India’s Modi regime imposes big business “reforms” by executive fiat

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In an authoritarian move with little precedent, India’s Bharatiya Janata Party (BJP) government issued seven executive ordinances over a fortnight spanning this month and last to push through pro-big business reforms that it had failed to get passed by Parliament during its recently concluded winter session.

Chief among these are ordinances that:

* Raise the maximum foreign ownership of Indian insurance providers to 49 percent from 26 percent.

* Allow the government to proceed with its plans to auction off publicly owned, unexploited coal deposits to private investors.

* Gut key provisions of India’s “Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act” (LARR) so as to make it more amenable to investors.

The BJP government has made it abundantly clear that it will reissue these ordinances if it does not get its way in the Rajya Sabha (the upper house of India’s parliament), where it is in the minority.

The ordinances, which were signed into law by Indian President Pranab Mukerjee, who in his previous incarnation as the Finance Minister in the Congress Party-led UPA government was himself an enthusiastic agent for big business, are valid for six weeks after parliament next convenes.

Finance Minister Arun Jaitley, himself a multimillionaire, made clear that the government’s resort to executive fiat was meant to demonstrate to Indian and international big business that Prime Minister Narendra Modi will brook no opposition to pushing through pro-investor reforms.

“The ordinance demonstrates the firm commitment and determination of this government to reforms,” Jaitley said. “It also announces to the rest of the world, including investors, that this country can no longer wait, even if one of the houses of parliament waits indefinitely to take up its agenda.

“If parliament is not allowed to function, the framers of the constitution have provided for a means to see that the running of the country doesn’t come to a halt,” continued Jaitley. “Stalemate and obstructionism can’t go on in perpetuity.”

The Hindu supremacist BJP came to power last May with the overwhelming support of Indian big business. The corporate elite had grown increasingly disenchanted with the Congress-led UPA government over its equivocation in pushing through “big bang” neoliberal reforms, such as the scrapping of price subsidies and the gutting of protections against mass layoffs and plant closures, in the face of mass popular opposition.

Modi’s government has taken an axe to social spending, stepped up disinvestment and privatization of PSUs (public sectors units), and abolished the national Planning Commission. It is promising “structural reform” in its first full budget, which is slated for next month. Nonetheless, with India’s economy still experiencing little more than 5 percent annual growth, the BJP government has faced increasing complaints from domestic and international big business that it isn’t moving fast enough in implementing neoliberal reforms.

The flurry of ordinances was aimed at addressing these concerns.

The corporate media has applauded the substance of the government’s new measures and from this quarter there has been next to no criticism of the government’s use of executive ordinances to bypass parliament. No matter that the Supreme Court has previously said that this authoritarian mechanism, which is a legacy of British colonial rule, should be used only in truly exceptional circumstances.

Indeed, in an attempt to acclimatize the population to the flouting of democratic parliamentary norms, sections of the press are heralding Modi’s rule as the dawn of a new era of “ordinance raj” (rule by decree).

Of all the ordinances, the most socially provocative and explosive is the government’s gutting of the LARR, which was passed in September 2013 with the BJP’s ostensible support, and only came into force at the beginning of 2014. LARR was itself a tactical response of India’s elite to years of mass protests, some of which clashed violently with the authorities, against land expropriations carried out by India’s central and state governments for various big-business development projects. These land seizures were carried out under an essentially dictatorial piece of legislation that dated back to the heyday of British colonial rule, the Land Acquisition Act of 1894.

Time and again, peasants were stripped of their homes and lands with only a pittance in compensation. Agricultural laborers and others without land ownership rights frequently received no compensation at all. It has been estimated that since Independence tens of millions of people have been so displaced.

LARR was supposed to bring “transparency” and “equity” to this ruthless program of land expropriation in which governments work hand-in-glove with industrialists and land developers to seize hold of strategically located, and therefore potentially highly lucrative, real estate or resource-rich tribal lands.

As originally enacted, LARR required that the government obtain 80 percent consent of the affected families when land was acquired on behalf of private profit interests. As with any law affecting India’s toilers, the government left a gaping hole in the legislation by exempting itself from having to adhere to this consent clause if it declared that the land being expropriated was for “public purpose”.

Nevertheless, big business howled that the 80 percent minimum consent requirement was both costly and time-consuming to obtain. They also denounced a second LARR requirement to undertake a Social Impact Assessment (SIA), which included a stipulation that the impact of the proposed expropriation on the families of those who are not land owners but nonetheless dependent upon the land for their livelihood be evaluated.

Under its executive order the BJP has effectively stricken the consent and SIA clauses from the law. Whereas previously these clauses did not apply to projects undertaken for a “public purpose”, henceforth they will be waived for all PPP (Public Private Partnership) projects, military projects including military production projects, industrial corridors and infrastructure projects.

This gutting of the LARR has failed to fully satisfy big business. A December 30 article in the *Financial Express* quoted several top managers. One complained that the amount of compensation being provided to those whose livelihood is being taken from them is “still too high.” The other said the Modi government needed to better recognize that big business should not be held responsible for resettling the dispossessed.

The lifting of the cap in private ownership in the insurance sector from 26 to 49 percent was reportedly pushed through by the Modi government to please US President Obama, who will be the chief guest at India’s Republic Day ceremony on January 26.

The coal-deposit ordinance was meant to counteract a recent Supreme Court decision that had cancelled virtually all the licenses given private coal developers under the previous UPA government. The court found that the process had been riddled with big business-government collusion and corruption.

The Modi government’s long-term objective is to turn over much if not all of India’s massive coal industry to big business. While pressing ahead with the auctioning off of undeveloped publicly owned coal deposits, the government has also announced plans to further reduce its ownership stake in Coal India Ltd., which is responsible for more than 80 percent of India’s coal production and is the world’s largest coal producer.

Under pressure from miners, who rightly fear privatization will result in further cuts in permanent jobs and an assault on their already miserable working conditions, India’s major labor federations were forced to call a five-day strike, beginning Tuesday. However, after less than two days, the unions scuttled the strike on the spurious claim that they had won a guarantee that the government will not privatize the industry.