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**COMMUNIST PARTY OF INDIA (MARXIST)  
Central Committee**

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**Report On Political Developments  
(Adopted At the June 24-26, 2007 Meeting of the  
Central Committee)**

**International Situation**

The international situation displays the working of the two contradictory trends: the continuing efforts of the US and its manoeuvres to maintain its intervention and to extend its hegemony. The counter currents to the US domination -- resistance and the moves for multipolarity have also been manifesting.

The three month period from April has been notable for the surfacing of tensions that have been building up in the relations between Russia and the western powers especially the United States. Also during this period, the situation in the Middle East in West Asia, has touched a critical level. The much touted US "surge" in Iraq has been a virtual failure and the killings and bloodshed continue unabated. The flare up of hostilities between the Hamas and Fatah has led to Hamas taking over the Gaza strip and the collapse of the unity government providing the opportunity for US-Israel intervention.

A major development in the field of energy has been the possibility of a consolidated Central Asian market taking shape with Russian participation. The U.S. energy diplomacy in the Caspian and Central Asian regions has suffered a setback in this period. The efforts toward establishing a long-term military presence of the North Atlantic Treaty Organisation (NATO) in Afghanistan have assumed a new significance in this context.

In South Asia, the Bangladesh army is tightening its control and curbing democratic rights; in Sri Lanka, the hostilities continue and the prospects for peace have receded further. In Pakistan, President Musharraf is facing growing opposition and erosion of his authority. In Nepal, under the interim government the transition process towards a republic is in place. In Afghanistan, the US and Nato are committing atrocities. More than 6000 people have been killed in the past seventeen months alone.

## **Anti-Ballistic Missile (ABM) System**

The United States's attempt to press ahead with the deployment of its newly-developed ABM systems in Central Europe (Poland and the Czech Republic) and in the Asia-Pacific (Japan and Australia) have drawn criticism from Russia and China.

Though the U.S. is proclaiming that it is anticipating ballistic missile threats, which are likely to emanate from Iran and North Korea during the next 10-15 period, the American decision to deploy its newly-developed missile defence systems in the regions of Central Europe, the Caucasus and the Asia-pacific is widely interpreted as a carefully structured move by Washington against Russia and China as part of its strategy of establishing global hegemony in the 21<sup>st</sup> century.

Russia has reacted that it will make an "asymmetric" but "effective" response. It has underscored its determination to ensure that the strategic balance of forces in the post-World war II period. It has since gone ahead by testing new inter-continental ballistic missiles and cruise missiles, which are capable of eluding any American ABM system. Russia has warned that if the U.S's ABM systems are deployed in Europe, that would leave Russia with no alternative but to target Europe with its missiles.

## **Russia-Europe Relations**

It is evident that the recent deterioration in US-Russia relations is to be viewed against the background of Russia's resurgence as a capitalist state in the recent past and its intention to play a more effective role on the world stage. Through the ABM controversy, the U.S. is also attempting to create divisions in the relations between Russia and the European countries. The U.S. needs an "adversary" for the perpetuation of its leadership role in the Euro-Atlantic community. Thus, on a wide range of issues, the U.S. is manipulating differences between Russia and the European countries. These issues include various regional conflicts in Eurasia such as Kosovo, Abkhazia, South Ossetia, Transdnestr, Nagorno-Karabakh, etc.

Both in terms of the initiative on the ABM system as well as in manipulating a Euro-Atlantic solidarity under American leadership, Washington is aiming at a regrouping of a post-Cold War Western alliance as a platform for its global strategy of establishing its hegemony in world affairs in the 21<sup>st</sup> century. In a nutshell, Washington is attempting to counter the strong trends towards multipolarity prevailing in international affairs in the post-Cold war era, especially in the recent years.

Within Europe, the victory of the rightwing candidate Nikolas Sarkozy to the French Presidency and the acquiring of a parliamentary majority, though a

reduced one, for the rightwing parties signals a shift in the Europe-US relations. With Germany having a Chancellor who is pro-US and the French president also of the same orientation, the EU's relations with US will be less conflict-ridden. This does not however mean there will be no differences and problems. Already on the stationing of ABMs, a difference has emerged. Further, as the French parliamentary election result has shown, popular disapproval of many measures to do away with social benefits and working class rights will be met with stiff resistance.

### **The G8 Summit**

The annual summit meeting of the Group of Eight countries on June 6-8 at Heiligendamm in Germany turned out to be controversial. It took place against the backdrop of the growing tensions between the Western countries and Russia, which have begun affecting the range of issues affecting European security. This was evident in the summit's inability to offer any clear path forward in the resolution of issues such as the future status of Kosovo, the Middle East, or the nuclear issue around North Korea and Iran.

Second, the huge groundswell of world public opinion against the predatory nature of neo-liberalism and globalisation as well as the imperialistic policy of the U.S. was on full display at Heiligendamm in the form of massive demonstrations and protests against the G8 gathering. Also, the G8 summit brought out vividly that the U.S. cannot be a hegemonic power, nor can the world be a unilateral place. The U.S.'s *volte-face* on climate change by agreeing at the G8 to a global policy being set within a United Nations framework, underlined the imperatives of multilateralism in the resolution of global issues.

A disconcerting feature of the G8 summit in Heiligendamm has been its decision to demand a revision of the investment policies of the developing and newly industrialised nations. The G8 stated its opposition to what it deemed as restrictions on untrammelled investment freedom on the pretext that such freedom is a prerequisite for growth, prosperity, and employment.

### **West Asia Developments**

The situation in West Asia has continued to aggravate as a result of the continued U.S. military occupation of Iraq and the aggressive tendencies in the Israel state policy toward the Palestinian people. The crisis has deepened to a point that there is no peace process at work today in the Palestinian-Israeli conflict. The administration of George W. Bush has persisted with its West Asia policy in which the paramount consideration is the re-establishment of Israel's military dominance in the region.

The U.S. has continued with its attempt to create sectarian divisions in the Muslim countries of West Asia as a means of ensuring that the Arab regimes remain disunited and distracted from mobilising resistance to Israeli aggression. The sectarian strife is also being exploited by the U.S. to challenge Iran's influence in the region, apart from creating threat perceptions for the Sunni Arab regimes. What worries the U.S. most is that a tremendous groundswell of public opinion has built up in the West Asia region, which opposes the continued U.S. attempt to politically, economically, militarily, and even culturally, dominate the region.

The sustained and coordinated efforts by the U.S, Israel and certain pro-American elements in the Arab world to create divisions within the Palestinian resistance have entered a new phase. The strategy has been to isolate the elected government led by Hamas, to mount pressure on it by orchestrating an economic blockade of the Palestine territories over the recent months and to create infighting amongst the various Palestinian groups. The U.S. and Israel are now poised to exploit the disunity in the Palestinian resistance as an excuse for further military aggrandisement in the Palestinian territories and to stall the growing calls in the region for a just, fair and permanent settlement of the Palestine problem.

As part of the broad U.S strategy of weakening the Arab resistance against Israel, Washington is also manipulating the situation in Lebanon with the specific objective of neutralising the crucial role played by the Hezbollah.

Both in Palestine and in Lebanon, the U.S. is pursuing a strategy of divide and rule. Behind its claim of pursuing a "democratic transformation" of the regimes in the region under its "Greater Middle East" strategy, it is clear that the American imperialist policy is to perpetuate its dominance of the oil-rich region by fostering new oligarchies in power, which would subserve Western interests.

## **Iraq**

The U.S. hopes that the outbreak of violence in the Palestine territories will help divert the public attention in the region from the core issue of its continued military occupation of Iraq and the brutal violence that the U.S-led coalition forces are perpetrating on the people of Iraq in the recent weeks in particular under the pretext of the so-called "Iraq surge". According to the latest reports, U.S. troops are using aircraft, armoured columns and helicopter gunships to subdue the resistance in the regions to the north and east of Baghdad. The operation is one of the biggest since the March 2003 invasion of Iraq by the U.S. Meanwhile, horrendous reports continue to emerge of American atrocities against civilians. The recent attack on the Abudullah bin Mobark mosque in the city of Baquba using tanks stands out as a particularly repugnant crime.

Amidst signs that the Bush administration's so-called Iraq "surge" policy is doomed to fail, Washington has begun hinting at its future strategy. This includes an open-ended and long-term military occupation of Iraq. The U.S. is also pressing ahead with a new legislation by the puppet regime in Baghdad that would pave the way for formalising the exploitation of Iraq's huge oil reserves by American oil companies.

### **U.S-Iran Talks**

With the primary objective of tapping Iran's considerable influence in the region for the stabilisation of the security situation in Iraq, Bush administration has entered into direct talks with Iran at the official level.

But at the same time, U.S. continues to maintain a hostile posturing toward Iran, by assembling a huge naval presence in the Persian Gulf. The powerful Israeli lobby in the U.S. continues to insist on Washington working toward a "regime change" in Iran.

Meanwhile, the Iran nuclear issue continues to elude a solution, with the U.S. publicly demanding a cessation of all uranium enrichment activities by Tehran as a pre-condition for negotiations. Washington is threatening Iran with further United Nations sanctions.

Both in the case of Iran and the DPRK, the US has been compelled to enter into negotiations. On the North-Korean nuclear issue, the progress in the six-nation talks have brightened after the first phase of the agreement getting implemented by both sides.

### **Energy Security**

The announcement by Russia, Turkmenistan and Kazakhstan in May to coordinate their energy exports, with the participation by Uzbekistan also, for the European energy market is a development of far-reaching significance in the geopolitics of the region. Kazakhstan has separately announced its intention to exclusively use the Russian pipelines for the export of its gas to Europe. The countries concerned have accordingly decided to expand the capacity of the Soviet era pipelines in the Central Asian region, which connect the region to the Russian grid, as well as to lay a new pipeline along the eastern Caspian from Turkmenistan to Russia via Kazakhstan.

The cumulative result of these developments is that the US strategy of developing energy transportation routes from the Caspian and Central Asia to the Western market bypassing Russia has suffered a comprehensive setback.

### **WTO-Doha Talks**

The latest round of talks for taking the Doha round forward on agriculture failed. The Group of Four meeting consisting of US, EU, India and Brazil, in Potsdam, Germany, could not achieve a breakthrough on the deadlocked talks. The insistence of the western countries to link reduction of subsidies in agriculture to ensuring more market access for their agricultural goods in the developing countries was the main obstacle. This again shows the existence of a certain degree of resistance on the part of the developing countries to the efforts to impose an iniquitous system of trade in agriculture.

### **Neighbouring Countries**

#### **Bangladesh**

The last Central Committee report had noted that there is a danger of an authoritarian regime with military support being instituted in Bangladesh. This assessment is proving to be correct. The interim authority of civil administration is now virtually held by the military. In the name of the "counter corruption" campaign, 60 leaders of the two main political parties, Awami League and the BNP, have been arrested. Pressure was put on the BNP leader Khaleda Zia to leave the country and Sheikh Hasina the Awami League leader was prohibited from returning from abroad. The caretaker government had to retreat from this step after strong international reaction. A number of corruption cases have been launched against both the leaders.

There is no prospect for an early parliament election. The caretaker government chief has stated that elections can be held by the end of 2008. The army has been entrusted with the charge of preparation of a fresh electoral roll in Bangladesh, with the voters having to enroll themselves by reporting at respective army unit offices. The US and the EU are exercising decisive influence, as the army is dependent on them with 60 per cent of its personnel working in the United Nations peace keeping forces. The World Bank reform package is being implemented fully by the caretaker government. The economic situation is precarious, adversely affecting the lives of the people.

What is happening in Bangladesh should be a matter of serious concern for the Left and democratic forces in India. The restoration of democratic rights, the right to political activities and holding of early parliament elections is being demanded by the Left parties there. These are demands which should be supported by all the democratic forces in India.

## **Pakistan**

The momentum sparked by the removal of the Supreme Court Chief Justice has become a broad based oppositional force against President Musharraf's regime. Faced with this widespread opposition, Musharraf has refused to make any concession. There is talk of elections being advanced. Talks which have been held between Benazir Bhutto and the government for an agreement which will also enable her to return to Pakistan to contest the elections came to a halt after the popular movement gathered momentum. The fundamentalist forces are seeking to dominate the current unrest. The dramatic actions by the extremists in the Lal Masjid in the heart of Islamabad symbolizes this threat. The United States has been actively intervening and has set out certain parameters for Musharraf to act within.

## **Sri Lanka**

The Sri Lankan situation is marked by continuing hostilities between the armed forces and the LTTE. After the military action registered successes in eastern region, it has failed to make headway in the northern parts. The LTTE has conducted some counter attacks including another air raid near Colombo. The bombardment in the North Eastern region by the army has led to large scale displacement of people who have become refugees. The conditions of the Tamil people in Jaffna and neighbouring areas are very difficult. President Rajapakse and the SLFP are not willing to propose a devolution package which will provide for full autonomy in the North Eastern region. The SLFP proposal talks only of district level decentralization of powers. With an intransigent LTTE and a president who is more concerned about Sinhala support, the prospects for peace talks have further eroded. The Indian government should make it clear to the Sri Lankan government that not enough is being done for a political settlement of the Tamil problem. It should exercise all its influence for seeing that a meaningful package of autonomy is worked out.

## **Nepal**

After the formation of the interim government which includes the seven-party alliance and the Maoists, the date for the Constituent Assembly elections was set for June. However, this schedule has not been adhered to as the Election Commission stated its inability to hold the elections so early. The delay in setting up the Constituent Assembly will be sought to be used by reactionary forces to try and stall the measures. Therefore, elections to the Assembly should be held at the earliest. This should be possible after the monsoons and before the onset of winter. The proper representation for the Madhesias, dalits and tribal sections have to be ensured.

In the meantime, the process of demobilization and laying down of arms by the Maoist armed forces has been completed under UN auspices in seven designated camps.

### **National Situation**

The period since the last Central Committee meeting held in the beginning of April has been notable for the UP assembly election results which has led to the BSP winning an absolute majority and forming the government. In view of the presidential elections due to be held in July, the various parties and formations have finalized their presidential candidates. The period saw disruptive agitations pitting different sections of people in Punjab and Rajasthan. The economic situation has been marked by the continuing high rate of growth in GDP accompanied by problems of inflation, the agrarian crisis and unemployment. Food security and the public distribution system which directly relate to the people's well being are a matter of deep concern. The Party has worked to counter the anti-CPI(M) campaign on the Nandigram issue and to get the Left parties together for united intervention.

### **Economic Situation**

#### **Inflation**

It is claimed that the inflation rate is coming down. But this is deceptive since food prices continue to remain high. The wholesale price index (WPI) at the week ending May 26 has come down to 4.9 per cent compared to 5.7 per cent the previous month, but the inflation rate for primary articles remains high at 8.6 per cent. Moreover, the separate consumer price indices (CPI) do not reflect the downward trend of the WPI. For example, the CPI for Urban Non-Manual Employees for April 2007 shows a year-on-year inflation rate of 7.7%, which is in fact slightly higher than the inflation rate of 7.6% registered in March 2007. The CPI for agricultural labour shows a year-on-year inflation rate between April 2006 and 2007 of 9.4%. Thus the issue of price rise of essential commodities continues to remain a burning problem for the working people. Immediate measures to check price rise include 1) Ban futures in all essential commodities as recommended by the Parliamentary Standing Committee (2) Since there is no check on inter-state movement of wheat, centre must set central stock limits for wheat and ensure raids against suspected hoarders (3) change the tax regime on petrol and diesel prices (4) strengthen the public distribution system.

#### **Agrarian Problems: NDC Stand**

In the background of the continuing agrarian crisis, the National Development Council (NDC) set apart one full day to discuss about the



agricultural strategy for the Eleventh Plan. The specific problems of Indian agriculture and the issues related to the welfare of the peasantry have been addressed in the five reports of the “National Farmers Commission” under the chairmanship of Prof. M. S. Swaminathan. The government has not taken any action for implementing the recommendations. The very same problems and concerns have subsequently been considered by other committees most prominently the “NDC sub-committee on agriculture and related issues” which was chaired by the Agriculture Minister and had eight working groups. The Planning Commission had also set-up twelve Eleventh Plan Working Groups on Agriculture. Based on all these reports, the steering committee on agriculture for the Eleventh Five Year Plan has made its recommendations for the consideration of the NDC.

Though the representatives of the Left-led state government submitted many proposals to tackle the problems, the NDC discussion and reports did not address the most important issue which is at the heart of the current agrarian crisis – i.e., the financial viability of cultivation. Due to the increasing input prices and the high volatility of the output prices influenced by international trends, for a significant number of crops in several regions, output prices often did not cover cost of production. The issue of ensuring that cultivation becomes financially viable requires special focus on the issue of remunerative prices which, in turn, requires more effective procurement to ensure that MSPs are actually enforced and trade measures taken to protect Indian farmers from world market volatility and unfair competition from subsidised farming in other countries. There was also no discussion on the problems of the agricultural workers who account for over 40 per cent of the agricultural workforce.

The working group on marketing reforms and contract farming recommends liberalisation of the current system of regulations governing domestic agricultural trade so as to benefit large private players and providing significant concessions in the form of land, publicly developed technology and fiscal concessions to corporates involved in agricultural market. The discussions on contract farming and the recommendations in this regard are dominantly oriented towards the interest of the corporates. Since contract farming is on the increase, it is important to have a system of State regulation, intermediation and monitoring of contract farm practices to ensure the interest of farmers. There was no decision taken on this important aspect. Even though the steering committee on agriculture recommended a central sector scheme for increasing foodgrains production by at least 20 million tonnes by the end of the Eleventh Plan, no priority was given for attaining foodgrains self-sufficiency and the stress given was for diversification towards horticulture and livestock to attain 4 per cent agricultural growth. The suggestion to form land share companies in the name of tackling the problem of declining size of land holdings will only help the corporate houses to plunder land from the peasantry. To meet the problem of fragmentation of

land holdings, joint cultivation in the form of group farming and cooperatives should be promoted. The formation of land share companies will lead to the dispossession of land of the peasantry and the emergence of land concentration in the hands of big corporate houses.

The NDC deliberations did not produce any workable strategy to tackle the problems of agriculture and the peasantry. Many of the suggestions proposed from the side of Planning Commission working groups and the government, if implemented, will only aggravate the present agrarian crisis.

### **Food Policies**

The direction of food policies of the UPA Government is a matter of deep concern. The UPA Government is following in the footsteps of its predecessor in deliberately weakening the public distribution system. The root cause is its refusal to reverse the targeted system which has excluded large sections of the poor from the right to food and to re-establish a universalized system as recommended by the official Sen Committee. The policy towards the PDS is interlinked with the privatization of procurement of foodgrains, mainly wheat which has resulted in a situation where even the lowest target ever of just 150 lakh tonnes of wheat set by the Ministry has not been reached. Only 109 lakh tonnes of wheat have been procured. There is a clear danger of a repeat of last year's shocking record of wheat imports at prices higher than what was paid to the Indian farmer. Today international prices of wheat have increased to the highest point in a decade. Rather than go in for expensive imports, it makes economic sense for the Government to pay the Indian farmer competitive prices so as to ensure enough wheat for the PDS and other Government schemes such as the mid-day meal schemes, food for work programmes, employment schemes etc. However driven by its commitment to allow the market full play even in as sensitive an area as the food economy, the Government has made no such move.

On the contrary it is the consumer who has to pay. Wheat prices are still high in the open market. In the PDS, allocations have been cut. Today in large parts of the country ration shops are virtually defunct. This is directly related to cuts in allocations.

### **Cuts in Allocation**

The annual allocation for BPL families in 2003-2004 was over 22.5 million tonnes. This was cut by around 3.3 million tonnes in 2005-2006. In the first nine months of 2006-2007 it was just 15 million tonnes. The Antodaya scheme is meant for those who are at the bottom of the BPL, which now covers 2.5 crore families. If each family were to get their entitlement of 35 kg of foodgrains it would amount to a total allocation of at least 10.5 million tonnes

for the Antodaya scheme. However, the allocation for the Antodaya scheme was only around 8.5 million tonnes in 2005-2006 and 7.7 million tonnes from April 2006 to January 2007. Thus even for the section defined as the “poorest of the poor”, the foodgrain allocation is not adequate. This is happening at a time when the PDS offtake is as high as 80 per cent and 93 per cent for BPL and Antodaya cardholders respectively.

### **Issue of APL**

The central problem with the PDS is the targeting approach. Now another policy shift is virtually limiting the entire PDS system to the 6 crore BPL and Antodaya households cutting out the APL (above poverty line) families. According to the official definition of the poverty line, any adult above an income level of 327 rupees a month is not poor. While it is shocking that over 6 crore families have been identified which have even lower per capita income than such a destitution level, the poverty line itself is derived from an outdated and flawed methodology which does not reflect the actual levels of poverty in the country today. It is therefore cruel and unjust that those earning more than this destitution level of 327 rupees a month are not entitled to subsidized foodgrains having been termed APL. The neo-liberals in the Government are hell bent on pushing the entire APL population out of the PDS. In June 2006, a decision was made, that allocations of wheat to States would be based on the average offtake of the last three years or the last year whichever was lower. Thus APL card holders were punished for low offtake by cutting the allocation itself whereas the actual reason for low offtake was the poor quality of the grain and the delay in stock arrivals.

### **Growing Malnutrition**

The alarming data on nutritional status particularly of women and children revealed in the NFHS-3 (National Family Health Survey 2005-2006) underlines the legitimacy and urgency for universalization of the PDS. Since the last such survey was conducted in 1998-1999 the nutritional status of rural women has actually worsened Shockingly, 56.2 per cent of all women and 58.2 per cent of rural women suffer from anemia. The number of pregnant women who are anemic has increased by 8 percentage points to 57.9 per cent. Thus an increasing number of people, particularly in rural India are malnourished and hungry.

### **Struggle for PDS**

A major problem is the failure of the public distribution system. The non-issuance of BPL cards on unreasonable criteria and patently incorrect estimates of below poverty line made on the basis of the Planning Commission's guidelines have aggravated the situation. The demand for issuing BPL cards to all people below the poverty line on the basis of a

reasonable criteria and an end to the efforts to restrict BPL card holders must be a major issue for struggle by the Party all over the country.

Immediate steps are to be taken to ensure food security. These include expansion of percentage of BPL lists eligible for subsidised foodgrains; bring one crore more people with specific priority to tribals in the Antodaya system; sufficient allocation and expansion of commodities for APL. These are interim measures we demand towards universalisation of the PDS.

### **Anti-Working Class Measures**

During this period the UPA government has undertaken certain measures which are not in the interests of the workers and employees. The decision of the government to let the interim Pension Fund Regulatory and Development Authority to invite expressions of interest for sponsoring a pension fund has been strongly opposed by the Left parties. Since legislation on the pension fund could not be adopted, the government decided as an interim step to put some of the features of the bill into place by an executive order. The plan is to handover the pension fund to certain public sector financial companies which in turn will set up separate companies for investing the funds. Under the proposal, 26 per cent FDI will be allowed in such units. A strong movement should be built up against this step of the government. Instead of appointing pension fund managers, the fund should be placed with the Employees Provident Fund organisation till a final decision is taken on the new pension scheme.

The cabinet has approved a bill for the social security of unorganised workers. The provisions of the bill are totally inadequate and do not meet the basic requirement for provision of social security for workers of the unorganised sector. The government should discuss the matter afresh with the trade unions and political parties and come with a fresh draft.

The government is refusing to even maintain the EPF rate of interest at 8.5 per cent. This at a time when the banks' rate of interest have gone up and 10 per cent is being paid for a year-long deposit.

### **Other Policy Issues**

There are certain other policy issues, which the Party has been taking up.

### **SEZ**

As decided earlier, the Party has been opposing the provisions of the SEZ Act and rules. It had demanded that there should be a ceiling on the land to be allotted for multi-product SEZs, proper compensation and rehabilitation for land acquired, doing away with the exorbitant tax concessions and

exemptions and no dilution or exemption from labour laws. The group of ministers set up to examine the issue came out with modifications. They have set a cap on the land for multi-product SEZs as 5000 hectares. They have also changed the land use so that 50 per cent of the land is used for in dustries and processing. These changes are insufficient and in certain respects have not touched on the real problem. The ceiling of 5000 hectares is set too high. The Party had proposed that it should be a maximum of 2000 hectares i.e. 5000 acres. The tax sops have not been touched at all. This is one of the most iniquitous aspects of the SEZ today. The Standing Committee of parliament has submitted its report and recommendations. This should be made the basis for demanding a discussion in parliament so that a review of the Act and rules can be undertaken.

### **Retail Trade**

In the last Central Committee report it was stated that in retail trade FDI should not be allowed but increasing entry of big corporates into retail trade will also cause displacement of small shopkeepers and traders. As per the decision of the Central Committee a note setting out the need for regulation of the organised sector entry into retail trade was prepared. It has been released to the media and sent to political parties so that there can be discussion on the issue. Licensing of entry of corporates, zoning regulations, restrictions on size and other matters have been proposed in the note. The Party should mobilise people particularly the small traders and shopkeepers in support of this stand for regulation.

### **Forest Tribal Act**

The rules under the Forest Tribal Act have not yet been framed. Utilising this delay, the Forest department is resorting to large-scale evictions in various states. These evictions should stop and the rules finalized quickly.

### **Micro Finance Bill**

The government has introduced the Micro Finance Bill in parliament and referred it to the Standing Committee. The thrust of the Bill is to privatize savings mainly of the self-help groups. It seeks to replace the present model of SHG-bank linkages with that of micro-finance institutions without any cap on interest rates charged by them. In the present form it will be harmful to the interests of SHGs. The Party should oppose these provisions and get them reworked.

### **Women's Bill**

On the Women's Reservation Bill, the efforts to introduce the bill in the 2006 winter session of parliament was stalled at the last minute due to the

opposition of the RJD. Since then, the matter has been deadlocked. The Party will have to explore how the bill can be taken up again.

### **Sachar Report**

Despite assurances that the government will take up the Sachar report for speedy implementation, the steps taken by the government are disappointing. The Union Cabinet has set up four sub-committees to look into the various areas in which the Sachar recommendations are to be implemented. Ninety districts where there is substantial Muslim population have been identified for special attention. But no allocation of resources has been made. Further indications are that the sub-plan for minorities which the Party proposed is not being considered. The only positive steps are that the RBI will monitor the flow of credit to the minorities from the banks and this data will be made available to the public. A National Data Bank will be set up for calculating all the particulars of the minority community which can be the basis for preparing government policy. The Sachar report had raised expectations among the Muslim community. It is essential that we mount pressure on the government to see that substantial steps are taken for the advancement of the minority community.

### **Indo-US Nuclear Agreement**

The negotiations for the bilateral (123) agreement for nuclear cooperation with the United States has been going on in this period. The foreign secretary visited Washington in April to discuss some of the outstanding issues. Following that, the US Under Secretary of State, Nicholas Burns announced that there is 90 per cent agreement and only a few residual issues left. Burns visited Delhi for three-day talks from May 31 to June 2. In these talks, efforts were made to narrow down the differences which pertained to India's right to reprocess imported spent fuel. The second major problem concerns the guarantee of fuel supply to India if the agreement is nullified for some reason. Thirdly, the United States wants the return of all nuclear equipment and fuel supply in case India tests again. This is a condition to make the voluntary moratorium legally binding.

The UPA government is not talking about the other terms and conditions of the Hyde Act which will govern the US side. In this Act there are unacceptable terms set for India's foreign policy. It is the Hyde Act which will set the parameters for future presidents and Congress to act upon. The UPA government has not so far agreed to accept all the US terms and conditions. The danger still remains that in its eagerness to clinch the agreement it will make unjustifiable concessions which go contrary to the statement of the Prime Minister to parliament on August 17, 2006.

The government should not proceed with the 123 bilateral negotiations without getting the United States to change the harmful provisions in the Hyde Act.

### **Clashes in Punjab & Rajasthan**

In this period, both in Punjab and Rajasthan religious sectarianism and caste based clashes have led to large scale violence. These incidents indicate how easily sectarian and caste feelings can be aroused for divisive purposes.

The Chief of the Dera Sacha Sauda sect created a controversy when he imitated Guru Gobind Singh in a ceremony. This raised a storm of protests from the followers of Sikh religious organisations. The efforts to burn the effigy of the Dera chief led to violent clashes. The Akal Thakt with its five high priests met and demanded action against the Dera chief. It followed this up with a bandh call on May 22 and an ultimatum to the state government to close down the deras in the state.

The Sacha Sauda sect has a following among low caste Sikhs and Hindus in the Malwa region. In the last assembly elections, the Dera had given a call to its followers to support the Congress. This had an impact on the elections in the region where the Congress made gains. The current controversy is sought to be used by the Sikh fundamentalists to settle scores with the sect.

The Sacha Sauda sect which has its headquarters in Sirsa in Haryana came into news a few years ago when charges of sexual abuse of some of its disciples were brought to light. The pressman who reported these goings on was murdered. Another murder of a Dera inmate led to a CBI enquiry and charges have been framed against some of the Dera inmates.

The call for a bandh by the Akal Takht and the ultimatum issued by it were disturbing developments. The rise of extremism or the Bhindranwale phenomenon and the growing intervention of the Sikh clergy was seen in the eighties. In the Sacha Sauda controversy too extremist elements tried to utilise the situation. The Congress party had sought to play politics using the Sacha Sauda sect. The Akali Dal was supportive of the Akal Takht's moves against the sect. The Akali Dal government would have let this situation go out of control if it encouraged the religious figures and extremists to take centre stage. Such a situation was averted after some mediatory talks. The apology issued by the head of the Dera and the urge of the people to maintain communal harmony helped in pacifying the situation. But the past underlines how easily religious and sectarian feelings can help the extremists and endanger peace in Punjab.

In Rajasthan, the Gujjar community was organised to agitate for the fulfillment of the BJP's opportunist promise before the elections to provide

them with scheduled tribe status. At present Gujjars are listed among OBCs. The agitation began as a confrontation between the protestors and the police and the blockade of highways. The agitation which began in Dausa spread to neighbouring districts. The situation took a dangerous turn when clashes took place between the Gujjars and Meenas. In the clashes between Gujjars and Meenas four people died. The BJP government's handling of the whole affair was condemnable. Overall the death toll crossed 24, including three policemen. The Meenas have ST status. The ST status is coveted as it is seen to be a passport for education and jobs through the reserved quota. A heavy toll of lives and property destroyed in these clashes underline the divisive aspect of competitive caste politics which the bourgeois parties encourage for their narrow political interests.

### **Presidential Elections**

Political parties began their discussions on the presidential elections immediately after the UP assembly polls. The Polit Bureau discussed the approach the Party should take for the presidential elections. It decided that our stand should be that "(i) there should be no second term for Kalam; (ii) we should have a president with a political background; and (iii) it should be a person with firm secular credentials." It was also decided that we should let the Congress make the choice and we should be consulted on the matter. For the Vice Presidential elections it was decided that we should suggest the name of a person who does not belong to the Congress party. After discussions with the Left parties and UPA partners, finally Smt. Pratibha Patil was decided upon as the UPA nominee. The Left parties have extended support to her candidature.

The BJP has decided on Bhairon Singh Shekhawat as the candidate for the NDA. However, they are projecting him as an independent candidate even though his BJP-RSS affiliations are well known. The third front parties calling themselves United National Progressive Alliance (UNPA) decided to request Kalam to stand again. On their request Kalam indicated that he was willing to contest if there is "certainty" about his election. This was a surprising turn since he had earlier indicated that he would not contest unless there was unanimity on his election. The BJP said it was willing to withdraw Shekawat's candidature if Kalam agreed to contest. Since the UPA supported by the Left and the BSP have an absolute majority in the electoral college there was no possibility of Kalam getting reelected. Having failed in this bid, the contest now will be between Pratibha Patil and Shekhawat with the former assured of a victory.

### **BJP in the Dock**

In the recent period and during the Parliament session, a number of events occurred which put the BJP in the dock. The first was the arrest of a BJP MP,



Babubhai Katara who was caught trying to take a woman and a boy as his wife and son abroad on diplomatic passports. This comes in the background of the earlier expulsion of six MPs of the party for taking bribes for asking questions in Parliament. This has dented the image of the BJP further.

The false encounter and killing of Sohrabuddin Sheikh came up in the Supreme Court which ordered an investigation. It has been confirmed that his wife was raped and murdered too. Three IPS officers – two from Gujarat and one from Rajasthan – have been arrested in the case. This issue rocked both Houses of Parliament and the demand for a CBI enquiry was raised. The court has, however, directed that the present investigation be continued and the report submitted to the court. The Sheikh encounter is just one of the many other false encounters in which Muslims have been killed in Gujarat. It reveals how the state government is utilising the police machinery to target the minorities in the name of fighting against terrorism.

The communal CD used in the UP election campaign by the BJP also invoked allround condemnation. The Election Commission initiated proceedings against the party on complaints from the Congress, BSP and the CPI(M). The Election Commission, after the polling was over, directed the BJP to unequivocally condemn the contents of the CD. After the UP election results, the BJP leadership complied and issued a condemnation of the contents.

The BJP's failure in UP and the Goa results where the Congress-NCP alliance defeated the BJP have temporarily dampened the momentum which it hoped to build up after the Punjab and Uttarakhand elections. However, as pointed out in the last Central Committee report there are a series of elections coming ahead. In Gujarat later this year and in the states of Himachal Pradesh, Madhya Pradesh, Chattisgarh and Delhi next year. The BJP-RSS combine hopes to do well in these states which are its traditional bases. So our work of countering and weakening the BJP should continue without let up.

### **UP Assembly Elections**

The UP assembly elections resulted in a clear-cut victory for the Bahujan Samaj Party. The BSP was expected to be the single largest party in the course of the campaign, but it belied all expectations by getting an absolute majority of 206 seats out of 402. We had assessed prior to the elections that the main contest would be between the BSP and the Samajwadi Party. This is the first time any party has got a majority in the assembly since 1991 when the BJP won the elections at the height of the Ram temple movement. The elections saw strong caste appeal and mobilisation at work. At the same time there was also a polarisation of the anti-SP votes behind the BSP. The BSP benefited from both these trends.

The three-year record of the Mulayam Singh government led to popular discontent. The main source of alienation of the people was the lawlessness that prevailed in the government and the criminal activities of the ruling party's men. The policies pursued by the government which promoted privatisation and patronage of certain big capitalists alienated the workers, peasants, weavers and other sections. The BSP was able to attract votes across the board of people discontented against the Mulayam Singh government. The BSP was also able to do "social engineering" that is utilise its solid base among the dalits to build a coalition of caste blocs. It changed its call from "bahujan" to "sarvajan". Its wooing of the Brahmins gave results as it got a chunk of the Brahmin vote. This combination also resulted in Muslims voting for the BSP in certain areas particularly where the BSP had put up Muslim candidates. All these factors resulted in a 7 per cent increase in the vote share of the BSP which polled 30.46 per cent.

The Samajwadi Party came second with 97 seats. The Samajwadi Party won 143 seats in the 2002 elections. However, the SP has been able to retain its vote percentage getting 25.4 per cent of the vote as compared to 25.3 per cent in the last elections.

The BJP went into the election campaign with its morale boosted by the Punjab and Uttarakhand elections. Its big victory in the Delhi Corporation elections also reinforced its belief that with an aggressive Hindutva agenda, it could revive its fortunes in UP. The BJP had won 88 seats in the previous elections and come third. It was hoping that it would make a substantial increase. But the election results have been a setback. Not only has the BJP seats come down to 50 but its percentage of votes have also come down by 3 per cent. As we have noted since the Lucknow session of the party in November 2006, the BJP has been highlighting its communal platform. In the UP elections it relied on the RSS to conduct its election campaign in a big way. The CD released for the campaign is a blatant hate campaign against the Muslims for which the Election Commission had to take action.

The Congress party has been marginalized in the state during the last two decades. It has been a poor fourth in the electoral performances in successive elections since 1989. The scheduled castes who were with the Congress went over to the BSP. The Muslims deserted the party after its compromising stand on the Babri Masjid issue and the Brahmins went over to the BJP. Since then, the Congress has not been able to regroup and build a viable base. Despite the much publicized campaign of Rahul Gandhi, the party fared badly. It has got only 22 seats as compared to 25 seats last time. Its vote percentage has also come down slightly to 8.6 per cent. The Jan Morcha led by V.P. Singh contested 118 seats but could win only one seat.

Our party contested 14 seats. But we have not won in any. In three seats we have come second, including the two sitting seats. In Najibabad we polled

41,860 votes, in Meja 38,647 and in Mehnagar 31,077. In all these seats we have lost to the BSP which has made big gains in the three areas where these seats are situated. The only other two seats where we have polled respectable votes are Tundla and Ferozabad where we got 14,154 and 13,743 votes. In all other seats we have fared poorly. Altogether we have polled 1.59 lakh votes in the 14 seats. The CPI has fared very badly. It has got 47,000 votes fighting 21 seats. The highest vote it has polled is 5423 in one seat. The main reason for our poor performance is the continuing marginalisation of the party in the face of the consolidation of caste identities and caste appeal.

The Party has failed to draw in the peasantry, the rural poor and other oppressed sections in united movements as a counter to the entrenched caste identities and growing caste appeal. The Party will have to seriously study how to tackle this phenomenon and to take up issues which can help build class solidarity while taking up issues of social oppression.

The Mayawati government has raised expectations and the dalit masses see the BSP government as an instrument for their empowerment. As against this the caste coalition built up by Mayawati has drawn elements who stand against their interests. Further, the policies of the government headed by Mayawati in the past have been in the mould of other bourgeois parties. How this contradiction will play out remains to be seen.

### **National Impact**

The formation of a BSP government which has an absolute majority in the assembly has obviated the need for Mayawati to have any alliance with the BJP as in the earlier times. In the last Central Committee we had pointed to the danger of the BJP trying to get into the government by aligning with the BSP. At present, Mayawati does not need either the BJP or the Congress for running the government. The UP election results have closed the option of the BJP trying to enter the government in alliance with Mayawati.

Further the setback to the BJP in the elections has put paid to its plans for using the electoral success in the state to launch an offensive at the national level. Even if the BJP had come second it would have projected that it has been successful in emerging as the major opposition to Mayawati and tried to use it for rallying other forces for a national come back.

The Samajwadi Party had hoped that if it emerged victorious in the UP elections it can go ahead with its third front project with its five party combination which includes the TDP, AGP, AIADMK and INLD. This has also suffered a setback.

In another sense, the UP election results have provided some comfort to the UPA government which would have faced an immediately difficult situation

if the BJP had registered success, enabling it to mount further pressure on the Centre.

At the same time, the BSP will be making efforts to expand its influence in states outside UP. This can have an adverse affect on the Congress party. For instance in Delhi already the BSP polled 10 per cent of the vote and got 19 seats in the corporation elections which damaged the Congress party. The BSP will be aiming to expand its existing influence in states like Madhya Pradesh. Mayawati is keen to expand into Maharashtra

### **Relations with Other Parties**

We had discussed the efforts of the Samajwadi Party, the TDP and some others to float a third front. In the UP assembly election, the leaders of the TDP, AGP, AIADMK and INLD addressed two election meetings jointly with the SP. After the elections, they have named the front, United National Progressive Alliance (UNPA) and some other small parties like MDMK have joined it. They have met in Hyderabad and Chennai to discuss the presidential election. While we do not subscribe to the idea of the front, we have been maintaining contacts with the SP and TDP as decided in the last Central Committee meeting. Our discussions with them on the presidential elections were helpful as this combination decided not to support Shekhawat since he belonged to the BJP. We shall continue to maintain our relations with the SP, TDP and the AGP, so that in future we can work out some common approach for joint actions.

### **Party's Campaign and Left Unity**

In the last Central Committee meeting, we decided to conduct a campaign to counter the attacks on the CPI(M) and the Left Front government on the Nandigram issue. This campaign was conducted all over the country to explain the true situation and the happenings in Nandigram.

At the same time, it was decided that we should discuss and repair relations with other Left parties. On the question of the presidential elections, the Left parties met and arrived at a common stand. The consultations between the Left parties helped in a proper intervention on the issue. The Left parties also gave a call for a joint observance of the 30<sup>th</sup> anniversary of the West Bengal Left Front government in June. We should make efforts for joint campaigns on agreed issues.

### **Attitude to the UPA Government**

In the last Central Committee meeting we had noted the erosion of support for the Congress and the UPA which reflects the discontent of the people

against the policies of the UPA government in the background of the steep price rise of essential commodities. The constant harping on the achievements of the high rate of GDP growth without any benefits accruing to the common people is leading to further alienation.

Unhappiness with the government's policies and performance should be expressed by the Party taking a firm and independent position. The CPI has called for review of support to the UPA government. Withdrawal of support to the government by the Left parties would mean bringing down the government. At this juncture this would be counterproductive and the resultant crisis will only help the BJP and the rightwing forces. As against this, we should take positions on the issues when they come up. On all policy matters and people's issue we should be more assertive both inside and outside parliament. Our intervention should be backed up by mass campaigns and movements.

The UPA-Left Coordination Committee has not been meeting since November 2006.

After the Presidential elections, before the monsoon session of parliament we should be able to formulate the stand in which we set out the major policy matters and issues concerning the people on which we want the government to respond.

### **Movement on People's Issues**

In the coming days, the Party should take up the vital problems faced by the working class, peasantry, agricultural workers, unemployed youth, women, small shopkeepers and the common people. The Party should conduct a two-week campaign and movement from August 16 to 30, 2007 on the demands which the Party is raising regarding these issues. The state committees of the Party will concretise the demands on the following issues for the campaign: 1) Demand to curb price rise, 2) PDS for all, 3) farmer's problems, 4) retail trade, 5) curb unemployment, 6) women's reservation Bill, 7) fight communalism, 8) Indo-US nuclear cooperation.

Since the urgent issue facing the people all over the country is the non-issuance of BPL and Antodaya cards and steps to restrict the PDS in all the states, during this fortnight, a day should be chosen for picketing of Central government offices demanding change in the criteria and policy of issuing BPL cards and for expanding the Antodaya scheme.