THE GREAT VENTRILOQUIST ACT: THE WORLD BANK'S BAD BUSINESS IN INDIA

The Oakland Institute

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Discontented and dispossessed workers protest against India's neoliberal policies at a rally in New Delhi © The Oakland Institute

Introduction

India is one of the World Bank's largest clients with its cumulative borrowing over seven decades amounting to US$108.26 billion.[1] While the Bank continues to contribute significantly to India, with a US$3.45 billion commitment in 2018, the relationship between the two is changing.[2] In 2010, India graduated from a low-income to middle-income country, making it ineligible for concessional lending from the Bank's International Development Assistance arm – effectively ending the Bank's dominance of conditional aid.[3] Since then, the Bank has reinvented its relevance in the country by transitioning from the role of moneylender to a policy engineer and technical assistance provider. Today, India is an important low-risk, creditworthy borrower, while the Bank remains an important, but no longer dominant force in the country's economy, contributing just 0.15 percent of its Gross Domestic Product (GDP).[4]

This shift is evident in the remarks of then-newly elected Prime Minister Modi in his first meeting with the Bank's president Jim Yong Kim in 2014, when he said, "Rather than dollars, we are more interested in the knowledge and expertise of the World Bank."[5] Today, efforts to secure the Bank's vote of confidence in India's investment climate are driving major policy changes at both the national and state levels. Consequently, the Bank's *Doing Business* (DB) report, which is based on its Ease of Doing Business Index that benchmarks the business environment in 190 countries, has become one of the most important directives for Indian policy makers.

Given India's fixation on pro-business neoliberal economic policies that enhance Foreign Direct Investment (FDI) inflows, its singular focus on the DB report is unsurprising. The introduction of a wide range of labor and environmental deregulation laws, pushing for hasty, single-window self-certifications[6] is a testament to this fact. While justified by various Union Ministries as being vital to improve India's ease of doing business performance, the adverse impact of deregulation on the country's most vulnerable population and the environment is being wilfully ignored.[7] Pro-business measures include removal of environmental safeguards and of requirements for public consultation for large mining and infrastructure projects as well as changes in labor legislation to increase labor flexibility.

The DB report is a testament to the effectiveness of the Bank's ventriloquist skills, which are extremely nuanced when it comes to India. The central government embraces the report's suggestions as welcome advice rather than loan conditional interference that would undermine India's sovereignty. However, it is not only the central government that is introducing reforms to promote the ease of doing business at any cost – individual states are also being evaluated and ranked with the assistance of the Bank on their willingness to implement reforms. Whereas the DB Index pits developing countries against each other by scoring them on their pro-business reforms, in India, this race-to-the-bottom reaches a whole new level. Using the federal structure, the Indian government has now fostered a similar predatory race nationwide, with states destructively having to compete against one another to be more attractive to businesses and investors.

Easing its Way to Inequality

India's efforts to create an enabling business environment are being recognized by the Bank. Between 2014 and 2018, India's DB ranking improved by 42 positions and in a one-year period between 2017 and 2018, India leap-frogged 30 positions to secure the 100th spot, further amplifying the importance of the DB report in policy circles.

A breakdown of India's performance on individual sub-indices of the DB report, however, shows wide variation. India ranks a high four when it comes to "protecting minority investors" and 29 on the "getting electricity" and "getting credit" indicators. However, its performance on indices like "getting construction permits," "trading across borders," and "enforcing contracts" is severely lagging.[8]

The tax department has been instrumental in boosting India's ranking from 172 to 119 on the "paying taxes" indicator within a year's span. This has been widely credited to the introduction of Income Computation and Disclosure Standards that level the methods of computing taxable income and other tax accounting standards.[9] Similarly, the DB report has rewarded India's effort to digitize and enhance the compliance of paying corporate taxes. In 2017-18, in an attempt to improve its ranking and to transform the country into a single market, the Indian government consolidated 17 state and central indirect taxes under a Goods and Services Tax.[10] While the impact of this major tax reform on India's ranking will only be revealed in the forthcoming DB report, the ad-hoc implementation has been a "procedural nightmare" for the 60 million traders who lack the computer technology required to file this tax.[11]

Some economists have convincingly argued that the accelerated improvement in India's DB rankings can primarily be attributed to a change in the report's methodology.[12] However, the ruling Bhartiya Janta Party (BJP) has ignored these claims, treating the improved rank as an international endorsement of its economic policies and multi-sectoral reforms instead.[13]

While the change of governing parties in 2014 does not mark a watershed moment in India's continuing tryst with economic liberalization, the pace at which the caps on foreign investment are being removed to facilitate the ease of doing business can only be matched by the ease with which retroactive clearances are being issued. For example, in sharp contrast to its pre-election anti-FDI stance, in 2018 the BJP-led government allowed foreign companies to automatically invest up to 100 percent in single-brand retail[14] operations in India. This easy approval process has taken place at the expense of local manufacturers and small-scale retailers who have suffered from the dilution of retail regulations that previously mandated a 30 percent domestic sourcing of goods. Similarly, at the expense of domestic businesses and public sector enterprises, foreign investment caps on civil aviation, real estate, and power exchange sectors have been removed to encourage direct investment from foreign investors.[15]

Despite the marketing of DB reforms as "win-win" measures that generate jobs and promote growth, there is no easy convergence of the goals of inclusive development and the vision of an enabling business environment. Rather, India's failing performance on several global development indices has an inverse relationship with how it fares in the DB report. In 2016 and 2017, the Global Rights Index of the International Trade Union Confederation placed India amongst the ten worst countries of the world in which one can work.[16] However, the Indian government continues to favor flexible labor markets as a solution to the problem of jobless growth – a move widely perceived as a ploy to improve India's DB ranking.[17] Similarly, the Union Ministry of Environment, Forests and Climate Change (MoEFCC) emphasized the importance of the ease of doing responsible business, even as it rapidly deregulated environmental clearances to attract investment.[18] As a result, in 2018 India plummeted from a ranking of 141 to 177 on the Environmental Performance Index (EPI), making its environmental health policy the fourth worst in the world. Despite the direct relevance to its portfolio, the EPI did not elicit a comparable public response from the MoEFCC, as was managed by the DB ranking.[19]

In the same year that India placed 100th both on the Ease of Doing Business Index, as well as on the Global Hunger Index, the government focused on linking Udyog Aadhaar, a biometric identification system, to the country's public food distribution system and social security schemes. Lack of access to digital technologies needed for implementing Aadhaar, coupled with other glitches in the registration process such as mismatched identification numbers, wrong photos, disappearing names, fingerprinting errors etc. have had severe consequences.[20] Although this system was purportedly enacted to speed up the registration processes for new businesses, its hasty, sporadic, and fault-ridden implementation has resulted in a denial of pensions, scholarships, wages, and rations resulting in further indebtedness and starvation-related deaths.[21]

Scarred and faded fingerprints of the elderly make them vulnerable to Aadhaar's inhuman technocratic logic © Vishaka George, People's Archive of Rural India

Myopic Methodology, Neoliberal Foresight

Despite its current popularity with Indian government officials and policy makers, India has not always been enthusiastic about the DB rankings. In fact, prior to 2014, India often showcased the DB's flawed methodology. In 2013, despite implementing regulatory reforms, India's ranking remained stagnant at 132.[22] Fearing an adverse impact on its foreign investment, India's finance secretary lodged a formal complaint highlighting the lack of methodological "robustness" of the rankings.[23] This complaint centered around the unrepresentative nature of the DB report and its limited sample size, which in the case of India was based only on the city of Mumbai. While the sample size has now been extended to include two cities in India – New Delhi and Mumbai – it remains an area of critique. Additionally, the findings of a countrywide *Enterprise Survey* of manufacturing firms carried out by the Indian government's policy think tank, NITI Aayog[24] and the Mumbai-based IDFC Institute[25] diverged significantly from the Bank's DB report, particularly in its assessment of electricity availability, starting a new business, and acquiring construction permits.[26]

Similar criticisms were made in an *Independent Panel Review of the Doing Business Report* in 2013. Its findings revealed the report's inability to accurately reflect the ground reality of MSME's access to credit, citing India as an example.[27] Furthermore, the ten indices used to rank countries are limited in their scope. With significant deterrents like corruption and pollution absent from the assessment, the DB report is primarily a reflection of the regulatory environment rather than the investment climate in India. However, the reforms that are triggered by the DB index often overvalue its scope. This is reflected in the sweeping calls made by media and public policy makers for market deregulation and a simplification of registration processes in order to improve the country's business environment. Furthermore, the international legitimacy accorded to the DB ranking system proposes a one-size-fits-all solution to countries with diverse problems. The Indian government's adherence to such homogenized good business practices has narrowed its capacity to find appropriate alternate creative solutions for improving the ease of doing business.[28]

However, understanding the overall adverse impact of the DB Index in India goes beyond its methodology to the heart of its principle. The report's most egregious flaw is its fixation on financial gains and a neglect of the environmental and human costs of deregulation.

Environmental Costs of Promoting an Enabling Business Environment

Under the pretext of good governance and speedy efficiency in lending permits and clearances – a practice encouraged by the DB report – improperly vetted environmental clearances are being handed out to numerous corporations. In 2014, the MoEFCC began exempting security infrastructure projects from requiring forest clearances, stating that this was in India's "national interest."[29] In 2016, there was a recategorization of industries and automatic environmental approvals were extended to a new category of non –polluting "white industries" such as hydroelectric, wind power, and solar plants.[30] While the operations of these industries may be considered non-polluting, that is not the case for their construction. Unfortunately, the blanket environmental clearances allotted to these companies increased their ability to acquire construction permits, as they were no longer obstructed by the Water (Prevention and Control of Pollution) Act 1974 and Air (Prevention and Control of Pollution) Act 1981.[31]

Another prominent example of environmental safeguards being removed, to boost India's sluggish parameter of "dealing with construction permits," is the Union Urban Development Ministry's 2016 Model Building Bye-Laws.[32] Denounced by environmental activists for taking the construction industry out of the environmental ministry's purview, the bye-laws allow local urban bodies to draft their own green rules in place of the mandatory environmental impact study required for green clearances by projects over two hectares.[33] This significantly impacts the judicial terrain of the National Green Tribunal – a national environment court established in 2010 for expediting cases dealing with environmental law and related issues of compensation, relief, and ecological restoration.[34] Furthermore, the granting of post-facto clearances to illegal projects that have begun construction severely undercuts the effectiveness of environment impact assessment mechanisms.[35] This move, defending "the expansion of large-scale, extractive businesses that are allowed to violate the law," is again couched in an all-justifying ease of doing business narrative.[36]

The pro-business measures included in the 2018 Draft National Forest Policy and Coastal Regulation Zones Notification expand the threat of land grabbing in India to forests, wastelands, wetlands, and coastal zones.[37] Along with the Compensatory Afforestation Fund Act (2006), the former is geared towards undercutting the pro-poor potential of the Forest Rights Act (2006) by embracing the World Bank's support for public-private partnerships that undermine community ownership of forests.[38] In keeping with the government's tendency to easily issue environmental clearances to ease business, the 2018 Draft Coastal Regulation Zone Notification facilitates the commercialization of India's coastline – even its ecologically fragile areas – by mining industries, real estate developers, and tourism sectors.[39] Furthermore, in alignment with the DB report's assessment of good practices, clearances for Coastal Regulation Zones projects are digitized and fast tracked through a single-window system. This emphasis on simplification by speeding up clearances may enhance India's DB ranking but it severely compromises the degree of scrutiny necessary for assessing a project's social and environmental impact. With little scope for community consultations or consent, the expedition of such approvals is given priority. Moreover, it reduces legal footholds available to those affected by such projects, leaving fewer channels for redress.[40]

Another instance of lowering environmental safeguards in order to improve India's DB ranking is the emphasis on developing port infrastructure and facilities without considering impacts on the marine ecosystem. The 2018 DB report credits the infrastructural improvement of India's largest container port, Maharashtra's Nhava Sheva port, as a factor in improving India's "trade across borders" indicator.[41] The mammoth scale of maritime industrial development is, however, best reflected in the investment of US$117.16 billion in the Shipping Ministry's flagship Sagarmala project, which has received financial and technical assistance from the World Bank.[42] Approved in 2015 and spanning two decades, the program consists of 415 sub-projects and sets out to establish 14 new Coastal Economic Zones. The Ministry of Shipping claims that the project's four-pronged approach – port modernization and new port development, enhancing port connectivity, improving port linked industrialization and supporting fishery communities – includes simplifying "procedures by removing irritants that make it cumbersome to carry out business smoothly."[43] Contrary to the promises that portray coastal communities as beneficiaries of Sagarmala-related eco-tourism, the six new ports to be built as part of this project will destroy marine areas and "threaten the homes and occupations of coastal communities practicing fishing, salt production, farming, and other livelihoods."[44]

Members of the Dongria Kondh tribe gather for a festival on Niyamgiri hill, the site of their iconic and successful struggle against Vedanta's mining operations in Odisha © Purusottam Thakur, People's Archive of Rural India

The Ease of Doing Business at Any Cost: A Case Study of Vedanta's Sterlite Industries

UK-based Vedanta Resources Plc, one of the world's largest mining conglomerates, is spread across seven countries.[45] Vedanta's extraction and refining operations in India's five states – Orissa, Chhattisgarh, Goa, Rajasthan, and Tamil Nadu – have been alleged to be toxic and lethal to people and the environment at its project sites.[46]

Anil Agarwal, the CEO of Vedanta Resources, has been one of the most vocal champions of the Indian government's energized focus on improving its Doing Business ranking. Praising India's robust jump from 130 to 100 in the 2018 DB report as "phenomenal," Agarwal expressed enthusiastic support for the "game changing reforms"[47] particularly the ease of obtaining environmental clearances and self-certifications.[48] While the activities of Vedanta's subsidiary, Sterlite Industries, are not exceptional when it comes to the violence of extractive and hazardous mineral industries in India, it is certainly illustrative of the ground-level impact of the reforms informed by the DB report.

The horrific cost borne by environmental defenders protesting such an unfettered business environment was demonstrated on May 22, 2018, when the Tamil Nadu State Police gunned down 13 activists protesting the expansion of Vedanta's Sterlite Corporation copper smelter.[49] The public outcry following this massacre led the Tamil Nadu government to order a permanent closure of the plant for violating the state pollution control board's rules, although the National Green Tribunal (NGT) in an August 9th hearing allowed Vedanta administrative access to the Sterlite copper plant.[50] On August 20th, the NGT ruled that an independent judicial committee would decide in six weeks time whether the copper smelter should be re-opened.[51]

Since the project's inception in 1994, Vedanta's Sterlite copper smelter, located inside the Thoothukudi SIPCOT Industrial Complex in Tamil Nadu, has repeatedly caused problems resulting from excessive pollution and improper toxic waste disposal. The Tamil Nadu Pollution Control

Board (TNPCB) has long skirted around the legality of the copper smelter as it violates its own clearance rules.[52] The SIPCOT complex is located within municipal city limits, making it more suitable for light and medium industries rather than "red category" hazardous industries like copper smelting.[53] The most notable concession by the board was granting the plant consent to operate, despite it being located a mere 8.4 miles away from the ecologically fragile Gulf of Mannar Biosphere reserve – a major violation of its own 15.5 mile stipulation.[54]

In 2010, the Madras High Court ordered the copper smelter to be shut down for violating the directives of the TNPCB and defaulting on the required environmental clearances. The Supreme Court of India, however, overruled this decision, instead ordering the company to comply more strictly with the pollution control board's mitigation measures and pay US$14.8 million in fines. In March 2013, after the smelter allegedly leaked a hazardous amount of sulphur dioxide causing the death of a factory worker and endangering local communities, the plant was temporarily shut down by the TNPCB.[55] However, the National Green Tribunal found this measure to be unnecessarily "punitive, rather than preventive" and allowed for a re-opening of the smelter in May 2013.[56]

In 2014, as the ease of doing business rhetoric gained momentum, the company found a strong ally in the new Union Ministry of Environment, Forests and Climate Change (MoEFCC). As early as 2009, Vedanta Sterlite made an appeal to the then-United Progressive Alliance government to expand its copper smelter within the industrial complex. While Vedanta got an environmental clearance for five years until 2014, the UPA government, just before its departure, mandated that a renewal of this clearance would require public consultations, given the industrial park inside of which the copper smelter was located had no environmental clearances. In 2014, the MoEFCC under the new BJP-led government overruled this stipulation and in 2015 Vedanta Sterlite secured operational clearance until December 2018.

Investigative reports from the *Business Standard* show that in 2015, at the behest of various industries, the MoEFCC allowed the expansion of projects inside the industrial complex without requiring further public consultation.[57] This was allowed even though the complex itself had no environmental clearance, like the case of the SIPCOT complex.[58] This move to improve India's DB ranking at any cost was widely lauded by the Confederation of Indian Industries.[59] In 2016, despite facing numerous hurdles put forth by the MoEFCC, the National Green Tribunal revoked Vedanta Sterlite plant's clearance.[60] However, since the 2015 environmental clearance lasted until December 2018, the company was allowed to continue its expansion plans in Thoothukudi.

The importance accorded by the Indian government to the ease of foreign businesses has also allowed Vedanta to undermine the country's healthy democratic processes. One notable example of this is the series of amendments to India's Foreign Contribution Regulation (FCR) Act. Amendments to this act have proven immensely profitable for Vedanta, as well as for India's two major political parties – the BJP and the Indian National Congress (INC). In 2014, the Delhi High Court found both parties to be in violation of the FCR Act as they had received donations of almost US$1.4 million each from Vedanta's subsidiaries Sterlite Industries India Ltd and Sesa Goa Ltd between 2004 and 2012.[61] However, the FCR Act was amended in 2016 retroactively in such a manner that allowed limits on foreign donations to political parties to be circumvented by changing the definition of "foreign."[62]

Coupled with changes to the Finance Bill in 2017 and 2018, which effectively removed any cap on the donation amount from foreign companies with Indian subsidiaries, the amendments effectively translate the "ease of giving donations" into the ease of doing business for large corporate donors like Vedanta.[63]

Discontented and dispossessed workers protest against India's neoliberal policies at a rally in New Delhi on September 5, 2018
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Labor Deregulations and the Trojan Horse of Job Growth

For years, India's strong labor laws – that covered issues ranging from welfare, pensions, employment conditions, industrial relations, and social security – rankled the World Bank. The first edition of the DB report in 2004 pointed to India's labor protections as an example of undesirable regulatory practice that made insolvency difficult and contributed to increasing unemployment and the informalization of workers.[64] While international bodies such as the International Labor Organization (ILO) have long contested a straightforward relationship between fewer labor regulations and an improved business environment, the Bank explicitly argued the reverse until 2009.[65] Since then, the Bank has resorted to double-speak on labor rights. Its most recent DB report on job growth implies a moderate approach to labor regulation – "balancing labor flexibility with worker protection."[66] However, working drafts of the Bank's 2019 *World Development Report* reveal a push for labor market deregulation proposing lowered minimum wages, more zero-hour contracts, and flexible dismissal rules.[67]

India, too, has proven itself adept at this double-speak using its constant refrain of job growth to cover its attempts to deregulate the labor market. As troubling as it is telling, anti-worker reforms and their implementation across state labor departments seem driven by the Department of Industrial Policy and Promotion (DIPP), instead of the Union Labor Ministry. Furthermore, the rationale for much labor reform – both at the state and country level – draws upon the logic of the Doing Business Index rather than the recommendations of the ILO.[68] In his national budget speech for 2017, the Union Finance Minister highlighted the need to simplify and streamline labor laws in order to improve India's DB ranking.[69]

Forty pre-existing nuanced labor laws have been reductively re-categorized under four broad codes that dwell on wages, industrial relations, social security and welfare, and workers' safety and working conditions.[70] There is also a continued trend of vilifying and undermining inspection systems. The problem of infrequent inspection is further compounded with increasing self-certifications. To support the government's flagship "Start-up India" initiative, the Labor Ministry has allowed self-certified start-ups to be exempted from nine labor laws in their first year.[71] In violation of ILO norms and under the pretext of doing away with an overly intrusive inspection regime, these companies are permitted to self-certify in six major laws for up to three years without any inspection, except in the case of a complaint.[72]

Soon after the release of the Bank's *Global Economic Prospects Report* in 2017 that once again criticized India's labor protections, the central government made repeated attempts to dilute its pro-worker laws.[73] The renewed effort in 2017 to undermine the Indian Factories Act, safeguarding working conditions of factory workers, is one such example. By doubling the threshold of workers employed to legally constitute a factory, amendments to this act potentially affect almost 70 percent of India's factories.[74] Similar attempts to increase labor flexibility have included efforts to weaken historic labor laws like the Industrial Disputes Act and the Contract Labor Act that protect workers against layoffs, sudden closures, retrenchments, and unwarranted changes in the working conditions. As demonstrated by the Labor Ministry's Industrial Employment Central (Amendment) Rules 2018, there is a heavy emphasis on increasing fixed-term contracts that enable companies to hire workers for short-term assignments and terminate services on the completion of projects.[75] Despite the vehement dissent voiced by India's main trade unions, a draft notification issued by the Labor Ministry in March 2018 extended the facility of hiring workers on fixed-term employment to all sectors.[76] This entailed amending the Industrial Establishment (Standing Order) 1946, which earlier provided this facility only to the apparel-manufacturing sector.[77] Projecting the need for fixed-term contracts as a win-win solution to the dual goals of job growth and an enabling business environment ignores the enhanced precarity of labor market flexibility. Consequently, fewer workers are vulnerable to improperly regulated and inspected work environments, as well as have limited access to permanent employee social benefit.[78] Even as these controversial labor reforms have been implemented to facilitate the ease of doing business, the DB Report distances itself from them by portraying the increase in the duration of paid maternity leave as the most significant labor reform.[79]

The DB Index pits developing countries against each other, urging them to implement reforms at the expense of their most vulnerable populations. In the case of India, it is not just the country that is a participant in this race-to-the-bottom. Using the federal structure, the Indian government has fostered a similar predatory race nationwide, with states destructively competing against one another.

In 2015, the Department of Industrial Policy and Promotion started a World Bank-inspired and evaluated countrywide Ease of Doing Business Index. The logic is that triggering "healthy competition" amongst Indian states would make the country more investor friendly.[80] This nationwide index ranks states on their willingness to implement reforms enlisted in a DIPP-formulated Business Reform Action Plan.[81] The indicators are similar, but not identical, to the international DB Index. For instance, states are ranked on a dozen parameters that explicitly include and measure practices that the DB report encourages, including the use of a single-window system, land availability and allotment, labor regulations, obtaining utility permits, access to information and transparency enablers, and more. Under the pretext of fostering a spirit of co-operative federalism, measures that have faced opposition from civil society and unions at the national level have been incentivized at the state level through the countrywide Ease of Doing Business Index.

The quest for land acquisitions and labor reform are prominent examples. Unlike the failed attempt by its Union counterpart, the Labor Ministry of Rajasthan successfully introduced three major labor reforms in 2014-2015.[82] By altering the Industrial Disputes Act, Factories Act, and Contract Labor Act, Rajasthan secured a high sixth position in the countrywide Ease of Doing Business Index.[83]

Similarly, the state of Andhra Pradesh, which has consistently been in the top three ranks on this index, further diluted provisions of the Right to Fair Compensation and Transparency in the Land Acquisition, Rehabilitation and Resettlement (LARR) Act 2013. Finalized in June 2018 with the President of India's approval, the amendment to the LARR Act allows the government to forcefully acquire land from farmers resisting its 'voluntary' land-pooling scheme to build the state's futuristic capital city of Amravati.[84] Under the pretense of acquiring the land for public purpose, the recent amendment allows the district collector to acquire land without proper public consultations or adequate social impact assessment – a guaranteed protection of the LARR Act.[85] As the recent Land Acquisition Amendment Bill was finalized, 46 civil society groups in a signed statement condemned this move as a ploy to "empower the state and corporations to infringe upon people's rights over natural resources."[86] The statement also notes that this "amendment is in line with the directions of the Doing Business Report by the World Bank, where it recommends the dilution of land acquisition procedure and other regulatory 'bottlenecks' for enhanced investments. India's rush to improve its ranking on the Ease of Doing Business, on the behest of such international financial institutions at the cost of such laws and policies which are proactive of farmers, workers and the marginalised communities will prove to be too costly to the people."[87]

The Bank is also processing a loan of US$300 million, co-financed by the Asian Infrastructure Investment Bank, to help develop priority infrastructure within Amaravati.[88] In 2017, the Bank approved a Draft Resettlement Policy Framework with the Andhra Pradesh government, which deemed the land-pooling scheme as completely voluntary, even finding displacements stemming from the project to be in accordance with the Bank's Operational Policy on Involuntary Resettlement.[89] However, people residing in the vicinity of Amaravati lodged a complaint with the Bank's Inspectional Panel in May 2017, alleging "harm to their livelihoods, environment, food security and resettlement due to the Bank's non-compliance with its environmental and social standards in the preparation of the project."[90] The Bank's non-compliance with its own standards on environment, displacement, and livelihood is not unprecedented in India. Currently, the Bank's financial arm – the International Finance Corporation – is facing a lawsuit from fishermen and farmers from Western India, for financing and failing to hold accountable a TATA Power coal plant that caused significant damage to the region's ecosystem.[91]

As the Bank's role in Rajasthan and Andhra Pradesh demonstrates, the implementation of state level reforms stems from the central government deferring jurisdictional control to state governments on subjects on the concurrent list,[92] while further strengthening centralization of economic powers in the hands of the federal authority. This not only enables an alignment of the country's business reform agenda with that of the individual state policy, it also downplays the Bank and the central government's culpability in introducing controversial reform measures.

Conclusion

As the accelerating income inequality in India reaches a historically high level despite a growing economy, the government's preoccupation with its DB ranking reflects its skewed priorities.[93] As the World Bank-sanctioned ease of doing business rhetoric gains prominence and legitimacy in India's policy and media circles, it sets the stage for weakening environmental and labor protections. Another sacrifice made at the altar of the "ease of doing business" is the transformation of India's structure of co-operative federalism into corporate federalism. Fueled by retroactive legislative amendments to facilitate corporate profit and the government's unchecked aspirations to break into the top 50 Doing Business rankings in the near future, the DB report has a toxic impact on India's environment and its most precarious populations. This ruthless benchmarking system must be rejected.

Job growth seems a distant reality for migrant workers seeking employment in Vijayawada © Rahul Maganti, People's Archive of Rural India

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