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Report on Current Developments

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International Situation

Global Economic Scenario

The IMF in its latest update of the economic outlook (January 2010) has expressed optimism about the growth prospects of the world economy in 2010, forecasting world output growth to be almost 4 per cent. While the advanced economies are estimated to witness slow growth (around 2 per cent), the IMF forecasts 6 per cent growth for "emerging market and developing economies" in 2010, which in turn is expected to drive global growth. While the crisis seems to have troughed owing to the substantial fiscal measures adopted by all the capitalist economies, forecasts of a global economic recovery seems premature.

The impact of the global economic crisis continues to be felt in the advanced capitalist countries, in terms of industrial stagnation and growing unemployment. The industrial output in the US in December 2009 was 2 per cent below that of December 2008. Capacity utilization in US industry in December 2009 was almost 9 per cent below its average for the period from 1972 to 2008. GDP in the Euro area contracted by 4 per cent between November 2008 and 2009. This shows the steep nature of the downturn in the advanced economies in 2009. In the United States, the number of unemployed persons reached 15.3 million in December 2009. At the beginning of the recession in December 2007, the number of unemployed persons in the US was 7.7 million. The unemployment rate in the US in December 2009 was 10 per cent, up from 5 per cent in December 2007 when the recession had commenced. In the Euro area too, unemployment has grown from 7.5 per cent in 2007 to 10 per cent in November 2009. For the OECD countries as a whole, the unemployment rate increased from 7.6 per cent in November 2008 to 8.8 per cent in November 2009.

The advanced capitalist countries are yet to come out of the recession. Despite the rhetoric on economic recovery, the dominant view within policy establishments continues to be in favour of further fiscal expansion. The US budget for 2010 presented recently by President Obama proposes a huge deficit of \$ 1.17 trillion (8% of US GDP), which comes after a \$ 1.75 trillion budget deficit in 2009 (12.3% of US GDP), the highest in the post-war period. However, there is hardly any effort to address the key structural problems in the regulation of the financial sector and the imbalances in the growth regime, which had precipitated the crisis in the first place.

In the backdrop of the crisis in the advanced capitalist countries, the growth being experienced in some of the developing economies, especially in Asia, is noteworthy. China registered 8.7 per cent GDP growth in 2009. This is mainly on account of its huge public spending programme worth \$586 billion announced in 2008, which was spent on infrastructure and rural development, unlike the advanced capitalist economies which spent most of their stimulus packages in bailing out the failed financial firms. With the Japanese economy having contracted by over 5 per cent in 2009, the Chinese economy is poised to become the second largest economy in the world in 2010. India with a GDP growth of above 6 per cent, along with Vietnam, Indonesia and Egypt are among the very few economies which have registered significant GDP growth rate in 2009, in which most economies in the world have experienced a negative growth rate.

Dubai Crisis

A crisis broke out in Dubai, the financial centre in UAE, in November 2009. Dubai World, an investment company owned by the Dubai Government announced a freeze in debt repayments worth \$ 15 billion till May 2010. This showed that the company has nearly been bankrupted following the collapse of the real estate bubble and financial meltdown. The company laid off over 10000 workers worldwide. Eventually it was bailed out with a \$10 billion loan from Abu Dhabi. But even if Dubai manages to survive the current crisis, the unsustainability of the finance led accumulation regime under globalisation based on bubbles in financial markets and real estate is clear. This indicates that the travails of finance capitalism in the current period are far from over.

Copenhagen Climate Summit

The UN Climate Change Conference in Copenhagen concluded on 18th December 2009 without meeting the goal of a legally binding agreement. In the absence of a treaty committing the rich and industrialised countries to deep emission cuts, the lives and well-

being of hundreds of millions of people, especially in the developing world have been put at risk. People all over the world had been hoping that the conference would chart out a clear course to save humanity and the planet from runaway global warming and climate change. This has not been happened. The positions and tactics adopted by the US and other developed countries were mainly responsible for the disappointing outcome. Right from the beginning the effort of the US and its allies in the negotiations were geared towards junking the Kyoto Protocol itself, negating the basic principle of differentiation between the industrialised and developing countries, and pressurise the developing countries to take on the major burden of reducing global emissions. Their inability to achieve these aims was due to the stiff and united resistance put up by the developing countries, which was one of the few positives in Copenhagen.

Major developing countries such as the BASIC bloc of China, India, Brazil and South Africa, as well as Mexico and Indonesia, voluntarily announced reductions in emission growth rates, going far beyond their obligations under the Kyoto Protocol. However, the US, EU and other developed countries did not budge an inch from the low emission cuts they had declared before Copenhagen. The CPI(M) had warned the Indian Government that unilateral concessions, before the negotiations, and without conditional linkages to deep cuts by developed countries, would not yield results. This is indeed what has happened.

A complete failure in Copenhagen has been averted with the face-saving text of a "Copenhagen Accord" with the promise of a legally binding agreement in 2010. Though the accord has no legal status and would not bind countries, it provides some way of keeping future negotiations alive. Without this, the failure of the conference could have meant the collapse of the climate treaty and the Kyoto framework. The accord, however, is extremely weak in terms of the deep and immediate emission cuts by developed countries that are required to tackle climate change. It is deeply ambiguous with several loopholes and the possibility of different interpretations, particularly with regard to emission cuts by developing countries, and fund and technology transfers. The Government of India should therefore ensure that in future negotiations, the red lines committed in the Parliament are strictly adhered to. India must also press for deep and immediate emission cuts by the US and other developed countries and work with other developing countries to ensure sustainable development and equitable terms in any final treaty.

Obama's "Af-Pak" Strategy

The US President Barack Obama announced the deployment of 30000 additional US troops to Afghanistan in December 2009. The US expects this "surge" to put the Taliban on the defensive and prepare grounds for a US mediated solution within the next 18 months, which has been set as a deadline for the beginning of pull out of American troops. US' NATO allies have pledged 7000 more troops to back the US plan. Going by the developments in Afghanistan and Pakistan though, the strategy is unlikely to succeed. The Taliban is gaining out of the US-NATO invasion, which continues to result in high civilian casualties (according to the UN Assistance Mission in Afghanistan, 2009 was the deadliest year since 2001 which resulted in the death of over 2400 civilians out of which around 780 deaths were caused by "pro-Government forces" including 359 civilians killed during "aerial attacks"). US and NATO combat deaths rose by 76 per cent from 295 in 2008 to 520 in 2009. Terrorist attacks are taking place in Pakistan too with alarming rapidity. The conflict in Afghanistan is engulfing Pakistan. While the extremist Islamist forces in Pakistan did not enjoy popular support, US military intervention and drone attacks are deeply resented by the people.

The recent summit in London on Afghanistan saw the western countries pledge £ 87 million to set up a fund, which would be used to woo "moderate" elements of the Taliban into joining the Hamid Karzai led Government in Kabul. Saudi Arabia's help has been sought to bring about such a "reconciliation and reintegration".

Yemen

The possibility of yet another front in the US' "war on terror" has opened up in Yemen, a very poor country in the Arabian Peninsula. Reports in the US media suggest that during air raids by the Yemeni air force against alleged Al-Qaida training camps on 17th December, the US also fired two cruise missiles apparently on orders from the White House. The Yemeni opposition has alleged that a number of civilian casualties resulted in the attack. The Al-Qaida tried to "avenge" the attack through an attempted (but failed) suicide bombing in a Detroit bound plane on Christmas day.

Latin America

Leftwing candidates won in the elections held in two countries in Latin America. Evo Morales emerged victorious in the presidential elections held in Bolivia. He won comfortably securing 62 per cent of the vote, nearly 35 per cent more than the opposition candidate. His party Movement towards Socialism (MAS) secured two-thirds majority in both the Senate and the Congress, for the first time

securing control of these two institutions. Presidential and parliamentary elections took place in Uruguay in October and November 2009. In parliamentary election results, the Leftwing coalition Frente Amplio (Broad Front) emerged the winner, electing 16 senators and 50 deputies. In the Presidential elections, Jose Pepe Mujica of the Frente Amplio won in the run-off securing 53 per cent of the vote. In Chile, however, the rightwing candidate Sebastian Pinera won the Presidential elections in a run off held in January 2010 by securing 51.6 per cent of the votes, defeating the social democratic candidate Eduardo Frei. This is the first victory of a rightwing candidate in the presidential elections in Chile in twenty years.

ALBA Summit

A summit meeting of the Bolivarian Alliance for the Peoples of Our America (ALBA) took place in Havana in December. The current member countries of ALBA include Venezuela, Cuba, Bolivia, Nicaragua, Ecuador, Saint Vincent and the Grenadines, Dominica, and Antigua and Barbuda. The summit evaluated the achievements of the anti-imperialist, fair trade bloc since its inception five years ago and future prospects, challenges and opportunities for Latin American and Caribbean integration. The leaders reiterated their commitment to continue projects for social development, training, providing free health and education services to previously disadvantaged people, with an emphasis on disabled people. An important development of the ALBA summit was the concretisation of the agreement finalised at the Cochabamba meeting to form a regional currency, the SUCRE (Unified System of Regional Compensation). The aim of the currency is to provide an alternative to the US dollar to be used in commercial exchanges and ensure monetary sovereignty for member countries of the ALBA. The first transaction using the SUCRE will occur in January 2010 and will involve the export of rice from a Cuban-Venezuelan joint venture to Cuba. Member countries will make deposits in their local currencies into the Bank of ALBA, with its headquarters located in Caracas, which will then be converted into the SUCRE. Initially the SUCRE will operate as a virtual currency, but will later become a hard currency like the Euro.

The summit also noted the increased offensive deployed by the government of the United States in Latin America, and the threat represented by the recently signed deal between Washington and Colombia to install seven military bases in Colombia. The countries were also united in their unequivocal condemnation of the coup in Honduras. In this context the regional alliance also discussed the creation of an ALBA Defence Council.

Sri Lankan Elections

The incumbent President Mahinda Rajapakse won the Presidential election held on January 26. He defeated the combined opposition candidate, retired army chief Gen. Sarath Fonseka by a big margin of 17 per cent. In the background of the military victory over the LTTE, the elections were advanced by two years prior to the end of the term of the President.

The establishment of a durable peace and stability in Sri Lanka requires a political settlement of the Tamil question involving the provision of autonomy for the Tamil-speaking areas. It is incumbent upon President Rajapakse to initiate the process for the political solution without further delay.

National Situation

The period since the October Central Committee meeting has been marked by relentless price rise of food items, the divisive impact on the demand for a separate Telangana in Andhra Pradesh and elsewhere and the continuing attacks on the CPI (M) and the Left in West Bengal. The period also saw on the foreign policy front the visit of the Prime Minister to the United States and steps to deepen the strategic ties with the US. It also saw a significant improvement in Indo-Bangladesh relations with the visit of the Prime Minister Sheikh Hasina.

Relentless Price Rise

The main feature of the last three months has been the relentless and unprecedented rise in prices of food articles. The food inflation rate stood at 17.56 per cent in the week ending January 23, 2010. The retail price of sugar reached an unprecedented high of Rs. 50 per kg. The prices of cereals, pulses, vegetables and milk continue to rise. This reflects the utter failure of the UPA government in checking food prices and inflation.

The Central Government wants to shirk its own responsibility in checking food price inflation by blaming the States. But the faulty policies and mismanagement of food stocks by the Central Government is the real cause behind price rise. The Central Government failed to build a buffer stock of sugar, when production was adequate. Instead it incentivised exports helping big traders and sugar mill owners. Later when shortages appeared, a slew of concessions were doled out to importers since early last year but that has not resulted in lowering the retail price of sugar. Only the traders and big companies have profited.

The Central Government's faulty approach is also evident in the decision to release buffer stocks of foodgrains in the open market rather than to provide it to State Governments at subsidized rates. The issue price of the so-called "additional allocations of foodgrains" being offered to State Governments is double the price of the earlier APL allocations. For example in Kerala the issue price of rice for APL allocations was Rs.8.90 per kg. The monthly allocation of 1.13 lakh tonnes was slashed to just 17,000 tonnes. Now the additional foodgrains offered by the central Government is at Rs. 17 per kg.

The Central Government has liberalized inter-State movement of foodgrains and relaxed stockholding norms for private traders and corporates. At the same time speculative capital in the futures market continues to play havoc with commodity prices. The earlier ban on future trading in wheat was revoked. Individual State Governments cannot make a dent on inflation through isolated actions in this neo-liberal policy environment created by the Central Government.

Anti-Price Rise Movement

Our Party has demanded that the Central Government take the following immediate steps in order to rein in food price inflation:

1. The Government must release cereal stocks through the PDS by increasing the rice and wheat quotas for the States. The Food Security legislation should be tabled without any further delay.
2. The Government must supply sugar, pulses and edible oils through PDS outlets at cheap rates.
3. Futures trading in all food articles must be immediately banned.
4. The Central Government, in coordination with the State Governments, must launch a countrywide crackdown against hoarding and black-marketing. All private traders of food articles must disclose their stocks and release surplus stocks.
5. Diesel and petrol prices must be brought down by cutting indirect taxes.

The anti-price rise movement needs to be intensified around these demands. Since food inflation affects the poorest sections the most, we must combine these demands against price rise with the demands to strengthen and expand the Public Distribution System.

We should demand a modified food security legislation that provides for 35 kg of foodgrain at Rs. 2 per kg per nuclear household to be provided by the Central government. Till that is achieved, our

demand is that the Central government change the criteria for identifying BPL cardholders to include all informal workers so that all sections of the poor are covered. We should also demand the restoration of allocations under the APL category to the states. The PDS should be expanded to include pulses, cooking oil and other essential commodities.

The March 12 all-India rally of the Left parties will be focusing on the price rise and PDS issue. The call given by the rally should be utilised to step up the struggle of the rural and urban poor, in particular, against price rise and for access to PDS.

Agrarian Crisis

It needs to be underlined that the food price inflation being witnessed in the country today is a fallout of the erosion of food self-sufficiency owing to the anti-farmer policies pursued in India under liberalization. Agricultural growth has decelerated during the post-liberalization period and food grains production has stagnated. The per capita annual production of cereals had declined from 192 kg in 1991-95 to 174 kg in 2004-07 and pulses from 15 kg to 12 kg. The cost of inputs for farmers has been increasing steadily. Costly fertilizer imports have increased while the Government refuses to take steps to open seven fertilizer plants which are lying closed in the country. The campaign against price rise should therefore be linked to the campaign against neoliberal policies which are causing peasant distress, affecting agricultural production and endangering food security.

Economic Situation

While India has escaped the worst of the global economic crisis, economic growth has slowed down from the previous period and is expected to be between 6 to 7 per cent in 2009-10. Exports in April to November 2009 was 14.7 per cent lower (in rupees) than the same period last year. An UNCTAD study has estimated that 7.5 lakh net job losses would occur in the current financial year in the export sectors. Agriculture is expected to witness negative growth owing to the severe drought which hit over 300 districts of the country. According to the Advance Estimates of the Department of Agriculture and Cooperation released in December 2009 suggests that rice production in the kharif season is going to be only 71.65 MT against the target of 86 MT. Total pulses production will also decline to 4.42 MT against the target of 6.5 MT.

Disinvestment

The Central Government has decided to divest at least 10 per cent of government equity in all listed PSUs and listing all unlisted profitable PSUs in the stock market. Already shares of NHPC and Oil India have been sold. Next in line are NTPC, Satluj Jal Vidyut Nigam, Rural Electrification Corporation (REC) and National Mineral Development Corporation (NMDC). The Government has made its intention clear that over 60 CPSUs would be listed in the stock market in the next two years, including PSU giants like the SAIL, Coal India and BSNL. A fraudulent concept of "peoples' ownership" is being used to mislead public opinion and conceal the true nature of disinvestment.

This aggressive disinvestment drive is being undertaken to bridge the fiscal deficit which has reached nearly 7 per cent of GDP. Our Party has consistently held that divesting stakes of profit making PSUs to finance the fiscal deficit is an irrational step. While in the case of running a deficit, the government has to make interest payments in the future against a one-time borrowing from the market, in the case of disinvestment, future streams of income from dividends are forgone against a one-time receipt from the sale of stakes. Disinvestment is worse since it involves transferring state-owned assets to private hands, which is not the case when the government borrows from the market. According to the Public Enterprises Survey 2007-08, the central PSUs taken together contributed Rs 19,423 crore to the central exchequer in 2007-08 as dividends, witnessing an increase of over Rs 4000 crore from 2005-06. Considerable divestment of Government's stakes in central PSUs would squeeze this important source of revenue.

Rather than mobilising more taxes from the private corporate sector by doing away with tax exemptions, the Congress led Government is opting for the irrational course of disinvestment.

The resistance put up by the Left parties during the tenure of the UPA-I Government had ensured that the disinvestment process had almost halted. The attempts by the Congress led Government to revive the disinvestment process is only meant to benefit the big financial players in the stock market. This class biased policy needs to be opposed resolutely.

Bt. Brinjal

The Government has been carrying out regional consultations on the issue of Bt Brinjal. A final decision on its commercial release is to be taken in February 2010. The introduction of Bt Brinjal has been opposed from various quarters, owing to the non-transparent manner in which safety assessments were carried out and the role

played by the MNC, Monsanto. Genetically modified crops are to be used only after adequate trials and safeguards are put in place. Our Party is opposed to the monopolisation of biotechnology by the MNCs and their domestic collaborators. The Government should try to develop biotechnology through public research institutions instead of allowing Bt Brinjal to be commercially released by the Monsanto.

Telangana Issue

The agitation for a separate Telangana state erupted suddenly when the TRS leader K. Chandrasekhara Rao began his hunger strike on November 29, 2009. The agitation was spearheaded by the students and teachers of Osmania University in Hyderabad. On the eleventh day of the hunger strike, the Congress leadership announced that the process for the formation of Telangana state will be initiated with a resolution being placed in the Assembly. This announcement was made by the Union Home Minister P. Chidambaram on the night of December 9. Prior to the announcement, the Chief Minister had called a meeting of the Floor leaders in the state Assembly to elicit their opinion on the issue of moving a resolution on the formation of a Telangana state. The TDP, PRP, BJP, CPI and TRS promised to support the resolution. The Congress party stated that they would abide by the decision of their high command. The MIM and the Lok Satta did not take a clear position. Only the CPI(M) stated that it adheres to the position of a united state. The 9th December categorical announcement by the Home Minister in favour of Telangana state came as a surprise. There was a strong reaction among the people of the coastal and Rayalseema areas.

The agitation for a united Andhra Pradesh began with the support of all the parties like the TDP, Congress, PRP and others in the coastal and Rayalseema areas. Bandhs and hunger strikes took place. 143 MLAs belonging to the Congress, TDP and PRP submitted their resignations in protest. The Congress, the TDP and the PRP have been vertically divided between the Telangana and non-Telangana regions.

The state Assembly was adjourned sine die. Finally, after two weeks of the counter agitation for a united Andhra Pradesh, the Union Home Minister made a statement on December 23 saying that the situation had altered in Andhra Pradesh since the December 9 statement. There is need for wide ranging consultations with all political parties and groups regarding the Telangana issue. There was no mention about moving an appropriate resolution in the state Assembly as in the earlier statement.

This led to charges of betrayal by the TRS Chief. A 48-hour bandh was called in Telangana and the agitation resumed. A Joint Action

Council consisting of various parties supporting Telangana was formed. Under their pressure, the ministers from Telangana in the Cabinet sent their resignation to the Congress President. But on the direction of the Congress leadership, they continued in the Cabinet.

The Home Minister called a meeting of eight recognised political parties of Andhra Pradesh on January 5, 2010 in New Delhi. The aim of the meeting was stated to be for setting up a mechanism for the consultation process. In this meeting, the TRS, the BJP and the CPI were in favour of a separate state. The CPI(M) and the PRP were for a united state. The MIM did not spell out the party's stand explicitly except to demand the Muslims be consulted on the issue. Both the Congress and the TDP send representatives from the Telangana and non-Telangana regions who expressed their contradictory views for and against a separate state.

The joint action council for Telangana had given an ultimatum to the MLAs from the region to resign by January 28, 2010, if the Central government does not come out with any decision giving a timetable for the process of formation of separate state.

The Central government is to announce an expert committee headed by a retired Supreme Court Judge, which would hold consultations and seek the views of all sections on the Telangana issue.

It is clear that the December 9 statement of the Home Minister was a hasty and ill-planned move. After the strong counter-reaction in the coastal and Rayalseema areas, the Congress leadership backtracked and is now engaged in buying time to find a way out.

In this whole period, our Party in Andhra Pradesh stood for a united state against all the odds. We also did not take a confrontationist stand against the Telangana state keeping in mind the prevailing sentiment in the region. The Party state committee held an urgent meeting on December 15, 2009. It decided that we should not participate in the agitation led by other parties in the coastal and Rayalseema areas. We should take our position about the united state to the people as part of our campaign on people's issues.

The state committee also decided to adopt the following approach:

- We should hold the Congress party responsible for the present imbroglio and demand that it to come out with a solution.
- To restore normalcy and peace all over the state is the immediate necessity. Central government should discuss with all the political parties and come out with a statement which assures people of all regions.

- With regard to the division of state, the Central government should discuss with all political parties at the state level and central level to arrive at a consensus.

Our Party in Andhra Pradesh has taken a correct stand and adopted appropriate tactics to meet the difficult situation.

Impact of Telangana Announcement

There was an immediate impact of the Telangana statement of the Home Minister on December 9. Demands for separate states were raised in various states and agitations and protests organised for the same. In Uttar Pradesh, Mayawati demanded the formation of three new states within UP i.e. Western UP, Bundelkhand and Poorvanchal comprising the eastern districts. She also wrote to the Prime Minister stating that she is prepared to bring a resolution before the assembly for the creation of these new states if the Centre agrees. Already there is a demand for Harit Pradesh comprising western UP which is being advocated by Ajit Singh's Rashtriya Lok Dal.

In Assam, the demand for a separate state of Bodoland has been revived and protests organised. The Kamtapur demand has also become active and a bandh was called in the 13 districts of lower Assam. The demand for autonomous states within the state for Karbi Anglong and North Cachar hills is being pursued again. There is also the demand for a separate state comprising of the three districts of Cachar, Hailakandi and Karimgang in the Barak valley. In Maharashtra, the demand for Vidharbha has also got rejuvenated. In West Bengal there are already the movements for Gorkhaland and Kamtapuri. We are opposed to these demands for separate states in West Bengal.

Our stand for a united Andhra Pradesh based on the principle of not breaking up the states which were linguistically reorganised should be maintained. While maintaining our overall stand against the break up of linguistic states, the specific approach adopted in Andhra Pradesh by our Party is to check our isolation in Telengana and to maintain our links with the masses.

We have already taken the stand in Assam against the further division of Assam. This is being appreciated by the Assamese people who fear that there will be no identity or state left for them.

The creation of smaller states by breaking up the bigger linguistic states is harmful for the federal set up. These states will be more dependent on the Centre. Another point we must highlight is that small states will easily fall prey to the exploitation of big business houses and multinational corporations. The experience of Jharkhand

and Chattisgarh where big business both Indian and foreign have free rein in looting the resources of the states has to be highlighted.

Ranganath Mishra Commission Report

The report of the National Commission for Religious and Linguistic Minorities headed by Justice Ranganath Mishra has been tabled in Parliament. The report has recommended reservation of 15 per cent of posts at all levels under the Central and state governments for minorities. The minorities should be regarded as backward within the definition of the term in the Constitution as "socially and educationally backward". The report has recommended that 10 per cent out of the 15 per cent should be allocated for Muslims and remaining 5 per cent for other minorities. (A note on the recommendations of the report is circulated as an information document.)

The Commission has also made an alternative recommendation that if there is any insurmountable difficulty in implementing the 15 per cent reservation which is their first recommendation. The alternative proposed is a sub-quota of 8.4 per cent for the minorities within the 27 per cent OBC quota. Of this, 6 per cent for the Muslims and 2.4 per cent for other minorities with minor adjustments in accordance with the population of various minorities in various states and union territories. The other recommendation proposes to extend Schedule Caste status to all communities irrespective of religion. For this it proposes an amendment to the Constitution (Scheduled Caste) Order 1950, so that apart from Hindus, Sikhs and Buddhists, people of Scheduled Caste origin belonging to other religions can be included such as Muslims and Christians.

The CPI(M) supports the recommendation of the Ranganath Mishra Commission Report regarding reservation for minorities. It is a fact that a bulk of the Muslim minorities are backward in terms of social, educational and economic criteria. The Ranganath Mishra Commission Report merit lies in the fact that it provides reservation for minorities on the basis of Article 16(4) of the Constitution which enables the state to make provision for any backward class of citizens. The Ranganath Mishra Commission report provides for minorities excluding the creamy layer as enjoined by the Supreme Court.

The CPI(M) also supports the recommendation to extend Scheduled Caste status for those among Muslims and Christians who are by birth and social status belonging to the Scheduled Castes and, thus, would be entitled to reservation. The Party, therefore, supports:

1. The recommendation to provide 10 per cent reservation to Muslims excluding the creamy layer.
2. The benefits of reservation enjoyed by the Scheduled Castes among the Hindus, Sikhs and Buddhists should be extended to their counterparts among the Muslims and the Christians.
3. To implement these recommendations, the present quota fixed for backward classes and Scheduled Castes should not be disturbed. Additional allocation should be made from the open quota. Since the Supreme Court has ruled that the quota for reservation should not be increased from 50 per cent (except in states which have already exceeded 50 per cent in the past) an amendment to the Constitution would be necessary to provide for reservation above 50 per cent.

Indo-US: Manmohan's Visit

The Indian Prime Minister visited the US in November 2009. The four-day visit to Washington provide ample indication that the Congress-led Government will continue on the path towards forging deeper strategic ties with the US. One of the key aspects of this alliance is the defence relationship. The joint statement issued by the US President and the Indian Prime Minister reiterates the commitment of the two leaders "to continue pursuing mutually beneficial defence cooperation through the existing security dialogue, service-level exchanges, defence exercises and trade and technology transfer and collaboration". The US is eager to become a major arms seller to India. The Prime Minister responded to this American priority in his address to the US Chamber of Commerce: "We have an expanding area of defence collaboration including the possibility of procurement of defence equipment from the US. Our domestic private sector defence suppliers are now allowed to have up to 26 per cent foreign investment, opening a new avenue for Indo-US collaboration".

The signing of the End Use Monitoring Agreement with intrusive provisions during the visit of Hillary Clinton in July 2009 has opened the way for large scale purchase of US arms and defence equipment. The US has single-mindedly pursued defence collaboration to ensure "interoperability" between the two armed forces. This is being ensured through regular joint exercises between the two armed forces, and by putting in place a regime which can enable India to buy weapons and defence equipment which will be under the strict supervision of the Pentagon.

The Prime Minister's pronouncement about economic policies and foreign investment in India were meant to please American big business. The Prime Minister was at pains to assure them about the continuance of neo-liberal economic reforms. He announced that the

Government has started "a programme to raise resources by selling of equity in public sector enterprises" and promised financial sector reforms. As far as American investments are concerned, he wanted them to enter agri-business, agricultural marketing and other sectors like mining and retailing. These are precisely those sectors where entry of foreign capital is not in our national interest.

As a follow up to the 123 agreement, the Indian side tried hard to finalise the reprocessing agreement, which they hoped could be signed during the visit. But this did not happen. The right to reprocess spent fuel imported from the US requires another agreement subsequent to the 123 agreement being ratified. It is reported that the US wants intrusive inspections of the reprocessing facilities that India will set up. Here again, the US wants to extract a price which the Indian side has to concede, having accepted unequal terms for the 123 agreement.

Manmohan Singh's visit has underlined the character of the Indo-US strategic alliance. The US has enlisted India for military cooperation and is on the way to becoming a large scale supplier of weapons which will enormously benefit its arms companies; the Indo-US nuclear deal has straitjacketed India into adopting positions contrary to an independent foreign policy. The US, unlike what the pro-American acolytes in the Indian establishment want, will continue to accord importance to Pakistan, which is not only a major non-NATO ally, but also its dubious partner in the "war against terror".

Soon after the Prime Minister's visit, India voted for a resolution censuring Iran in the IAEA. The NAM group decided not to support the resolution. That is why countries like Egypt (the current chairman), Cuba, South Africa, Brazil and Malaysia voted against or abstained on the resolution. Even Pakistan and Afghanistan abstained.

India-Bangladesh Relations

The Prime Minister of Bangladesh Sheikh Hasina visited India in the beginning of last month. This was a very important visit in the wake of important changes taking place in the domestic sphere of Bangladesh where following the landslide victory of the Awami League and its allies in the last general elections forces against religious fundamentalism appear to have consolidated. Important constitutional changes to resecularise the Republic and legal procedures to bring the perpetrators of the assassination of Mujibur Rehman have succeeded. The Bangladesh Supreme Court in a judgment in January has lifted the stay on a ban on the use of religion for political purposes. With this judgment the way has been cleared to stop any political party using a religious name. The Sheikh

Hasina government has declared it will not tolerate extremist groups from India operating on its soil. As a result, ULFA leaders including its Chairman Arabindo Rajkhowa were pushed back into Indian territory where they were arrested.

The visit came, therefore, at a very important juncture where the relationship between the two neighbouring countries could be qualitatively improved. There have been important agreements arrived at between the two governments covering energy and other physical infrastructure, cross border crime and terrorism and cultural relations. India has committed to provide one billion US dollars financial assistance to Bangladesh which is the highest ever to any country. The two countries have also decided to further engage on water resource related issues. This overall direction is a very positive development, more so, as the Bangladesh government's positive outlook comes in the wake of stiff opposition from forces which are opposed to a closer and improved neighbourly relations between the two countries.

Mumbai Attack – Role of US National

It has been widely reported that David Headley, who has been charged for conspiracy in the Mumbai terrorist attacks, was an undercover agent working for the US Drug Enforcement Administration (DEA) since 1999. David Headley, whose real name was Daood Saleem Geelani was arrested in February 1997 in New York for conspiring to import heroin into the US. However, since he started cooperating with the DEA, he was released and allowed to travel to Pakistan to conduct undercover surveillance operations on drug gangs in Afghanistan and Pakistan. Headley made frequent trips between Pakistan and the US since 1999. This was with the full knowledge of the US intelligence agencies.

As has been the case with several such American double agents in the past, most famously Osama bin Laden who had started his career as a CIA operative, David Headley too started working for the Lashkar-e-Toiba. Investigations have revealed that David Headley had made multiple visits to India and carried out reconnaissance of the targets of the Mumbai terror strikes. Most shockingly, he visited India even after the Mumbai terror attacks in 2009. The FBI was evidently aware of David Headley's antecedents and had put him under surveillance well before the Mumbai terror attacks occurred in November 2008. But the Indian intelligence agencies were unaware of David Headley's visits to India. This exposes the true nature of cooperation and intelligence sharing by the US agencies. The Indian investigators are being denied access to David Headley, even though the FBI was allowed to question Ajmal Kasab who is in Indian custody.

Talks with Pakistan

The Central Committee meeting in October had pointed out the need to resume talks with Pakistan even while keeping up the pressure on Pakistan to act against the terrorist elements operating within their country. The Central government has proposed to Pakistan talks at the foreign secretary level to discuss security and terrorism related issues. This can be the beginning of the resumption of dialogue with Pakistan.

Maharashtra: Chauvinist Politics

After its failure in the recent assembly elections, the Shiv Sena is raising chauvinist issues and seeking to outbid the MNS which has eroded its base. In this disruptive game, the Shiv Sena is not only targeting non-Maharashtrians in Mumbai but also opposing Pakistan cricketers playing in Mumbai. The Shiv Sena is also intimidating film actors and other personalities who voice their disagreement with such disruptive politics. The Congress-NCP government in Maharashtra is also pandering to chauvinist sentiments. The recent order requiring taxi drivers in Mumbai to have 15 years domicile and to be able to speak and write Marathi is one such instance.

The Shiv Sena, founded in the sixties, was backed by big business to target the communist and trade union movement. Today, the same forces are threatening to destabilize the financial centre of capitalism. This is evoking widespread condemnation from the corporate media. Both the Shiv Sena and the MNS varieties of chauvinism have to be firmly combated. The Left and democratic forces must champion the unity of all sections of the working people against such reactionary chauvinism.

Maoist Violence

One aspect of the Maoist attacks in different parts of the country is the targetting of the CPI(M). In West Bengal, the Maoists have been targetting and killing cadres and supporters of the CPI(M) in West Midnapur, Bankura and Purulia districts. In West Midnapur alone, 70 comrades have been killed since the Lok Sabha elections.

It is not only in West Bengal that the CPI(M) is targetted. In the recent period, two comrades were killed in Bhadrachalam district in Andhra Pradesh by a Maoist squad. In Orissa, the Maoists abducted and killed a trade union leader in Sundargarh district. Earlier they had assaulted a local Party leader who is a zilla parishad member. As decided in the last Central Committee meeting, we have to step up the campaign against the Maoists all over the country. A

pamphlet against the Maoists and their disruptive activities was brought out by the Party Centre. Meetings and discussions should be organised in the university campuses and colleges against the Maoists exposing their disruptive ideology and politics. The gruesome killings of CPI(M) cadres and workers must be widely disseminated the effort to project the Maoists as fighters against exploitation of the tribal people and the poor and their complicity with Trinamul Congress in West Bengal must be countered.

West Bengal Situation

There has been no let up in the attacks against the Party, its cadres and supporters in West Bengal since the last CC meeting in October. The Trinamul Congress is responsible for the bulk of the attacks while the Maoist violence is concentrated in the three districts adjoining Jharkhand. So far 166 comrades have been killed since the Lok Sabha elections. This attack must be seen as part of the ruling class effort to isolate and weaken the CPI(M) and the Left. Imperialist interests are also behind these efforts.

The Trinamul Congress is spearheading the anti-Communist force. It is mobilising the lumpen elements and unleashing violence. Unlike the period of semi-fascist terror in the early 1970s when the attack was concentrated in the cities and industrial areas, it is now more widespread in the rural areas. In the present situation, we have to target the TMC and work to isolate them. We have to mobilise the people against the violence and build up resistance. While doing so, we should adopt tactics which will help to weaken the TMC led combination. There has to be a differentiation between the TMC and the Congress given the fact that it is the former which is leading the anti-Communist attack.

The Party, in the past few months, has been taking steps to reforge links with those sections of the people who have been alienated from us. The mass contact campaign and taking up the immediate issues of the working people and the poor is being undertaken. The campaign against violence and attacks on democracy is also being conducted. The Party and the Left Front is conducting a campaign against the Central government's policies, price rise and other issues.

To mourn the passing away of Comrade Jyoti Basu, there have been silent processions and condolence meetings all over the state in which a large number of people have participated. The Left Front will be holding a mass rally at Brigade Parade Ground on February 7.

The attack in West Bengal must be seen as an attack on the entire Party. We must conduct a vigorous campaign in the country to expose the violence of the TMC-Maoist combine and to express solidarity with the Party and the Left in Bengal.

Conclusion

The Party should mobilise the people for the Left parties rally in Delhi on March 12. The issues of curbing price rise, protecting land of the peasants and tribal people, provision of employment and defence of democratic rights and against the violence in West Bengal should be taken to the people in the campaign to make the Left rally a success. In states which are far from Delhi, we should conduct a campaign during this period as we cannot mobilise people to go to Delhi in big numbers.

We will have to implement the call given in the rally for protest action. The Party has to also follow-up on the rally by launching state-level movements and local struggles on these issues.

The Party has to carry forward the rectification campaign. In the next meeting of the Central Committee, the rectification report of the Central Committee should be adopted.