaller portion of the previous sanctuary, but the damage had been done. A clear signal had gone out to other states that they too could sacrifice such areas, and that the central government was unwilling or unable to stop them. Gujarat followed in 1993, with the denotification of the Narayan Sarovar Sanctuary, a critical habitat for wildlife typical of the western arid zone and coastal ecosystem interface. Once again, the beneficiary is a cement

factory. Pockets of this sanctuary area were forested, which the state government could not denotify without getting central government clearance under the Forest Conservation Act, so these pockets were renotified. The Narayan Sarovar Sanctuary now consists of several small forest blocks, unconnected to each other and therefore difficult to manage for wildlife protection. A large chunk of the Melghat Tiger Reserve has been denotified, ostensibly to free the tribals living inside of the hardships they face, but more obviously to make way for a proposed road, hotel complex, and dam.



Several other areas are threatened with denotification. Balukhand Sanctuary in Orissa is actively being considered as a site for a luxury hotel complex, which will serve the interests of tourists to Konarak and nearby beaches. The one that really takes the cake, in terms of the sheer audacity of the private sector, is the

proposed denotification of a part of the Marine National Park in the Gulf of Kutch, Gujarat. Reliance Industries proposes to set up a refinery on the Kutch coast, in collaboration with the Japanese firm, C.Itoh. Interestingly, in one of its project documents Reliance had explicitly sought the denotification of a part of the National park, even giving details of the areas to be denotified ('Reliance Refinery Complex', undated, Reliance Group of Industries). These included the famous Pirotan Island and surrounding coral reefs. In the same document, Reliance stated that C.Itoh, its collaborator, "required, in principle, clearance of limited denotification of marine park"! The implication, not explicitly stated but obvious, was that in the absence of this condition (and others) being met, C.Itoh would not be interested in collaborating.

One proposal which appeared to have been buried a few years back, but has been recently revived, is the creation of a free port in Great Nicobar Island. India's southern-most island, Great Nicobar is home to one of the country's most sensitive hunting-gathering tribes, the Shompens. It also harbours amongst the largest and least touched rainforests of India, forests which are still relatively unexplored for their biodiversity and value. Recognising their great importance, the central government declared most of the island as a Biosphere Reserve, and the Andamans administration followed by giving two large forest chunks national park status. And now, the new



Lt. Governor of the islands has raked up the Free Port issue again, declaring that he was happy that the central government was considering it favourably, and noting that it would transform the islands into another Hong Kong or Singapore !!. Considering that the proposal had been looked at threadbare and rejected on grounds of ecological and social damage and lack of local resources (including freshwater!), the Lt. Governor's statement can only be connected to the clear message contained in liberalisation, that ecological and social concerns can be sacrificed if there is money to be made. Especially if it is foreign currency.

### Foreign Investment

Foreign firms are being wooed by the current government as if they were the saviours of the Indian economy. While I do not believe that foreign companies are necessarily any worse than Indian ones, the haste and desperation with which they are being invited to set up shop in India leads one to fear that environmental norms could be severely compromised to allow for easy entry. Many of the examples discussed above, for foreign collaborations in deep sea fishing, aquaculture, mining of granite and other minerals, food processing, and industrial products, are cases in point.

Last year we had written that "the transfer of hazardous industries and commodities, as has already happened in Africa, becomes much more possible with the new open-door policies". Information on the foreign companies who are investing in India confirms this view. Amongst the multinationals who have a notorious environmental record, and whose investments in India have already been approved, are Imperial Chemical Industries or ICI (UK), Du Pont, Monsanto, and Cargill (all USA), Shell (Netherlands), and Ciba Geigy (Switzerland).

One of the major areas targeted by foreign corporations is pesticide production. Recently *The Economic Times* reported that several "major international players in the pesticide industry are now scouting for partners to set up shop in India". These include Japan's largest pesticide company,

### Unconfirmed reports are also coming in of the dumping of hazardous and toxic wastes produced in northern countries, into India

Kumiai Chemical Industries, as also Nippon, Hokke Club, Mitsubishi, Atochem, Dow Chemicals, and Du Pont. The intentions are clear. *The Economic Times* quoted a Du Pont official as saying that there was vast market potential in India: "In

Japan, the average use of pesticides per hectare is 10 kg. In India, it is 450 gm. Considering that India is mainly an agricultural economy, the industry has ample scope to grow." This, at a time when the world is moving away from pesticides towards biological pest control and organic farming.

An example of what this move by pesticide multinationals entails is provided by collaborations which have already been approved. Ciba Geigy, which justifiably earned notoriety when it tested pesticides on Egyptian children, plans to manufacture Monocrotophos, in collaboration with its Indian counterpart Hindustan Ciba Geigy. Monocrotophos is classified as a "highly hazardous" pesticide by the World Health Organisation, and is banned or severely restricted in many countries. Yet it is freely being used in India. Since Ciba Geigy's technology to produce it is no longer of use in industrialised countries, what better way to make a killing than to transfer it to countries like India?

Unconfirmed reports are also coming in of the dumping of hazardous and toxic wastes produced in northern countries, into India (see Pg.16). Greenpeace recently reported that in August 1993, the United Kingdom exported over 500 tonnes of lead waste to India, following up from a one million kilogramme export of the same from Canada in 1992. Pepsi Cola

Corporation is alleged to have exported 7000 tonnes of plastic wastes from USA to India in 1992. These reports need to be urgently investigated for their veracity, but it would not be at all surprising if they were true. The experience of becoming a dumping ground for the wastes of the industrialised North, where environmental lobbies are strong enough for the "not in my backyard" argument to work, is all too familiar for a number of other countries which have come under SAP.

The ridiculous extremes to which the new open-door policy can go is highlighted by the move to import cowdung from Holland! Yes, import from, not export to! This proverbial coal to Newcastle situation has been seriously proposed by a Dutch firm, Seaswan B.V., in collaboration with an Indian fertiliser and pesticide company, EID Parry. The proposed label 'Envirodung' will hide the fact that the dung may contain residues of the chemicals used in the intensive livestock farming systems of Holland. Indeed, these residues, which in Holland leak into the groundwater, are the major reason the Dutch government want to get rid of the dung.

Another issue causing considerable concern is the entry of multinationals into the seed sector. The impact of this entry on the indigenous seed industry, especially small scale producers, and on farmers, could be serious. With India's recent acceptance of the GATT provisions, and the conclusion of the Uruguay Round, these companies will also soon be able to obtain Plant Breeders' Rights (PBRs) on these seeds, giving them monopolistic control for a period of 15 or more years. If these become precedents for the entry of other multinationals, within a decade or so some important crops could become the domain of the private sector, pushing out the small Indian seed producer and leaving the Indian farmer at the mercy of profit-making companies (especially in the case of hybrids which the farmer cannot replant, but has to buy afresh every



year). As in the case of export-oriented farming, discussed above, large seed producing firms will be keen to have their limited varieties used in as wide an area as possible, with the result that a diversity of indigenous seeds will be displaced. The genetic erosion witnessed in India over the last three decades of the Green Revolution, could be further intensified. This is all at the moment a matter of speculation, and it appears that some critics have greatly exaggerated the concerns. But the indications of what may come are already visible: giants like ICI and Cargill have set up units to produce hybrid seeds, and others are queuing up. Six foreign collaborations (including with ICI) for hybrid seed production, and another six for tissue culture and high-yielding plantlets, have been approved in 1992 (IIC 1993).

One of the firms which has been allowed entry with Indian collaboration is W.R. Grace & Co. This American company has become infamous for its patenting of a biopesticide based on

**One can argue that opening the doors to foreign investment will also bring in the best of available technologies for environmental management and regeneration.**

Pvt. Ltd., for the production of vegetable oils, has understandably caused a furore. But this too is an indication of how much the government is willing to bend over backwards to please the foreign investor.

One can argue that opening the doors to foreign investment will also bring in the best of available technologies for environmental management and regeneration. Certainly, pollution control technologies are likely to become more easily available. In the 1992 list of approved foreign collaborations, there are some for the production of biopesticides, pollution control equipment, energy efficient bulbs,

neem. Since parts of the neem tree have been used for centuries by Indians, for a variety of pesticidal, medicinal, and other properties, this patent has justifiably been branded by farmers and activists as intellectual theft. The fact that the same company has been allowed to enter into a collaboration with the Indian firm P.C. Margo

solar devices, recycling plants, and environmental engineering services. However, such investments are a tiny fraction of the total, thoroughly insignificant compared to the collaborations on environmentally and socially destructive ventures such as those described above.

## Consumerism

The consumerism thrust that the 1980s witnessed — already a cause of serious ecological damage and social distortions — is likely to pale into insignificance in comparison to what is coming now. Fueled by the electronic media, aggressive advertising, slashing of import duty, and other such measures, the upper middle class consumer is now being flooded with dazzling luxury goods. Flashy adverts for elite products towering above an ugly cluster of *jhuggi-jhopris*: this is now a common sight in any of India's cities. While the social consequences of this consumerism boom are frightening enough, the environmental implications are also serious. The rapid rise in production of luxury goods can only place a greatly increased strain on natural resources, with ecological consequences from the time of resource extraction (mining, tree-felling, etc.) to the time of production (pollution, working hazards, etc.). After consumption too, environmental impacts are felt in the increasing wastes which are generated. In this respect the phenomenal rise in the use of plastics, detergents, and other non-biodegradable or hazardous materials in the last few years is alarming. Visions of the massive waste dumps that dot the USA, till now only available in magazines and TV, may well come alive if we continue to encourage the wasteful consumerism track which the Western countries have taken. Perhaps then we will do to our less powerful neighbours what industrialised countries have begun to do to us: treat them as dumping grounds for the waste that we can no longer manage.





## Equity, Environment, and the New Economic Policy

Inequity (between countries and communities/classes, between humans and other species, and between different human generations) is the root cause of environmental problems. It allows the powerful and rich to usurp a disproportionate and unsustainable share of natural resources, while forcing the weak and poor to overstrain whatever little resources are left with them. It allows the powerful to defile and pollute the water, air, and soil, while forcing the weak to bear the consequences of such defilement. In turn, environmental degradation intensifies inequalities and social deprivation, as when tribal livelihoods are destroyed by deforestation, or when fisherfolk are affected by water pollution.

In this sense, the new economic policies are dealing a double blow to India, fuelling and greatly accelerating the spiral of social/economic inequality and ecological degradation. As mentioned above, the thrust towards export-orientation, liberalisation, privatisation, and foreign investments is likely to favour those who have significant investment opportunities: the trawler owner, the large (often absentee) farmer, the big domestic corporation, the foreign multinational, the mine owner, and of course the upper and upper middle class consumer. These classes of Indian society are already putting an unsustainable pressure on the environment. By encouraging them, at the expense of the large mass of poor people, the new economic policies are ultimately leading to the undermining of the very natural resource base on which our entire economy, our very society, stands. There could not be a more suicidal path to progress.

The 1993-94 Economic Survey, released by the Government of India

in February, while dealing for the first time with environmental issues, completely sidesteps these fundamental concerns. The section on environment (placed, for some strange reason, into the chapter on Infrastructure), merely reiterates the government's major initiatives, and does nothing to analyse the relationship

**In this sense, the new economic policy is dealing a double blow to India, fueling and greatly accelerating the spiral of social/economic inequality and ecological degradation**

between natural resource destruction and other sectors of the economy. If someone wants an answer to the question — how has the Indian economic scenario in 1993-94 affected its environment, and vice-versa? — the Economic survey is not the place to look. Indeed, when one has a section which starts off by asserting that "vast population with widespread poverty in India lead to environmental degradation", how can one expect an in-depth analysis of the impact of elitist development on environment and the poor?

### Is there a Way Out?

If at all this depressing scenario is to change, it will be because the Indian people — not the upper middle class, which has sold its soul to the American dream, but the affected poor — will not take this new attack quietly. Millions of fisherfolk recently (February 4) struck work to protest the government's encouragement to trawling. They refused to engage in any fishing, fish landing, or fish selling that day, demanding a new fisheries policy which supports the small fisherfolk in fishing in deeper waters, increases domestic availability of fish, respects the rights of fishing communities to contiguous marine zones, and spells out measures to ensure conservation of fish-rich areas. Farmers in Karnataka and elsewhere have threatened to physically throw out MNCs and strive towards a self-reliant agriculture; the attack on Cargill's factory by the Karnataka Rajya Ryatha Sangha was an expression of the popular anger

against the new "seed colonialism" being promoted by the government. Popular resistance forced Cargill to abandon plans for salt manufacture in Kutch, and the Tatas to give up their aquaculture plans in the Chilka lagoon. Environmentalists have gone to court to challenge the denotification of protected areas, and obtained a stay in the case of Narayan Sarovar Sanctuary in Gujarat. The proposed denotification of Balukhand Sanctuary (Orissa) has been stalled due to lobbying by environmental and local community opposition.

Simultaneously, serious efforts at evolving national alternatives to the prevailing destructive development policies are mounting. These include an alternative budget, as also sustainable agriculture and energy policies. Linking these academic, national, exercises to the more activist, local movements may yet help to stave off the destructive forces unleashed by Manmohanomics.

## *Waste Imports into India*

	Year	Weight [in kg]
<b><u>Australia</u></b>		
Plastic waste	1990	3,000
Plastic waste	1992	16,000
Plastic waste	Jan-Sept. 1993	74,000
Metal waste (other than lead)	1992	33,621,000
Lead battery waste	1992	126,000
Lead battery waste	Jan-Sept. 1993	346,000
<b><u>Canada</u></b>		
Copper and copper alloy wastes	1992	960,371
Ash and residues	1992	1,226,455
Lead waste	1992	1,0007,897
Ferrous waste, iron or steel, n.e.s	1992	106,005,000
Non-ferrous waste	1992	90,330
Plastic and polystyrene waste	1992	42,275
<i>(these figures do not include waste exported from Canada via the US)</i>		
<b><u>United Kingdom</u></b>		
Ash and residue waste	Jan-Jul 1992	524,652
Copper wastes	Jan-Jul 1992	2,443,578
Other metal waste	Jan-Jul 1992	719,172
Ash and residue waste	Jan-May 1993	250,056
Copper wastes	Jan-May 1993	2,575,413
Lead Wastes	Jan-May 1993	501,944
Other metal waste	Jan-May 1993	1,120,608
<b><u>United States</u></b>		
Plastic waste	Jan-July 1992	3,974,700
Plastic waste	1993	7,841,800
Scrap metal	1990	1,794,011,000
Tin plate waste and tin waste	1993	26,802,360

Source: Greenpeace [1993]



## NEW ECONOMIC POLICY AND THE ENVIRONMENT: 1994-95

*This article is dedicated to Nilesh Naik, age 25, killed in police firing in January 1995, during an agitation against the Thapar-Du Pont Nylon factory proposed to be set up in Goa. The factory remains stalled due to popular local resistance.*

Two years back we started a review of the impact of the New Economic Policy (NEP) on India's environment and on those communities which depend directly for their subsistence and livelihood on the natural environment (Kothari and Kothari 1993; Kothari 1994). It was shown that each of the major components of these policies were having a severe environmental (and consequently social) impact:

- i) the drive towards an export-led model of growth was rapidly sacrificing natural resources to earn foreign exchange, as was especially seen in the fisheries and mining sectors;
- ii) the move towards liberalisation had resulted in an atmosphere of a free-for-all, with industries increasingly ignoring environmental standards, and state governments sacrificing natural habitats, including their own wildlife protected areas, to make way for commercial enterprises;
- iii) the directive to reduce government expenditure was resulting in cuts in social and environmental sectors. This was leading to a reduction in programmes for the conservation and regeneration of natural resources;
- iv) opening up of the economy was bringing in companies with a notorious track record on environment (including pesticide manufacturers who had almost wound up in their parent countries), and wasteful consumer goods and toxics which were adding to the country's garbage and health problems.

A brief review of the events during 1994-95 shows that, though there has been an increase in the

allotments to social sectors in response to the widespread outcry against the earlier cuts, the trend of sacrificing natural habitats and resources for short-term gains, and of ignoring the daily survival needs of local rural communities, has continued unabated. There is in the new policy an overarching objective: to integrate India into the global market. This means making available Indian natural resources to outside markets, and making available the vast Indian middle class, as a market, to outside companies. Natural resources, painstakingly conserved and sustainably utilised by Indian communities, are now up for the grab.

### Exports: Selling our Future

Heavy reliance is being placed on exports as a means to drive the economy forward. Not for one moment am I against a judicious policy of exporting what India has an abundance of. But a rational export policy would ensure that domestic supplies of the same products are not hijacked, that the exports do not cause domestic prices to skyrocket, that the resultant exploitation is ecologically sustainable, that the rights of local communities from whom resources are being extracted are respected, and that they control and benefit from the exports as far as possible. Unfortunately, the current thrust violates each of these principles.

The clearest examples of this destructive thrust are in the case of fisheries and aquaculture, floriculture, cash cropping, and mining.

**The clearest examples of this destructive thrust are in the case of fisheries and aquaculture, floriculture, cash cropping, and mining.**

1994 was marked by a series of massive protests by fisherfolk living along India's coasts. On February 4 and again on November 23, millions of fisherfolk struck work, refusing to engage in any fishing, fish landing, or fish selling. Their target of ire was the Indian government's current thrust towards opening out the country's fisheries to export-oriented, mechanised harvesting. They claimed that this thrust would devastate both the marine environment and small-scale fisherfolk's livelihoods.

Marine product exports rose by well over 30% from 1992-93 to 1993-94, increasing their share in the overall exports from 3.2 to 3.6%. Exports of fish and fish products as a whole have risen from 159,000 tonnes, valued at Rs. 960 crores, in 1990-91, to 258,000 tonnes, valued at Rs. 2552 crores, in 1993-94. In the same period (1991-94), 82 companies were given clearance for joint (foreign and Indian) venture marine fisheries, using 255 deep sea fishing trawlers.

Not surprisingly, joint ventures being allowed into India are all export-oriented. According to FAO and other data, fish catch in virtually the entire world is declining, with the exception of the Indian ocean. It is obvious that the major fishing companies, and the rich fish-eating nations, are eyeing our waters to satiate their large appetites. Unfortunately, lured by the foreign exchange prospects, our government has given in to this unjustified and unsustainable demand. Proponents of trawling claim that these ventures will be allowed



to fish only in deep waters, where traditional fisherfolk do not go. But past experience has shown that trawler owners find it convenient and cheaper to fish closer to shore. Also, trawlers are often used in

the fish-breeding season, during which time traditional fisherfolk usually give the seas a rest. The results, for India's marine ecosystems and traditional fisherfolk, are already proving to be disastrous. Physical clashes between trawler owners and local fisherfolk are a common occurrence. It is not at all surprising that millions of fisherfolk are so stridently asking for a change in policy.

**Mining is another major thrust area for investments, especially related to exports**

Fisherfolk and farmers along the coasts will also be seriously hit by the spate of new prawn and shrimp farming ventures which are being cleared. There has been a rapid expansion of such aquaculture, largely oriented to foreign demand for seafood. Such farming involves intensive management of coastal ecosystems, oriented to a single species; this invariably disrupts the delicate salinity balance of coastal areas, and reduces their biodiversity. In many areas of the world (Thailand, Philippines, Taiwan, Ecuador), such farming has left marine deserts in its wake. Since large-scale operations standardised to meet stringent export requirements are affordable mainly by big companies, benefits hardly go to small fisherfolk.

The Government of India has big plans for aquaculture in the country. The head of the Aqua Foundation of India, M. Sakthivel, was recently quoted as projecting a jump of shrimp exports from 70,000 tonnes at present to 2,00,000 tonnes by 2000 AD, and stating that "the world is looking to India to meet its shrimp requirements". A World Bank funded project alone expects to convert vast stretches of brackish water area along the coast into aquaculture farms; a recent estimate suggests that about 1 million ha. are suitable for such conversion. The promise is that this will provide

employment to several million people, cause minimal environmental damage and no displacement, and of course earn the country immense foreign exchange. However,

studies of farms which have been set up in the last few years, for instance in the Nagai Quaid-e-Milleth district of Tamil Nadu, and the Nellore district of Andhra Pradesh, have shown that serious pollution problems have been caused by prawn farming, and that per unit of area, aquaculture has provided less than half the employment that farming previously did. In addition, considerable depletion of groundwater has taken place, and salinity of the water and of the soils on land surrounding the aqua-farms, has increased significantly. Threats have been reported to the biodiversity and livelihood resources of ecologically sensitive areas like the Pulicat Lake (straddling A.P. and Tamil Nadu), by indiscriminate expansion of aquaculture. Similar experiences are being reported from other parts of India's coastline.

Other sectors slated for major export-oriented production are floriculture and agro-products, including processed foods. Between 1992-93 and 1993-94, India's agro-exports jumped from Rs. 7,430 crores to 10,062 crores. As argued in my analysis for last year, agriculture production oriented towards the export market can be extremely damaging to the environment and to the livelihood security of small farmers.

Since 1991, 41 joint ventures for export-oriented flower production have been approved; from a figure of 0.6 million US dollars in 1987-88, exports had already leaped to 4.8 million US dollars in 1992-93. Intensive floriculture can be ecologically destructive, given that production is highly dependent on the use of fertilisers, pesticides and other artificial inputs. It is also likely to push out the small farmer, who will not have

the necessary resources to invest, in favour of the large farmer and the private corporation.

Mining is another major thrust area for investments, especially related to exports. 1994 saw major changes in the National Mining Policy and amendments in the Mines and Minerals Development Act, primarily towards easing investments by the private sector, including foreign concerns. Immediately several companies have evinced interest. A subsidiary of an Australian consortium of mining firms, the Australia Indian Resources, has applied for prospecting licenses over a staggering 50,000 sq. km. in Andhra Pradesh, Karnataka, and Maharashtra. One of the world's largest mining companies, the British RTZ Corp. Plc, has set up a subsidiary in India named Kembla Coal and Coke, and is scouting for joint ventures for iron ore mining in Orissa. These are just tips of the coming iceberg.

The concern is that in the desire to cash in on the country's vast mineral resources, neither state governments nor private companies are likely to bother about such niceties as natural resource conservation and local community rights. Mining, especially surface mining, is extremely devastating, as witnessed in the vast desertscapes created in the iron ore belts of Goa, the limestone belts of Rajasthan and Uttar Pradesh hills, the coal belts of east India, and other areas. As an example of what is to come, Orissa's export earnings have risen by 36% per annum over the decade, with minerals topping the list of items exported; what is ignored is that this has been at the cost of large-scale deforestation and dispossession of lands from tribal communities. Even rich wildlife habitats are being sacrificed by the same state government which once declared them protected; recently the Kudremukh Iron Ore company was given a new lease to prospect for iron-ore in the middle of the Kudremukh National Park, one of the few remaining evergreen forest patches in Karnataka.



Nor does the argument, that multinational companies are able to do mining in a safer and less environmentally destructive way, hold much water. For instance, RTZ Corp. has a global record of destruction and displacement which few others can equal: violation of indigenous people's territorial rights in South America and South-East Asia, encouraging a bitterly fought civil war in Papua New Guinea, furthering white rule in South Africa. A company like this should not be touched with a barge pole by the Indian government; but then, forex speaks much more powerfully in its current mindset than does environmental sustainability and human rights.

With the acceptance of GATT by the Indian Government, the above trends can only intensify. The GATT secretariat projects that the major boost in international trade by this treaty will be in the sectors of textiles, agriculture/forestry/fisheries, and processed foods/beverages. In its official Economic Survey for 1994-95, the government has gleefully reported that these are the precise sectors in which "India's existing and potential export competitiveness lies", and that they could earn the country an extra 2.7 to 7 billion U.S. dollars per annum. The commercial stakes are very high, and competitiveness can be greatly increased by ignoring the costs of environmental conservation and social security measures needed to achieve sustainability in production in these sectors.

Also pushing the unsustainable thrust towards export-oriented exploitation will be India's continuing debt-repayment burden. The burden is expected to reach about 13 billion U.S. dollars in 1995-96, and the government has clearly stated that a healthy Balance

of Payments situation can only be achieved with greatly increased exports. The finer print reads: "no matter at what cost".

### Liberalisation and Foreign Investments: A Free-for-All

The thrust towards exports has been accompanied by a corresponding relaxation of various controls which were earlier exercised over the industrial and commercial sector. Once again, no-one is arguing that bureaucratic controls should not be relaxed. However, all industrial countries of the world have gone through a process of tightening environmental standards and controls

There are several examples of this, apart from the changes in the mining policy and law, mentioned above. In the 1993-94 budget, the government announced a five-year tax holiday for new industries being set up in Industrially Backward Areas; this has now been extended to all Backward Areas by the Department of Revenue. Since such areas are defined primarily from the narrow economic point of view, almost invariably they are areas where the last vestiges of natural habitats and traditional cultures remain. The Government is still viewing relatively non-monetised, non-commercialised livelihoods (such as traditional organic farming, small-scale fishing, pastoralism, and village industries), as "backward", not realising (or not wanting to accept the fact) that these are in fact the most sustainable ways of living on earth, and not thinking of ways to encourage and enhance these livelihoods to meet the challenges of modernity. And so in large parts of the country which have so far been free from the suicidal path of industrial development (Kutch, Ladakh, Andaman and Lakshadweep Islands, Bastar....), industries are being given a red-carpet welcome by the new policies. With virtually no monitoring by official environmental agencies in these 'remote' areas, and with weak local NGO presence, this process is inevitably going to lead to ecological devastation

and social disruption on a massive scale.

A sample of the industrial policy reforms which some states have announced, as listed in the Economic Survey 1994-95, gives a taste of things to come:

- Haryana has set up a High Powered Committee to take spot decisions on foreign investments, NRI projects, and 100% export-oriented projects; it has also announced that all projects will be cleared through



Courtesy: Down to Earth

over industrial and development projects, for the simple reason that project authorities and corporate houses on their own have not shown environmental and social responsibility. In India, there is a reverse process going on, that of loosening, in policy or in practice, the environmental safeguards so painstakingly built up over the 1980s. Bureaucratic red-tapism was an inappropriate bathwater for the environmental safeguard baby; what the new economic policy is doing is to throw out the baby with the bathwater.



the State Pollution Control Board within 15 days.

- Kerala has introduced a Green Channel Scheme to expedite clearances.
- Punjab has constituted a committee to provide land "off the shelf", and is formulating a policy to ensure clearances within 24 hours of the submission of a proposal.
- Rajasthan has exempted 155 SSI industries from obtaining a No Objection Certificate from the State Pollution Control Board, and reduced the number of industries to be inspected under the Factories Act from 15 to 3.

In each of these cases, it is clear that the state governments attach no importance to the critical environmental appraisal process which industries must go through: it is impossible for such an appraisal to be done within 15 days (Haryana), much less within 24 hours (Punjab), not to mention 'on the spot' (Haryana)! The whittling down of the list of industries requiring pollution clearances and Factories Act inspection (which includes the plant's working environment and state of maintenance), by Rajasthan, is even more chilling.

A specific alarming example of industrial deregulation is the automobile industry. The Economic Survey 1994-95 boasts that "delicensing of the automobile industry has led to a boom in investment in automobile components and plans for producing new cars"; it notes that many of the biggest international names in the field are entering into joint ventures, including General Motors, Peugeot, Mercedes, Daewoo, and Rovers; it also records the following jumps in vehicular sales over the period 1993-94: 20% for cars, 30% for jeeps, 25% for commercial vehicles, 18% for 2-wheelers, and 41% for 3-wheelers. Already Indian cities are amongst the most polluted in the world, with severe health impacts on

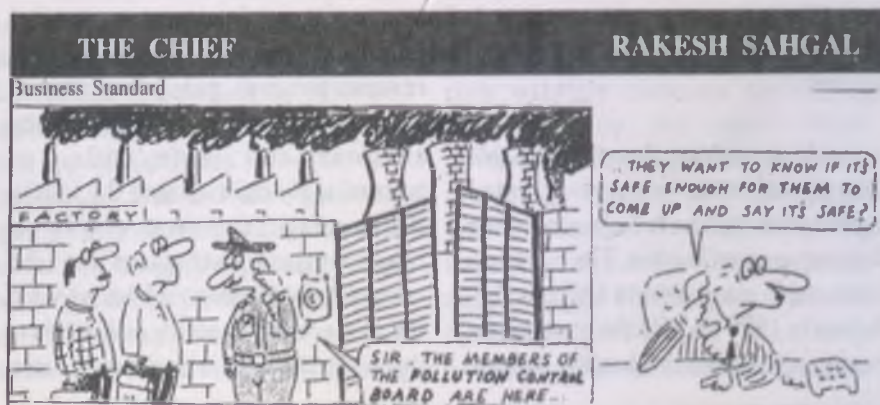
their residents. While undoubtedly many of the new vehicles will be less polluting than the existing Indian models, the sheer jump in numbers will lead to an increase in aggregate pollution levels. This is very evident in Delhi, for instance, where the last few years have seen a quantum jump in pollution levels, caused primarily by the 90,000 new vehicles which get added to its streets every year.

Apart from the threat posed by liberalisation to our air and water, there is a direct attack on land resources also. As noted above, Punjab is ready to sell land "off the shelf". There is increasingly talk of relaxing the Land Ceiling Acts for rural and urban areas, to make way for the massive land holdings which industry and commercial farming or floriculture will require. Not only prime agricultural land, but also pastures and wetlands, which are critical for biodiversity conservation and for poor local communities, are likely to fall victim to this trend. The process also flies in the face of the government's oft-repeated and obviously hollow claim of being concerned with increasing social and economic equity.

One rather alarming example of this is the proposal to lease forest lands to industries, for growing raw materials. Ostensibly to reduce the pressure of industries on natural forests, this move is being severely criticised on a number of counts: in places, good forest areas may be leased out in the guise of degraded forest lands, and the dependence of local poor people (especially pastoralists) on degraded lands and grasslands will be

denied if these lands are leased to industry. Astonishingly, Environment Minister Kamal Nath defended the move by saying that state governments were not fully able to protect forest lands, and that private companies may be able to do this better! Alternative suggestions regarding farm forestry to meet industrial demands have so far been ignored by the Ministry. It is indeed sad that the very Ministry which should be resisting and moderating the new economic forces, is capitulating to unjustified industrial demands.

Liberalisation of imports has also led to dangerous trends. Last year we reported the enormous influx of consumer goods and the consequent rise in waste materials going into our water and soils. Plastics are just one example of this. Now, evidence has surfaced that the situation is far worse: India is becoming the dumping ground for a whole range of toxic wastes from the industrial countries, much as has happened to many other tropical countries in the past. Pepsi Cola Company, welcomed with folded hands by the government, is reported to be exporting some 45,000 tons of plastic waste into India. Greenpeace International reports that an Indian company, Futura Industries of Tamil Nadu, has imported 10,000 metric tons of plastic waste since 1992. This is for recycling, but Futura has admitted that 30-40% of this could not be re-used. In the first half of 1994, 5 million kgs. of metal wastes were imported from Australia; between 1992 and 1993, imports of lead acid battery wastes from the same country increased nearly three-fold from 1,26,000 kg. to 3,46,000 kg. In October 1994, a





delegation of Australian officials was to come to India to negotiate more such trade arrangements; fortunately, due to widespread public protest, the tour was cancelled. The Ministry of Environment has now reportedly taken a strong view against such imports, but it has been sidelined by other government departments, including the Department of Chemicals and Petrochemicals, and by sections in industry, including the shipbreaking and small-scale plastics industry. All that has happened is that a committee has been appointed to suggest conditions under which the import can be allowed.

Another indication of the eagerness of the Indian government to please foreign investors and major Indian industries is the alacrity with which it has proposed an intellectual property rights (IPR) system for new plant varieties. Under GATT, India is obliged to introduce a *sui generis* system for plants; however, it has a five year grace period in which to do so, and there is no written obligation to follow any existing model of IPR legislation. However, under pressure from seed companies who want monopolistic rights to the varieties they produce, the Agriculture Ministry has not only already drafted a Plant Varieties Act, but more or less modeled it after the International Convention for the Protection of New Varieties of Plants (UPOV). The UPOV Convention has recently been amended to almost eliminate sections guaranteeing farmers' and researchers' exemptions from being subject to IPR monopolies. Though the Indian draft has included strong sections on farmers' and researchers' rights, it is feared that these will not stay for long; it is probably a matter of time before the Indian government succumbs to the intense pressure from the international seed industry, which caused the dilution of these aspects in the UPOV Convention.

Once we are on the road to accepting private IPRs on life forms, there is no way we will be able to resist

the global trend to make such IPRs more and more monopolistic, affecting both farmers and the crop genetic diversity which they have developed and continue to depend on. India could well have adopted a system of protection which gave common/public rights to plants, which obliged breeders to publicly share their inventions while assuring them financially adequate and socially acceptable returns, which emphasised diversity rather than uniformity in the use of crops, and which used public good rather than private profit as the major incentive for creativity (as has so far been done in the public sector seed development programme). But Cargill and Imperial Chemicals Industries (ICI) and WR Grace would not have liked that, so it was not to be.

#### **The Economic Survey and Environment: Lip-service**

For the second year now, the official Economic Survey of the Government of India has included a section on environment. As was the case last year, this time too it is an insignificant component, totalling a mere three out of 167 pages. Again like last time, it is tucked away in the chapter on Infrastructure, treated like an irritating aside which has to be paid lip-service to.

There is obviously no understanding amongst the country's economic planners, of the cross-cutting significance of the environment. The fact that *all* human (including economic) activity is ultimately based on four elements — land, water, air, and biological resources — and that therefore economic activity must be mindful of the sustainability of these elements, seems to continue to elude Manmohan Singh and co. If the government was serious about sustainable development (as grandly proclaimed by Narasimha Rao at the Earth Summit in Rio in 1992), it would at the very least analyse the two-way relationship between environment and development as it unfolds every year, and then take corrective measures.

There is no evidence of this in the Economic Survey. The section on environment gives a general picture of the dismal situation regarding forests, land and water, and pollution, and then lists a few steps that the government is taking to tackle these. It does not link the year's major economic developments with this situation; it does not, for instance, analyse whether the impact of these developments was detrimental or corrective. Nor does it do the reverse: analyse the implications of the environmental situation for future economic development in India.

This failure is all the more glaring because the facts presented in this brief section all point to the need to drastically review the economic policies of the country. Perhaps this is why no analysis is presented, for if done honestly, the government would have to admit that the environmental crisis is an outcome of these very policies. The Survey admits, for instance, that:

- industrialisation has put severe pressure on natural resources;
- 90% of water in 241 Class II cities is polluted
- 54% of the urban and 97% of the rural population do not have sanitation facilities
- mangrove forests on our coasts are under great threat due to oil spillages from ships and coastal refineries, discharge of industrial effluents, etc.

Yet, it fails to state that the economic activities of the past year (or for that matter of the 1990s as a whole) have only served to put further pressure, cause more pollution, destroy more mangroves; and on the other hand, the drastically increased budgets that would be required to tackle the pollution and sanitation and other problems have not been forthcoming. It does not draw the logical conclusion from the data presented: that mechanised trawling, large-scale



aquaculture, intensive cash cropping, mining, indiscriminate industrial growth in ecologically sensitive ("backward") zones, and other activities which are now being promoted, must be halted and alternative forms of economic activity sought which do not cause irreversible ecological damage. It blithely talks of the government's strategy of conserving natural resources, preventing and controlling pollution, conducting prior environmental impact assessments, and involving people in afforestation, but does not show how the past year's policies and programmes have actually managed to achieve these steps, or indeed how the next year's policies and programmes will do so.

To give a specific example of the failure to logically diagnose its own data, the Survey mentions that stress needs to be given to Integrated Pest Management (IPM), which emphasises a mix of pest control methods, minimising the use of hazardous pesticides; yet in the same breath, estimates that pesticide use has increased from 68 thousand tonnes in 1992-93 to 83 thousand tonnes in 1993-94. Though it claims that 5000 extension workers have been trained in IPM techniques for cotton and rice, no policy statement is made that there will be an attempt to gradually replace pesticide use by IPM or other safer methods. More generally on agriculture, the Survey states that there is a "large unfinished agenda of agrarian reform, special support programmes for small farmers...", but fails to analyse how the thrust towards agro-product exports, floriculture, and aquaculture is likely to affect this agenda. Nor does it anywhere mention the need to take the path towards sustainable agriculture, which would involve getting away from the Green Revolution model towards farming which uses minimal chemicals, indigenously produced seeds, locally harvestable water, and soil/moisture conservation measures. Integrated watershed development and conservation schemes are mentioned in passing, but the Survey does not show

how, if at all, the policies and programmes being pursued actually encourage these schemes.

The Government has grandly declared, in its Economic Survey 1994-95, that the country's basic goals are "growth, equity, self-reliance, and modernisation".... and "sustained improvement in the living standard of people of India, especially the poor". While there is plenty of evidence that the goals of growth and modernisation are being vigorously followed, those of equity and self-reliance are quite obviously being sacrificed at the altar of short-term and narrow-visioned material growth. NSS household consumption data suggests that in the first two years of reforms, the 'upper' 30% of population increased their share of the nation's economic pie at the cost of the remaining 70%; this increase in inequality is perhaps even more pronounced if one takes into account the fact that many non-marketed goods and services (e.g. fresh water, free fodder, medicinal plants, etc.) are increasingly being snatched from the poor to commercialise for the benefit of the rich. To talk of "sustained improvement" in the lot of the country's poor is a mockery, when the policies are only serving to exploit the natural resources on which these poor are dependent, in order to enrich the trawler owner, the large farmer, the big Indian industrialist and the multinational company, the contractor, the mine-owner, and of course the politicians and bureaucrats who get their share of the economic pie. The poor will undoubtedly get some crumbs falling their way, but that would be a pathetic form of equity, sustainability, and self-reliance indeed.

### People's Resistance Increases

It is not my case that all investments being made as a result of the new economic policy, by foreign or Indian companies, are

environmentally destructive. Several investments in pollution control technologies, non-conventional and renewable energy sources, recycling, and so on, are likely to be made. For instance, proposals for the generation of 450 MW by wind farms and solar plants are presently under consideration. But even a cursory glance at industrial trends clearly shows that investments on sustainable and conservation-oriented projects are insignificant compared to what is going into resource-exploitative,

polluting, land-grabbing, inequitous projects. This is not surprising, given that quick money is easier to make from the latter than from the former, and that those who stand to gain from short-term exploitation of natural resources are the ones who are dictating the decisions on economic policies and programmes. If forest-dwellers, village women, marginal farmers, tribals and nomads, small-scale fisherfolk, and other such ecosystem-dependent people were taking the decisions, we would have a very different structural adjustment process taking place.

There are, indeed, signs that this may not be a dream. People's mass resistance to the new policy and programmes has significantly increased, and is having some effect not only on individual projects but on the policies themselves. Most widespread was the agitation of traditional fisherfolk, with two nationwide strikes against the deep-sea fishing policy. Apart from achieving impressive following amongst fishing communities, the agitation, and some hard questioning from Members of Parliament during a heated debate on the subject, led the Government of India announcing a review of this policy.

Sporadic successes elsewhere also signaled hope. Sustained opposition by villagers and activists



continued to stall work on the Du Pont-Thapar Nylon plant in Goa; the agitation reached a head in early 1995 when a young boy was killed in police firing during a demonstration against the plant, and villagers in retaliation burnt structures on the plant premises. Du Pont announced that it might consider an alternative site in India...

In Gujarat, the High Court ordered a stay on the denotification of the Narayan Sarovar Sanctuary, which had been illegally done by the state government in 1993 to make way for a cement factory. It is not clear how long this stay will continue, given the intense pressure of the industrial lobby to clear the project, but at least environmentalists have won some time to gather forces. In Orissa, a mix of environmental and political opposition has continued to stall the denotification of Balukhand Sanctuary (proposed by the Biju Patnaik government to make way for a hotel complex), as also of

the Bhitarkanika Sanctuary (home to the world's largest congregation of the endangered Olive ridley sea turtle, and threatened by trawling, fishing jetties, and roads). International groups like the Mangrove Action Project joined in the protest, and announced that they would press for a boycott of shrimp and prawns produced in such destructive manner. Greenpeace International has joined Indian groups in demanding a halt to toxic waste exports from industrial countries to India. Innovative protests against the ridiculous proposal to import 7-10 million tons of cattle dung from Holland (impregnated with chemical feedstock), including the dumping of 50 tons of "swadeshi" dung by farmers outside the Lok Sabha, led to the proposal being rejected. And though the widespread opposition to GATT did not stop the Indian government from entering into the treaty, considerable groundwork to subvert its implementation appears to have been done.

These successes are at best temporary, helping to buy time. The most pressing need is for environmentalists, social activists, and sensitive academics to work out an alternative strategy for the economic renewal of the country, a strategy which is socially and environmentally sensitive and sustainable. Elements of such a strategy are present in the widespread mass movements built around natural resource conflicts, and in the various alternative energy, agricultural, and industrial projects which are successfully being run by citizens' groups and a handful of government officials across the country. But unless these elements can be bound together into a comprehensive conceptual and practical alternative, the powerful forces unleashed by Manmohan Singh and the IMF will continue to lead the country over the brink of survival.

*[References have been given at the end of this publication.\*]*





**Notes**

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5. See "'Sapped" — Structural Adjustment Puts Third World in Jeopardy', by Bob Carty, *Journal of World Council of Churches*, October 1991.
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8. For an analysis of the takeover of common property resources by the corporate sector (and by the state, acting on behalf of the corporate sector and elite consumers), and the consequent ecological and social impacts, see *This Fissured Land*, by Madhav Gadgil and Ramachandra Guha, Oxford University Press, New Delhi, 1992.
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13. *Environment and the New Economic Policies*, Manmohan Singh, Foundation Day Lecture, Society for the Promotion of Wastelands Development, June 17, 1992.
14. For a particularly telling example, see 'Repudiate the Unjust International Economic Order in the Philippines and Elsewhere', by the International League for the Rights and the Liberation of Peoples, Oral statement delivered to the UN Sub-Commission on Human Rights, August 1991.
15. *Economic Restructuring and Rural Subsistence in Mexico: Maize and the Crisis of the 1980's*, Cynthia Hewitt de Alacantara, United Nations Research Institute for Social Development (UNRISD); Discussion Paper 31, January 1992.
16. *Funding Ecological and Social Destruction: The World Bank and the International Monetary Fund*, Bank Information Centre, Washington D.C., 1990.
17. A rally of tribal movements, held in March 1992 in Delhi to protest against IMF and World Bank interference in India, was stopped 3 km short of the Bank office, and told it could go no further. Unprovoked roughing up, and arrests followed. Such 'long-distance' protection is not given even to the Prime Minister of India! A similar peaceful rally outside the 5-star hotel where World Bank President Lewis Preston was staying, in November 1992, was broken up by a vicious *lathi*-charge, followed by arrests and beating up not only of activists but also of two journalists.
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  25. *Towards Green Villages*. op.cit.
  26. See, for instance, a description of the Joint Forest Management experiment in West Bengal, in *Joint Management of Forest Lands: Experiences from South Asia*, by Mark Poffenberger, Ford Foundation, New Delhi, 1990; and *Joint Forest Management Regulations Update*, by the Society for the Promotion of Wastelands Development, New Delhi, 1992.
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## EVENT REPORTS

### 1. *Too Big for Rules*

A Report of the IOCU-CUTS International Conference on Fairplay in Global Business, February 14-15, 1994, New Delhi which contains several papers relating to trade and TNCs, a Comparative Statement of the draft UN Guidelines for Transnational Investment, the International Chamber of Commerce's (ICC) Guidelines for Investment including the The Business Charter for Sustainable Development and Extortion and Bribery in Business Transactions, and the OECD Declaration for Multinational Enterprises. It also contains the Delhi Declaration adopted at the conference. (pp 105 # 9409 Rs.50/US\$ 25)

### 2. *The UN Code of Conduct for TNCs: Why it collapsed...The Way Ahead*

Evidence submitted at the Permanent Peoples' Tribunal, London, November, 1994. Contains a statement with supporting enclosures which include the ICC's objections to the Code, US State Dept cablegram of 26 March 1991 to 48 friendly missions to suspend negotiations on the Code, copies of the World Bank Legal Framework for Treatment of Foreign Investment, the draft UN Guidelines for Transnational Investment, the UN Guidelines for Consumer Protection, the ICC Environmental Guidelines for World Industry, the UNCTAD Set of Multilaterally Agreed Equitable Principles and Rules for Control of Restrictive Business Practices and a Comparative Statement of the draft UN Guidelines for Transnational Investment, the International Chamber of Commerce's Guidelines for Investment including the The Business Charter for Sustainable Development and Extortion and Bribery in Business Transactions, and the OECD Declaration for Multinational Enterprises. An extremely good document for anyone interested in the issues of regulation of global business. (# 9410 Rs.30/US\$ 15)

### 3. *The Pains of Transition*

A report of the Consultation on South Asia Watch on Trade, Economics and Environment (SAWTEE) held at Nagarkote, Nepal, 8-10, December, 1994 which witnessed the launch of the SAWTEE network. (22 pp # 9411 Rs.10/US\$ 5)

### 4. *Liberalised Trade & Fair Competition*

A report of the IOCU-CUTS International Conference on Competition Policy in the Context of Liberalisation, New Delhi, 20-21, January, 1995 containing 19 papers from eminent competition practitioners and economists from all over the world. The recommendations include calling upon the WTO and UNCTAD to develop work programme on trade and competition and governments to involve public interest groups in policy making. A good documentation for anyone interested in trade and competition issues. (144 pp # 9501 Rs.50/US\$ 25)

### 5. *The United Nations Guidelines For Consumer Protection - Taking Them Forward*

A Report of the lobbying visit to Geneva during the ECOSOC meeting 14-17 July 1995 and its outcome containing the Resolution of 28th July of the ECOSOC seeking expansion of the UN Guidelines for Consumer Protection into the areas of sustainable consumption patterns, UN Secretary General's Reports of 1995 and 1992 reviewing the implementation of the Guidelines and the Guidelines itself. An updated documentation for persons interested in all the documentation on the international work on consumer protection compiled in one place. (116 pp # 9503 Rs.30/US\$ 15)

### 6. *Liberalisation Yes, But with Safety Nets*

A report of the deliberations of SAWTEE's India Nepal Training Seminar cum Summit held at Dhulikhel, Nepal during October 13-15, 1995 which came out with recommendations supporting liberalisation but urged both the governments to develop adequate safety nets like targeted food security for the poor, business regulation, social security and vocational training for local men and women who are displaced by industrial and development projects, ecological security and socio-cultural security. The seminar also demanded development of a national consumer policy in India and Nepal. (15 pp # 9502 Rs.10/US\$ 5)

## STUDIES

### 1. *Policy Shift in Indian Economy*

A survey on the public perceptions of the New Economic Policy in the states of Maharashtra, Rajasthan, Tamil Nadu and West Bengal in India conducted during June/July 1995 and recommendations to the government which were discussed at the abovementioned India-Nepal Training Seminar. (100 pp # 9512 Rs.30/US\$ 15)



### 2. *Policy Shift in Nepal Economy*

A survey on the public perceptions of New Economic Policy in Nepal conducted during June/July 1995 and recommendations to the government which were discussed at the abovementioned India-Nepal Training Seminar. (80 pp # 9513 Rs 30/US\$ 15)

### 3. *Environmental Conditions in International Trade*

A study on the Impact on India's exports in the area of Textiles and Garments including Carpets, Leather and Leather Goods, Agricultural and Food Products including Tea, and Packaging for the Central Pollution Control Board, Ministry of Environment & Forests, Government of India. (39 pp # 9508 unpriced)

## DISCUSSION PAPERS

### 1. *Existing Inequities in Trade - A Challenge to GATT*

A much appreciated paper written by Pradeep S Mehta and Udayan Namboodiri and presented at the GATT Symposium on Trade, Environment & Sustainable Development, Geneva, 10-11 June, 1994 which highlights the inconsistencies in the contentious debates around trade and environment. (10 pp # 9406 Rs.10/US\$5)

### 2. *Consuming Our Common Future - Greening the UN Guidelines for Consumer Protection and Taking Them Forward*

"The Earth provides enough to satisfy every man's needs, but not for anybody's greed": Mohandas Karamchand Gandhi. Anchored on this immortal quotation, the paper written by Pradeep S Mehta and Shivani Prasad discusses the need for amending the UN Guidelines for Consumer Protection to cover sustainable consumption patterns, and other measures necessary for governments to promote better protection of consumers in the era of globalisation and liberalisation. It draws up a text of the proposed amended Guidelines for the purposes of creating an international consensus and lobbying the international community. The first draft of this paper was discussed at the SAWTEE's India-Nepal Training Seminar cum Summit, Dhulikhel, 13-15 October 1995 and launched at the International Workshop on Free Trade & Environment organised by the European Environmental Bureau, Brussels during October 26-28, 1995. (No.1/October, 1995 free of cost)

### 3. *Sacrificing Our Future - The New Economic Policy and The Environment*

A collection of three articles documenting the impact of new economic policy on the environment during the periods 1991-93, 1993-94 and 1994-95 written by Ashish Kothari with Miloon Kothari which critically analyses the economic policy of the Govt of India since reforms were adopted in 1991 and their adverse impact on the ecology, and suggests ways out. (25 pp #9510 Rs 20/US\$ 10)

### 4. *Foreign Direct Investment Policy in India*

A paper written by Bharat Jhunjhunwala which discusses in depth the different aspects of foreign investment and the impact on consumers in India and suggests ways for appropriate policy measures for maximisation of benefits to people. (25 pp # 9511 Rs 20/US\$ 10)

## BRIEFING PAPERS

### 1. *Access to the Constitution - A Neglected Right*

### 2. *GATT, Patent Laws and Implications for India*

### 3. *Social Clause in the GATT - A Boon or Bane for India*

### 4. *Environmental Labelling and the Consumer*

### 5. *Foreign Direct Investment Policy in India*

### 6. *Anti-Dumping Measures under GATT and Indian Law*

### 7. *Rational Drug Policy in South Asia*

### 8. *No Patents on Life Forms!*

### 9. *Legislative Reforms in a Liberalising Economy*

### 10. *Why a Consumer Policy?*

All briefing papers are of 4/6 pages with the object of informing the layperson and raising issues for further debate. These have been written by several persons, with comments from others.

## NEWSLETTER

### S.A.W.T.E.E.

A quarterly newsletter of the South Asia Watch on Trade, Economics and Environment for private circulation among interested persons/networks. (Rs.30/US \$ 10 p.a)

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## About the Authors

Ashish Kothari is a founding member of the environmental action group Kalpauriksh, and currently on the faculty of the Indian Institute of Public Administration (IIPA), New Delhi. He has also been centrally active with the Narmada Bachao Andolan, and has carried out research on the policy implications of biodiversity conservation. He has authored *Conserving Life: Implications of the Biodiversity Convention for India*, and co-authored several other books published by IIPA and Kalpauriksh.

Ashish's co-author in the first article, Miloon Kothari, has been active with the National Campaign for Housing Rights, and has written several articles on the impacts of structural adjustment on living conditions. He is currently with the Centre on Housing Rights and Evictions, based in Geneva, from where he does lobbying work at the United Nations Human Rights Commission, and puts together regular global overviews of forced human displacement.

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