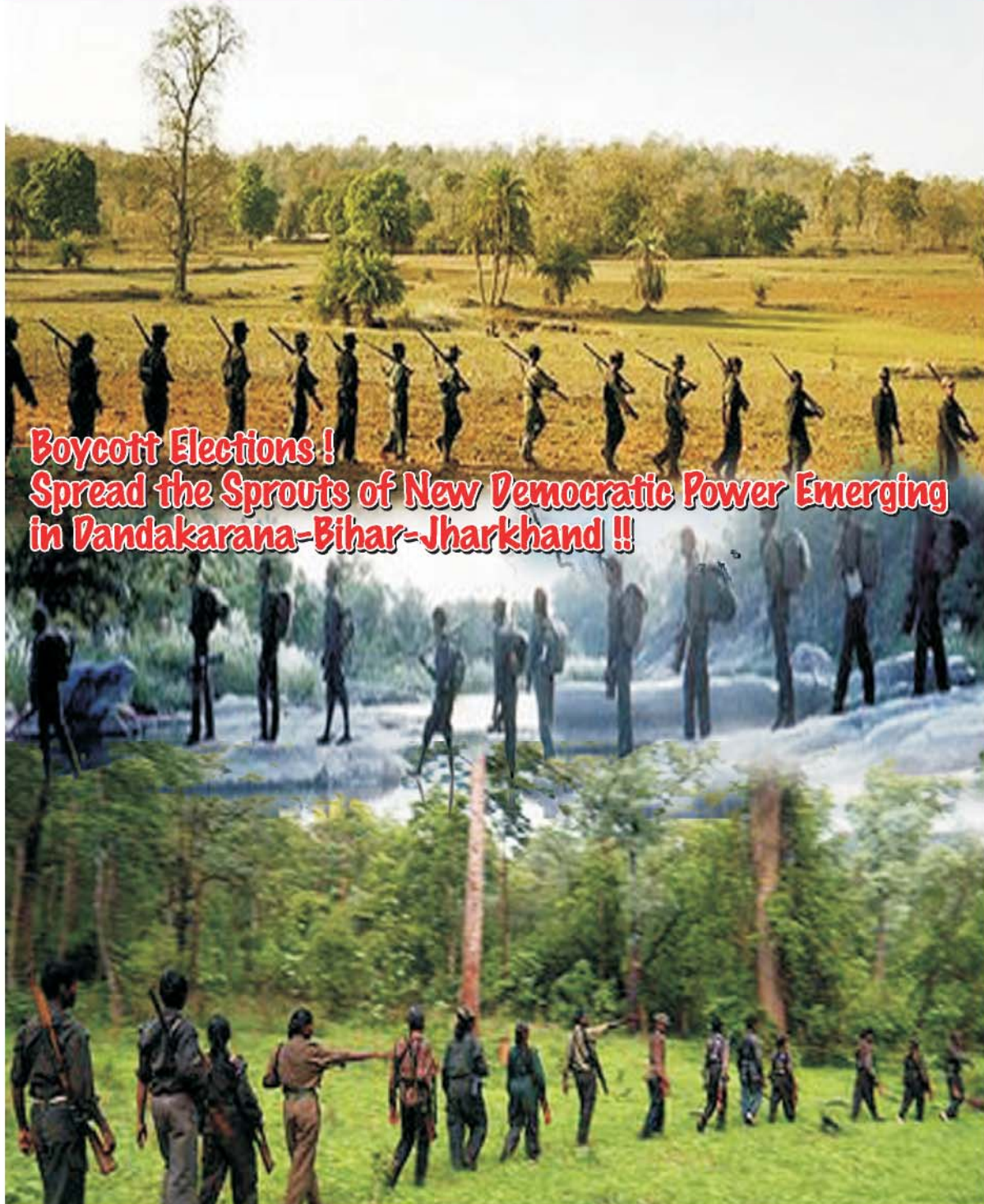


# Peoples' Truth

*Voice of the Indian Revolution*



**Boycott Elections!  
Spread the Sprouts of New Democratic Power Emerging  
in Dandakarana-Bihar-Jharkhand !!**

**Inside: As World wide crisis..... Loksabha Elections..... Dismal Industrial.....**

**DISMAL  
INDUSTRIAL  
SCENARIO &  
DOWNWARD  
GROWTH**

**8**



**LOKH SABHA  
ELECTIONS  
& THE POLITICAL  
CIRCUS**

**44**

**POLITICAL COMMENTARIES**

The Recent Draconian Acts.....	13
Corporate Fraud & Political Swindle.....	15
Scrap the anti-reservation Reservation Bill	19
An interim budget with stress....	24

Lumpen CPI (M).....	31
On Banking Sector Reforms.....	34
<b>INTERNATIONAL</b>	
Support the Liberation Struggle of Tamil Eelam People	21

**REPORTS**

From Lalgarrh	26
From Nandigram to Nayachar	33
Assembly Election in Chattisgarh....	38

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Owned, Edited, Printed & Published by P. Govindan Kutty, Peroor house, Tripunithura, N.F. Emakulam, Kerala - 682 301,

Printed at Cherry Printers, Mannoor, Keezhillam - 683 541

# AS WORLDWIDE CRISIS DEEPENS INDIA FACES DEVASTATION

Arvind

**T**HE crisis in all economies of the world has intensified at a rate unexpected by all economic forecasts. The figures rolling out are frightening – whether it is in the US, Europe, or even in China and Russia. And this is in spite of the massive bail-outs, stimulus packages, interest rate cuts, etc. None of these measures seem to have any significant effect. In fact, the figures of the losses in the financial institutions are mind-boggling, and the bail-out packages, much of it swallowed by the very titans who are the cause of the crisis, are not likely to save the crumbling economies.

And in India, for all the tall-talk of the media and government that our fundamentals are sound, its impact has already been devastating, with not lakhs, but crores thrown out of jobs, and with lakhs more facing wage/salary cuts and in the line of fire. Here too, a series of stimulus packages and massive liquidity infusions have had little effect. Sales continue to drop and jobs continue to be lost. And the government, instead of seeking to shield itself from the impact of the meltdown in the imperialist countries (which is at the roots of the problem), has taken a slew of policy decisions pushing the country deeper into the grip of the imperialist octopus. Over and above the earlier decisions, the Commerce Ministry has recently taken a decision to allow the unrestricted flow of FDI (without any caps) into any industry in any sector.[See Box] Not a single party in all their election propaganda is addressing this most serious problem facing the country. They talk abstractly of *aam admi* but not concretely on what measures can be taken to insulate the people from the effects of the turmoil in the imperialist countries.

By year end the world is likely to face a horrifying situation with all countries stepping up their military expenditure, both, to boost sagging demand and to prepare for possible conflagrations.

In this article we shall take the latest update (since our last article) on the world situation and also in India. We shall then

look at its implications and the rise of peoples' movements.

## Update on the International Economy

After the earlier bail-outs and stimulus packages of the beleaguered Republican government of the US, Obama, amidst huge fanfare, introduced yet another stimulus package of \$800 billion to one trillion. This was accompanied by further cuts in interest rates, which now hover around zero per cent

Yet, this all seems to be to no avail. All figures coming in for January and February of this year have been even more depressing than those earlier. In fact, on March 8<sup>th</sup> the World Bank, in a report, predicted shrinkage in the world economy this year – the first time since World War II, which is likely to be five percentage points below potential. It said world trade in 2009 is set to record the largest decline in 80 years i.e. since the 1929 stock market crash. Its forecasts also show that global industrial production by the middle of 2009 could be as much as 15% lower than levels in 2008.

The report also said that many of the underdeveloped countries “*were being devastated by plunging exports, falling commodity prices, declining foreign investment and vanishing credit*”. It adds that, “*lower commodity prices have caused havoc in the economies of Africa and Latin America. East Asian countries are facing plunging global trade. Central European countries, like Poland, Hungary and the Czech Republic, are hurting from diminished exports to Western Europe. They are also reeling from a severe credit crisis among major European Banks, which have taken huge losses on American mortgages and mortgage-backed securities.*”

In another report by the Asian Development Bank (ADB) it said that the global financial crisis slashed the value of financial assets by a gigantic \$ 50 trillion in 2008, and among the backward countries the worst hit was the Asian market. The latter's losses on financial assets last year totaled \$ 9.6 trillion, or just over one year's worth of GDP. The

ADB has measured the losses in the equity and bond markets, including those backed by mortgages.

In the last week of February the Dow Jones Industrial Index dropped 6.1% and the S & P index dropped 7% — both are at a 12-year low. In early March it was reported that the two major giants striding the industrial and financial world – General Motors and Citigroup – were both again on the brink of bankruptcy. This is in spite of the fact that both had received massive bail-outs just a few months back. It was being predicted that the collapse of GM, for many years the biggest company in the world, would result in a loss of 4% of the US GDP and trigger a massive round of layoffs. The stock price of the Dow component of Citigroup, once the world's most valuable bank, fell under \$ 1 for the first time, reigniting anxiety over the bank's health and that of the entire banking sector. Citigroup has lost over \$ 20 billion in the last five quarters.

In January 2009 the US lost a massive 6 lakh jobs (highest in 34 years). Since Dec. 2007 (beginning of the recession) 3.6 million jobs have been lost. The official rate of the unemployed is 7.6% while that for teenagers, at 20.4%, was three times the then national average (in Oct 08). But these unemployment data are much understated as the Clinton regime changed the very basis of computation excluding vast categories from the unemployed. Using pre-Clinton methodologies for calculation the figure would be around 16-18% today. As we go to the press, figures for February indicate a further 6 lakh job losses in the US. The downslide continues unabated.

Obama inherited a federal (budget) deficit of \$ 1.2 trillion; his spending will raise this to \$ 3 trillion. The IMF estimates that the bank losses are now \$ 2.2 trillion, which is unlikely to be covered by the bail-outs by the government. This means some big banks will inevitably crash having a domino affect on other financial bodies. The Congress Budget Office predicts that over the next three years there will be a \$ 2.9 trillion gap between what the economy could produce and what it would actually produce. The stimulus package to boost

## FREE HAND FOR FDIs IN INDIA

According to the new norms, if foreign equity investments are made in the wholly owned group subsidiaries of an India parent company (a company which has an Indian majority ownership) the investment would not be treated as a foreign investment but as a domestic equity investment. "This would indirectly open up all sectors for foreign investment; and foreign companies can route their money in the Indian group companies without any hassle in any sector" explains Navinder Wadhwa (MDSKI Capital Services Ltd) "This would open a Pandora's box as global entities would gate crash into any sector as they please", says Jainani (or research & Marketing, Khandwala Securities Ltd). He adds "the growing Indian sectors ..... which had restricted foreign investment through caps would now witness a flurry of capital inflows". (Business & Economy 20 Feb. – March 5 2009)

Besides this, FDI norms had been earlier eased in insurance, housing and retail in spite of the scarcity of the crisis, FDI in 2009 is expected to jump to \$ 30 billion, from \$ 16 billion in the previous year.

demand will not be sufficient to bridge the chasm. Together with greater military expenditure it may try!!!

Yet, in this acute crisis the titans of industry and finance continue their big pay packets and lavish life-styles; it is only the poor and middle-classes who suffer. So, for example, Merrill Lynch's top executives made millions in bonuses even in 2008, though the company had a loss of \$ 27 billion last year. The top four bonus recipients got \$ 121 million each; 20 got \$ 8 million in bonuses each and 53 got over \$ 5 million in bonuses each. The Merrill Lynch new CEO spent \$ 1.2 million in re-doing his office and Citigroup decided to spend \$ 50 million on a corporate jet – both in 2008, amidst heavy bail-out packages. The unscrupulousness of these giants of finance can be seen from the fact that the top bosses of New York's financial institutions paid themselves \$ 18 billion in bonuses in 2008.

On the other hand millions now face unemployment in the US and millions more face severe wage/salary cuts. With the mortgage crisis intensifying, six million more could lose their homes in the next two years. And the latest bubble to burst in the US is the looming credit card crisis, with 30% of borrowers being categorized as 'risky'. No doubt, it is the Blacks that would be the worst affected and a Black President would be ideal to diffuse their discontent!!!

With the US as the largest economy in the world, and with most economies in some way tied up with its growth, such a severe spiraling crisis will have serious implications to all economies around the world. But, the other imperialist economies are not in a much better condition.

Japan continues with its deep-rooted stagflation. The largest economy of

Europe – Germany – is the most severely hit, facing its worst recession since 1949. In the last quarter of 2008 its GDP declined by 2.1% compared to Italy's 1.8% and France's 1.2%.

If the Eurozone and Europe ended 2008 on a fearful note, 2009 is shaping up to confirm the worst nightmare of the EU's 500 million citizens. Analysts forecast an economic contraction of 3% in 2009 even with the European Central Bank cutting interest rates to zero. Unemployment is likely to grow by one million by 2010 in Germany alone. Eurozone governments have committed \$ 1 trillion to bail out banks and guarantee liabilities.

In China thousands of industries have closed down and an estimated 4 crores have already been thrown out of jobs. The crash in oil prices has hit Russia's economy severely and its banks too stand to lose about \$ 100 billion due to their exposure to western mortgage funds.

Regarding the underdeveloped countries the World Bank estimates that \$ 1 trillion in corporate debt and about \$ 3 trillion in the total debt will mature in 2009. Most of this will have to be paid in foreign exchange. They estimate that in 2009, 104 of the 129 underdeveloped countries will have current account (trade) surpluses smaller than the private debt coming due. For these countries, total financing needs were expected to amount to more than \$ 1.4 trillion during the year. Over and above this, the World Bank estimates that these backward countries will need \$ 300 to \$ 700 billion in bail-out packages. In other words the bulk of the underdeveloped countries have once again been pushed into the debt trap as happened in the 1980s with the Third World Debt. Then, the weakened economies were forced to prise open their economies further through the

Structural Adjustment Programmes and later the WTO. Now, with the imperialist economies in an even more severe crisis than in the early 1980s, they will even more ruthlessly seek to push the burden of the crisis on to the backs of the backward countries of the world. The measures taken by the servile Indian government are an example.

### Devastation Of India

In spite of two stimulus packages by the government, growth in industrial production declined by 2% in December 2008 (compared to a growth of 8% in Dec. 2007) and manufacturing declined by 2.5%.

On Jan 2 2009 the government export body reported that by March/April 2009 upto one crore jobs will be lost in the export sector. Already this is visible in most export-related sectors like garments, leather, diamonds etc.

The garments sector employs 4 crore people and it is the next highest employer in the country after agriculture. More than 7 lakhs have lost their jobs since 2007 and another 5 lakhs will be out by March 2009. [Hard News Feb. 2009] Ludhiana, for example, has been devastated, with exports down 30% and most units operating at a mere 40% capacity. In Tamilnadu garment exports have dropped from Rs. 11,000 crores in 2007 to Rs. 10,000 crores in 2008. In Tirupur region at least 1.5 lakh workers have been thrown out of jobs and another 2.5 lakhs have been affected. In Delhi business is down 20 to 30% and employment in the garments industry there is expected to have dropped by 25%.

If we turn to the leather industry we see a similar situation. The legendary footwear industry of Agra is in deep crisis. Recession has hit it hard with most of the small-scale units shutting down or on the brink of

closure. Working from sweatshops in horrible conditions, they provide about 70% of the shoes in India. Traditional manufacturers, employing 10 to 15 workers, are collapsing, with the larger units shifting from exports to the domestic market. There are three lakh workers employed in Agra's footwear industry and not only are thousands being thrown out of jobs, hundreds of small manufacturers also lie devastated.

If we now turn to the diamond industry, the situation is even more pathetic with at least 35 workers committing suicide (official). Surat, in Gujarat does 90% of the world's polishing of diamonds. There are 3,000 factories employing 5 lakh workers. With exports crashing, about 2,000 factories have closed and about 2 lakh workers have been thrown out of jobs. Those who continue have seen their wage rates cut as also their hours of work. Most workers are Gujaratis belonging to the Patel community. Of course the icon of the big business houses and self-proclaimed mascot of Gujarat's development, Modi, could not care for these workers.

Yet another export earner is the glass industry. Firozabad, in UP is the home to about 1,000 glass workshops, factories and industries, employing 4 lakh workers. Since the last six months the drop in exports has hit the industry hard with many closing down and others function at a loss. In addition, the domestic market has been swamped by cheaper Chinese goods. For these industries, the government has no bail-out nor does it seek to stop the imports. Earlier, most units were in exports now they are trying for the domestic market. Glass sales from Firozabad dropped 70% with over one lakh thrown out of their jobs. Worst hit are the daily-wage workers who are returning to their villages in and around Firozabad and Agra.

If we turn to some other sectors, we see a similar situation. With car sales down and construction industry in a slump, the sale of iron ore and steel has been badly affected.

In December 2008 sales of automobiles declined by 18.2%. According to SIAM (Society for Indian Automobile Manufacturers) sales of commercial vehicles declined by 58.3% from 2007 to 2008. Sale of passenger cars fell by 7%, of heavy and medium vehicles by 71% and of

light vehicles by 15.4%.

According to the Construction Worker's Federation of India around one-third of Tamilnadu's 30 lakh construction workers, belonging to 68 categories were badly hit by the slowdown. DLF's net staff strength dropped by 10% in the quarter ending Oct 2008. With home loan interest rates having raised from 6% to 14% the purchase of houses has dropped drastically.

An example of what the slump in the iron and steel sector has done to the small scale units is to be seen in Mandi Gobindgarh — the steel hub of Punjab. Thousands of migrants would flock to this town for work; but today they wait in a half starved state for work that never comes their way. With the price of scrap having halved, over 100 scrap shops have closed down. Here, 90% of the firms are small and medium and with the slump in steel, most units are functioning at 20-40% capacity.

In Tamilnadu the 30,000 small and medium enterprises business is down by 40-50% and an estimate 25% (of 7 lakhs) have already lost their jobs.

But even if we turn to the much-hyped service sector, the situation is not much better. In Kerala, tourism is down by 30% and real estate development which employed 25 lakh people has come to a halt. What is also devastating for the Kerala economy is the massive slump in jobs in the Gulf countries. According to the Kerala Migration Survey of its 1.85 million migrants 89% were employed in the Gulf and Kerala provided a huge percentage of the total NRI remittances from abroad. But, in the last six months, recruitment in the Gulf countries dropped by 70-80% and it is expected that 2 lakh people would return to Kerala by June 2009. (*Frontline, March 13 2009*)

Then if we turn to the IT and ITeS (IT enabled services), this too is heavily dependent on exports. According to NASSCOM, in the financial year 2008/09 \$ 47 billion was earned through exports and \$ 13 billion through the domestic market. In 2005/06 this sector employed 1.3 million people. In Bangalore alone in the last quarter of 2008 10,000 jobs were lost and another 50,000 are expected to be lost by June 2009. In Hyderabad 25,000 or 10% of the total workforce lost their jobs in the last three months. Team lease Services said

that there was a net decrease of 44% in recruitment in IT and 34% in ITeS in the current quarter. The net business in the IT sector is set to drop 61% and of the ITeS sector 22%. In addition to job losses, job uncertainty, reduced salaries and longer working hours has become the norm in this sector. (*Frontline, March 13 2009*)

With such huge displacement of the labour force of our country and no other source of employment, lakhs and lakhs of people, who are already leading a hand-to-mouth existence, will be pushed to starvation and death. Most will have to turn back to the land from where they had migrated in the first place, due to lack of opportunity to survive in their rural habitat. This will result in an explosive situation and no amount of shouting at them as being 'terrorists' can stop a conflagration.

## **Geopolitical Repercussions**

In periods of such crisis, the entire world will be thrown into much turmoil; wars will loom in all corners and trade ties will consolidate into political and military alliances. America, which is at the very centre of the crisis, and which will seek desperately to save its markets and sources of raw materials, will be the main source of wars (whether direct or proxy), while the other imperialist powers will seek to gain from the US's economic/financial weaknesses. But, as yet no imperialist power can even remotely match the US military might of the US; this will embolden the US towards military adventurism to make gains in the sphere in which it is strong. Besides, war and heavy militarization create a demand, which helps economic revival.

It is therefore not surprising that the latest reports have indicated a massive hike in military budgets of most major countries —even India and China. Though geopolitical alignments are still in flux, the Russia/SCO's growing alliance with Germany is developing into a substantial challenge to the US, making Obama shift the theatre of war from the Middle East to Afghanistan (which borders both Russia's CIS and China). This alliance becomes all the more lethal if it can rope in much of Europe. Already France's honeymoon with Britain appears souring, and it is once again making overtures to Germany.

## THE HOLBROOKE AFFECT

Holbrooke was assigned to the Afghanistan/Pakistan region, in what the US regards as “the most problematic region on earth”, with unstable governments, insurgencies, nuclear weapons, monumental corruption, a thriving narcotics trade, resentment of US power, and a resurgent Taliban. Holbrooke “*is the diplomatic equivalent of a hydrogen bomb*”, former Deputy Secretary, Strobe Talbot recently told the *New York Times*. Holbrooke was chosen, says the paper, “*because of his ability to twist arms as well as hold hands, work closely with the military and improvise inventive solutions to what others write off as insoluble problems. But no one yet knows how his often pyrotechnical style – he whispers, but also pesters, bluffs, threatens, stages fits and publicises – will work.*”

His return to the State Department has “rattled colleagues who remember him as someone who cultivates the powerful and tramples those with less to offer. . . .”

The image derives from Holbrooke’s role in negotiating the Dayton Accord in November 1995, which ended the war in former Yugoslavia. This role was extremely controversial and involved the use of force, bluster, deception and outright fabrication. Holbrooke used military power to orchestrate what has been called “imperial intervention” to support operations of a despicably brutal nature.

Holbrooke’s most important decision was to encourage the Croatian army to launch a bloody surprise attack against the Serbs in August 1995, which turned out to be the Balkans’ worst act of ethnic cleansing over 2,500 people were killed, and 2 lakh displaced. But Holbrooke had no remorse. He infamously said “*we hired these guys to be our junkyard dogs because we were desperate. We need to try and control them. But it is no time to be squeamish*”.

Equally important was his long-standing advocacy of “direct use of force against the Serbs”, which materialized in 1995. NATO’s bombing of Bosnian Serbs targets established it as the greatest player in the conflict. . . .(Frontline March 13 2009)

With this notorious record, one can just imagine what the US administration has in store for the people of South Asia.

However, this shift in the theatre of war can have frightful consequences for the people of India and the rest of South Asia. That the US intends to push the war agenda in this region is obvious from the fact that it has sent the most notorious Holbrooke to the region [See Box]. With India acting as the front paw of the US in the region, and Pakistan ruling classes in relative disarray (being pulled in many directions by the US, by China and by the Islamic fundamentalists), the Afghan turmoil is likely to spread eastwards. The US Chief of Staff, Mike Mullen, has already stated that they intend to see the Afghan problem as a “regional” issue involving the three South Asian countries and views India as the chief US protagonist in its wars in the region. The Mumbai terror attacks have conveniently (for the US) pushed the war agenda in the region.

The people of South Asia need to be highly vigilant against the war manipulations of the US and their stooges in the region. After all, with both India and Pakistan equipped with nuclear weapons, a conflagration can turn into a frightening holocaust. The people of both countries must oppose the war hysteria of their respective governments, and, in fact, intensify the civil wars in their own countries against their brutal rulers and their imperialist sponsors.

### Peoples’ Upsurge & Revolutionary Transformation

What we see today is just the beginning of the impact of the crisis; by year-end conditions will deteriorate substantially. On this occasion, not only will the people of the backward countries be badly hit, but so will the people of the developed countries. Hunger, misery and excruciating poverty will stalk the world, on a scale rarely seen before. With genuine communist (Maoist) forces weak there is likely to be spontaneous outbursts all over the world, which cannot sustain in face of an increasingly terroristic state. Fascism, war and revolutions are inevitable characteristics of such periods.

The sparks of revolt are already to be seen. Militant demonstrations have spread across Europe from Athens to Kiev. But it is the uprising in Greece and the mutiny of lower level army men of the Bangladesh Rifles (BDR) which shows to what extent the suppressed anger of the people can burst forth. Both began with relatively minor events, but soon spread into major conflagrations. The former began with the beating to death of a 15-year schoolboy by the police and then spread throughout Greece; the latter began with the demand for higher wages and spread to engulf the entire BDR lower ranks in the country.

In Greece thousands and thousands fought pitched battles with the police for nearly one month. The flare up in Athens soon spread to all the main towns of the country. It turned into a veritable uprising, which threatened to topple the government. What is particularly notable in this uprising was a massive participation of the youth focused primarily against unemployment and police brutality. In Greece, there being a Maoist presence, it will help to take such a movement forward.

In Bangladesh, what happened seems unbelievable. The mutineers of the BDR killed over 100 senior officers in their own army headquarters. The operation was planned with so much precision that the government was not even aware of the massacre until mass graves revealed the extent of the revolt. And this did not occur in some backward rural region but in the very heart of the capital city of the country, in Dacca. The mutiny spread to many sections of the BDR in other parts of the country. Most escaped from the scene and went underground. Since then the Bangladesh government and their Indian backers have blacked out all further news. Unfortunately, the Maoists of Bangladesh, who have a glorious tradition, have been much weakened by the brutal murder of most of the top leaders of one of the most important Maoist parties; or else the mutineers could have joined

forces with the Maoists to become an explosive mix.

Besides these two major events, there have been strong movements, particularly all over Europe. In France, up to two-and-a-half million people came out recently in nationwide protests against the direction in which the conservative government of Sarkozy is taking their society. Even in stable, quiet, Scandinavian Iceland, police have used tear gas against citizens for the first time in 60 years, the neoliberal government has collapsed, and a left-green alliance is focusing public resentment against capitalism. One analyst says the protests are more serious than those of the iconic May 1968 Paris uprising.

Elsewhere in Europe, Greek farmers have blocked Bulgarian roads over the poor prices paid for Greek farm exports. The Hungarian government, penniless and watching the economy implode, has imposed more tax rises and spending cuts on a population already in trouble. Parts of the Latvian and Lithuanian capitals, Riga and Vilnius, have been wrecked in running battles between protesters and police, and their governments are as impoverished as

many other East European states.

Such mini-revolts are brewing in all corners of the earth, including India, and are only bound to intensify as the crisis deepens. However, as long as there is no revolutionary Marxist force to lead it forward, these movements are easily suppressed by an increasingly fascist state, or diverted through racist and communal carnage or diffused through symptomatic changes like changes in the government. The need of the hour is genuine Maoist forces to re-group and build deep links with the struggling masses around the world so that they can lead these revolts in a direction towards the total transformation of society —towards socialism, which alone can solve the problems caused by the capitalist system.

The economists and politicians try to make out that it is a problem caused by the certain wrong policies, or one Allan Greenspan, or excessive liberalization of the financial sector, or merely some greedy unscrupulous elements at the top. All these may no doubt be a fact, but it is only a part truth, as root cause for the problem lies in the very capitalist system itself.

Here, due to continued stagnation since the mid-1970s, accumulated surplus generated by the capitalists could not find an outlet in the productive (real) economy and therefore got invested in debt and speculation. This is an inevitable aspect of capitalism in its imperialist age, pointed out by Lenin over 90 years back, describing this type of capitalism parasitic, moribund and reactionary. Only in the 1990s and the present century, the speculative economy reached gigantic proportions. Without any strong base and much hot air, the bubbles generated were bound to burst. This inherent contradiction of capitalism, entailing the crisis of overproduction, has no solution in capitalism itself; the only answer is socialism.

That the earlier socialist experiments have been reversed certainly raises doubts on its viability. The lacunae in those systems must be no doubt be looked into, but socialism is the only scientific course for the development of society. The future will definite prove this.

March 12 2009

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### Continued from page 33

not reach beyond 700 heads and its ancillary and other industrial units in Haldia could absorb another 4000 people. No chemical hub in the world has generated employment for more than a few thousand heads! And for the centrally-controlled and sophisticated-technology based chemical units only the highly-skilled people could imagine the scope of employment. The 'Left' Front government is lying when it says that Nayachar is free from human habitation, suppressing the fact that about 2500 fishing people inhabit this land mass without any registered land deeds. Chemical industries have poisoned many American rivers. If the chemical hub is established the landscape, rivers and seas will be permanently contaminated with industrial wastes. Such chemical industries require enormous amounts of investments and their adverse impact will be far-reaching both in the agricultural and industrial sectors. The crippling Jute industry will be further affected by the artificial rayon displacing jute products. Buddhadeb Bhattacharjee's refrain that

without quick decision investors will bid adieu to Bengal preferring other states is a veritable falsehood since investors weigh solely the scope of maximization of profit, obviously not West Bengal's real development. This profit, availability of cheap labor and land, loose environmental acts, exemption of taxes, industry-friendly government, etc, are taken account of by the multi-national corporations and Indian compradors. The worshipers of 'reforms' under imperialist globalization cannot allow people to raise the pertinent questions as to why the industrial tycoons are so eager to set up chemical industries in West Bengal despite the presence of highly modern infrastructure necessary for such industries in Europe and America. Such plants are highly accident prone. The Chernobyl nuclear reactor accident killed 31 people and affected numberless people with fatal radiation, which, it is estimated had caused 2300 more cancer deaths. The Bhopal Union Carbide MIC gas disaster took a toll of 2500-10,000 lives and injured at least 2000,

000 people, many of them subsequently died. The cruel irony is that the locals never knew that a volcano was around them waiting for a catastrophic explosion. Similarly Nayachar Chemical Hub will be built up with a calculated timetable for catastrophe. It is a time bomb for the whole of South Bengal.

Phyto plankton and Zooplanktons in aquatic eco-systems will perish leading to the deaths of rivers, lakes and ponds with loss of fish products. The mangrove forests will be gone. Hilsa fish, Sankhachils, Royal Bengal tigers will then be found in pictures only. Villagers and fishermen will throng the city. Around the year 2020 the big capital and foreign multinationals will close down their activities, leaving the barren areas. The wise Buddhadeb will then the pithily convenient alibi: "I am sorry. I did know the consequences!" Multinational killers will now be thronging Nayachar. A sea of resistance by democratic people, peasants and workers alone can stop this criminal conspiracy following the Nandigram way.

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# DISMAL INDUSTRIAL SCENARIO AND DOWNWARD GROWTH

*Gupta*

THE stock market boom, massive presence of speculative capital, foreign institutional investments (FIIs), in a word, basically the foreign finance in an extremely unequal global economy led to glittering growth of sorts for the past ten years. Even when agriculture languished, the sub-sectors of “trade, hotel, transport and communication” and “financing, insurance, real estate and business services” along with some sub-sectors of the manufacturing sector (machinery and equipment including transport equipment and parts and basic metal and alloy industries) were supposed to be lifting India to an astounding growth akin to the countries of the East Asian “miracle” The imperialist globalization lobby went in to a booze for the unprecedented growth of exports of IT and IT enabled services etc. Like the headquarters of the capitalist economy, the US that banked on a booming financialization, Indian stock markets, Participatory Notes, FIIs and multiple types of financial instruments pumped the “shining” Indian growth for some years past has nose dived like the Western masters.

The shopping malls, real estate boom along with the surge in manufacturing sector were propelled by various types of private investment and private elite consumption, both buttressed by the easily availability of credit at lower interest rates. With reduced scope of real productive investment banks were flush with money. Secondly, the unprecedented inflows of capital that had boosted India’s foreign currency assets from \$71.9 billion on March 31, 2003 to \$253.3 billion in October 2007 to soar far higher in 2008.

Now the world capitalist economy has tumbled down thrusting it into a state of coma. Now the US Congress with the new President Barack Obama at the lead approved on 13 February 2009 a \$789 billion stimulus bill that aims to rush emergency government spending and tax cuts to a nation in the grip of a severe recession. Indian economy that has been strongly tied up with the speculation based centers of crony capitalism has been severely impacted by the unprecedented crisis of capitalism.

Following in the foot steps of imperialist countries of the world, Indian government has announced multiple stimulus packages to the tune of Rs.15, 000 crore till January ’09. The IT sector, IT-enabled services, the entire export sector, automobile sector and all that had been showcased as engine of growth have fallen miserably. A veritably speculative forecast has taken the center stage. The central Statistical Organization’s advance estimate of 7.1% growth in gross domestic product for 2008-09 (Rs.33, 51, 653 crore at 1990-00 prices) appears to be an elevated estimate when compared with the IMF’s estimate of 6% growth in Indian economy in the current fiscal. On the other hand, Reserve Bank’s ‘Survey of Professional Forecasters’, which takes 21 assessments into account, says that “forecasters have revised their real GDP growth rate downwards to 6.8% in 2008-09 from 7.7% in the last survey”. [*Business Line*, 15.2.09]. Obviously, Indian common people have had enough of the growth story and whatever is the growth (definitely downwards), the toiling masses will be hardly touched as before.

On the corporate activity, the Center for Monitoring the Indian Economy (CMIE) in its January 2009 review made such dismal comment on the industrial scenario: “companies have been keen to clear inventories that were created with expensive raw materials... as there is a fear that final product prices would also fall. (They) would rather cut production and reduce running costs and costly inventories than keep the production cycle running... Companies have fine-tuned their... acceptable level of inventories in the light of the new uncertainties but this does not imply that demand has dried.” [*Business Line*; *ibid*]. The general assessment runs like this: a downturn in manufacturing will impact services more than in earlier episodes of economic shock. And the 7.1% growth rate in GDP for 2008-09 according to the Center’s ‘advance estimate’ is clearly contradicted by the latest Index of Industrial Production released by the Central Statistical Organization (CSO) on 12<sup>th</sup> February, ’09:

Average Industrial Growth Rates in 2008			
Quarter	April-June	July-Sep	Oct-Dec
Manufacturing (79.358)	5.76	4.91	-0.68
Mining (10.169)	3.98	3.79	1.51
Electricity (10.169)	1.98	3.19	2.88
General (100.00)	5.33	4.69	-0.25

Note: Figures in brackets are sectoral weights in General IIP (Index of Industrial Production) [Source: Business Line, 13-2-09]

## Industrial Recession in India Even Before Global Crisis

It is factually incorrect and deliberate distortion of the reality that the industrial sector in India had been running smoothly before the hell broke loose on the capitalist system as a whole. The economic commentators of bourgeois persuasion would have us believe that it was the recession in the US, Europe, Japan, etc, all on a sudden held in check industrial strides in India. There is no question of refusing to accept the global impact of the crisis with no signs of easing up but this crisis actually accentuated the already built up hurdles in the industrial sector. The structural constraints were never unlocked for the real growth of the economy. The expenditures on clothing, food, bedding, soaps, utensils, household implements, bicycles, etc, have perpetually remained very low. 70 percent of the rural population lives below the level that can afford these essentials for a healthy existence. The NDA, UPA like governments made strenuous efforts to gain foreign markets for Indian goods. And for this they assisted exporters with various open and hidden subsidies. The SEZ policy was taken up under the World Bank diktat to promote exports as the supposed engine of economic growth. The vast potential of developing the home market based on domestic demand of mass of the people was simply evaded to prioritize native and foreign corporates.



Even before the explosion of the global crisis the runaway inflation hit food and other items of essential consumption. The rising oil prices worsened the situation. There were defiantly signs of decelerating growth, particularly in the industrial sector. If we consider the index of Industrial production accepting the base year 1993-94, it was a clear sign of falling sharply of the general index in 2008 after initial rise in March to scale down to the lower level. This pattern was essentially reflective of the behavior of the manufacturing index, which accounted for about 80% of the weight of the general index. This diminishing trend was tried to be played down by the standard way of presenting the industrial growth data of year-on-year monthly rates. The most dismal performance was shown by the electricity production, which had hardly shown any rise and rather tended to record a flat trend from April 2007 to September 2008. Electricity shortage and production downfall to that extent immensely aggravated industrial production. Mining, manufacturing, electricity and general industrial production as a whole showed signs of a down trend in 2007-08 towards stagnation. The production of capital goods shows much greater volatility leading to decline after a temporary rise in March 2008.

Besides that, consumer goods were directly affected by the slowing demand in domestic and export market. It should be

emphatically stated that more than 80% consumer durables that had shown a peak demand in early 2008 and then declined gradually benefited from a credit-financed boom which was mimicry of the American way of pumping demand. And the decline in India in respect of slide in demand for consumer durables almost went hand in hand with that of the USA. According to P.Balakrishnan and M.Parameswaran (Economic and Political Weekly, 14, July,2007) India's trajectory of manufacturing shows the sign that some segments of the services sector, such as communications and "BFI" (Business, Financial Services and Insurance) have benefited from the reforms and these have grown fast. However, these are not the fastest growing of the services sectors, which are "Trade, Hotels and Restaurants". And though "Financing, Insurance, Real Estate and business Services" has grown fast after 1991 alright, its contribution to overall growth has actually slowed compared to the 1980s. This was observed in 2007. However, this type of temporary upswing was based mainly on the demand from the privileged classes that benefited substantially from reforms under globalization when some 75 percent of Indians with a daily per capita purchasing power of less than Rs.20 have had virtually no place in this corporated economy as consumers.

A few words are in order to focus here on the industrial policy in the liberalization period. The first was the removal of capacity

controls by "de-reserving" and "de-licensing" industries or abolition of the license requirements to create new capacity or to substantially expand the existing capacity. As a consequence the de-reservation of areas earlier reserved for public sector and the subsequent de-licensing of industries, only nine industries for which entry by private investors was regulated at the end of 1997-98. This led to free investment by private corporates in capacity and production in a wide range of industries which were regulated earlier, including heavy industries, automobiles and other sectors. The second area of industrial reform was related to the dilution of provisions of the Monopolies and Restrictive Trade Practices (MRTP) Act to facilitate the expansion and diversification of large firms and firms belonging to big business groups.

### Industrial Recession in India

The third type of liberalization in industry involved foreign investment regulations like the grant of automatic approval, or exemption from case by case approval, for equity investment up to 51% and for foreign technology agreements in identified high priority industries. Subsequently, the Foreign Exchange Regulation Act was modified so that companies with foreign equity exceeding 40% of the total were to be treated on par with Indian companies. Then by creating

**Year-on year Growth of Index of Industrial Production for Particular Sectors (Percent)**

Sector	Sep.08	April-Sep. 08
Food products	5.2	- 1.4
Beverages, tobacco ,and related products	11.7	23.3
Cotton textiles	- 9.3	- 0.5
Wool, silk and man-made fiber textiles	1.4	-0.2
Jute and other vegetable fiber textiles (except cotton)	- 0.4	- 5.5
Textile products (including wearing apparel)	1.9	3.8
Wood and wood products; furniture and fixtures	- 9.7	- 10.4
Paper, paper products, printing, publishing allied industries	8.3	3.0
Leather and leather and fur products	- 8.6	- 0.3
Basic chemicals and chemical products (except products of petroleum and coal)	- 3.6	6.1
Rubber, plastic, petroleum and coal products	- 3.4	- 4.2
Non-metallic mineral products	- 0.6	0.6
Basic metal and alloy industries	5.6	6.2
Metal products and parts, except machinery and equipment)	12.8	1.3
Machinery and equipment other than transport equipment	16.1	9.8
Transport equipment and parts	16.8	12.8
Other manufacturing industries	10.5	- 1.1

Foreign Investment Promotion Board the government liberally approved proposals and providing a high equity share to foreign investors going up to 100 percent in many cases. Subsequently, automatic approval was allowed for foreign equity in excess of 51% in certain sectors, for example 100 percent in the pharmaceutical industry.

Thus native and foreign behemoths became the deciding factors in India's industrial trajectory that could never be pro-people and was not meant for the uplift of the mass of the people or ensure sustainable industrial development. It is worthwhile to refer here to only a few relevant points from the document captioned "US-India: A New Vision for Economic Partnership", originally titled "US-India Strategic Economic Partnership" endorsed during US President George Bush's visit to India in March, 2006. The section on "Physical Infrastructural Development" stated "Public-private partnership must be encouraged and the Indian government must play a lead role in fostering speed, efficiency and transparency in the bidding process for infrastructural contracts to attract more US companies." "Set up a \$5 billion plus private sector Infrastructure Fund (with minority government participation) drawing on the resources and expertise of World Bank/ADB/IFC and other financial institutions...."; "set up large scale Special Economic Zones (SEZs) in India, designed to serve both domestic and export markets, that comprise world class infrastructure with integrated real estate, power and transportation facilities....". Under section "Trade and Industry Promotion" it read "Reduce restrictions on foreign investment, especially: Expedite the decision to allow FDI in the Indian Retail Sector....Under the section "Manufacturing" it said "the government could encourage states to set up 'investment regions' with the primary focus of attracting FDI and local investment designed to serve both domestic and export markets (i.e. not just SEZs). The Investment Regions would also be a model for world class infrastructure. Flexible, internationally-competitive labor laws. #Single-window clearance—one stop approval and administrative process." Etc, etc. [Update 15].

The above very limited quotes make it amply clear the slavish position of India to

ensure imperialist globalization. And the industrial policy discussed above perfectly fits the demands of the imperialist master's objectives.

The discussion of the changed industrial policy and the diktats to the junior partner in the period of neo-liberal regime help us unravel the distorted industrial programme which is anti-common people and destined to fail in a country like India.

### **Industrial Trajectory under Neo-liberal Programme**

With the new industrial policy in place and India's slavish partnership with the US legalized, the industrial sector with a definitive target to about 15-20 percent population and reaping windfall profits however did not produce the expected high boom. For more than ten years since early 1980s, the record appeared far from satisfactory. The trend rate of growth of the index of industrial production, which stood at 7.8% between 1980-81 and 1989-90, fell to 6.6% between 1993-94 and 2002-03. In the case of manufacturing sector, the deceleration was of a much smaller order, with rate of growth of manufacturing output falling from 7.6 to 6.8 percent between these two periods.. In some years, there was some better performance but this can be indisputably stated that in the 1980s the performance was still better than what was recorded in the whole of the reformist 1990s. However, between 2000 and 2003, the manufacturing index increased by only 4.5% per year. Over and above, in the 1990s, a boom in industrial growth during the 3-year period i.e. 1993-94 to 1995-96 was followed by a downturn from which growth did not recover by the turn of the decade. It should be kept in mind that the short-lived boom of 1993-95, economic analysis opine, was the result of a combination of several once-for-all influences, in particular the release of the pent-up demand for a host of import-intensive goods, which (because of liberalization) could be served through domestic assembly of production using imported inputs and components. Once the demand had been satisfied, further growth had to be based on an expansion of domestic market or a surge in exports. Since neither of these conditions was realized, industrial sector gradually slowed down. And the most important point that must not be missed is that reforms programme under globalization like the US diktats as

cited above cannot usher in an independent domestic market based industrial boom confirmable to the basic needs of the mass of India's population.

This section of the write-up started with the scenario of deceleration in different manufacturing sectors even before the outbreak of the global economic crisis. To explain the phenomenon we referred to various aspects of declining industrial growth at the beginning. Immediately before the global crisis one visible trend was found in the movement of imports and exports in 2007-08 period. In fact exports had been growing in this period. So a fall in exports demand due to global crisis had adverse effect but for the industrial deceleration this factor cannot be over emphasized. We forget the fact that in this period there had been an explosion in imports, suggesting that import competition defiantly affected domestic production of many manufactured goods. Oil import obviously took a heavy toll on the foreign exchange with its steep price in early 2008, non-oil imports also increased, thanks to the liberalized trade and also by the appropriation of the rupee in 2007. Certain sectors (as seen in Table 2) recorded an increase in import values much more than that of oil. This suggests greater amount of import penetration in a wide range of manufactured sectors. The reforms policy spurred the government to rush for foreign capital into India in the form of portfolio investment or by encouraging Indian corporates to take on more external commercial loans. This also led to upward pressure on the rupee and all this combined with the trade liberalization allowed more import penetration, positively decelerating the industrial activities and employment of Indian producers, small and medium sectors in particular. So, all such above discussed factors must be considered with a macro-economic view to study Industrial recession in India. Global recession in such an internally adverse situation launched crucial attacks that plunged the industrial sector into a quagmire difficult to wriggle out of in the near future.

### **The Current Scenario of Gloom**

The reckless liberalization policy, corporate industrialization bid, export oriented economy – all such macro-economic measures unabashedly toeing

US imperialist masters have brought about devastation for the country.. Industrial scenario in 2009 is dismal with the vast toiling people thrown out of jobs or expecting to be axed. India's fiscal deficit as on 30 January, '09 has shown that it pushed it to Rs.218, 262 crore, one and half times more than what was estimated in the earlier budget for the whole year. This huge dent on the fiscal deficit was caused by pro-corporate recovery stimulus. The Central government will resort to an additional borrowing of Rs.46, 000 crore between February 20 and March 20 to support the economy, a reminiscent of American government's borrowing spree. The overall borrowing including the above Rs.46, 000 crore, is likely to touch Rs.251, 000 crore. Indian industry had recorded a dismal minus per cent growth in December '08, with employment-intensive sectors such as textiles, leather, wood products and transport equipment bearing the brunt of the output decline. According to Index of Industrial Production (IIP) data released in the second week of February '09, the overall growth in December, at minus 2%, stood way below the 8% year-on-year increase in the same month of 2007-08. While the manufacturing index declined 2.5% year-on-year against a growth of 8.6% in December 2007, the growth rates were lower for mining (one percent versus 5 percent) and electricity (1.6% versus 3.8%) as well. The cumulative annual growth rate for April-December amounted to 3.2%. According to the 'Use-based' classification of IIP, consumer durables have taken the maximum hit during December '09 (minus 12.8% against 2.8% for the same month of 2007) followed by

intermediate goods (minus 8.5% versus 7.6%), consumer non-durables (minus 0.1% versus 10.3%) and basic goods (1.7% versus 3.4%). Major industries that registered the biggest year-on year production declines in December '08 included cotton textiles (minus 6.1%), wood and wood products (minus 20%), jute and other non-cotton vegetable fiber textiles (minus 66.4%), leather (minus 11.4%), food products (minus 8.7%), basic chemicals and chemical products (minus 7.2%), rubber, plastic, petroleum and coal products (minus 4.6%), transport equipment and parts (minus 17.9%) and other machinery and equipment (minus 4.1%). [*Business Line*; 13-2-09]

The gloomy scenario speaks volumes on the disastrous policies and their crumbling effects on the entire industrial scenario. The UPA government declared two huge stimulus packages by that time to revamp the declining industrial sector but even after that the industrial production, as measured by the IIP figures released on 12 February, '09 showed a shrinking to a negative growth of 2.5% by the overwhelming industrial sector. [*Statesman*; 13-2-09]. IT and ITES on which India's raising corporates reposed enormous faith for windfall profits are now limping. Infosys, India's second largest IT service company finds a 15% decline that is half of the growth. [*Business Line*; 5-12-08]. Unitech Ltd. Declared on 31 January '09 a decline in consolidated net profit at

Year-on-year for April-May 2008	Percent
Total imports	38.51
POL imports	73.61
Non-oil imports	23.51
Textile products, including garments	19.28
Chemical products	56.53
Medical and pharma products	37.77
Artificial resins and plastics	47.54
Metal goods	89.44
Machine tools	83.41
Non-electrical machinery	47.54
Electrical machinery	58.02
Electronic machinery	19.65
Transport equipment	25.62
Professional equipment	57.05
Other miscellaneous imports	28.95

Source: DGCI and S

Rs.136.05 crore for the quarter ended December 31, '08, "because of a significant slow down in demand for commercial property." [*Telegraph*; 1-2-09]. Industrial behemoth, the Tata Group's chairman Ratan Tata has already warned his employees of 98 firms to prepare themselves for "hard decisions". No industry can show an optimistic picture in the period of worst crisis of world's capitalist economy. Even India's virtual master Barack Obama has drawn a negative picture for the future. Infrastructural growth that received all importance dipped to 2.3% in December '08. State Bank of India has now lowered interest rates on home loans "to stimulate demand... and spur the real estate and allied sectors such as cement, steel and other construction materials. [*Business Line*; 1-2-09].

Similarly the center has urged states "to expedite the handing over the *Pattas* (land titles) to the low income groups so as to give fillip to housing activity in the country, especially in the rural areas. The 'noble effort' tinged with the desperate motive as stated by the principle secretary to the Prime Minister, Mr. T.K.A. Nair at the chief secretaries meeting, was to "generate demand for cement and steel in the country. Both these sectors have been hit on account of the slowdown in the economy..." [*Business Line*; 1-2-09]. Extraordinary benevolence for the poor to save the

**Table-3**  
**Annual Sectoral Flows of Credit by Banks**

The year-on-year increase in bank credit to Industry as of December 2008 was sharply higher than that in the previous year

As on 21<sup>st</sup> December 2007 (y-o-y)

As on 19<sup>th</sup> December 2008 (y-o-y)

Sector	Amount (Rs. crore)	Variations (%)	Amount (Rs. crore)	Variations
Agriculture	38,139	19.3	53,612	22.7
Industry	1,56,192	24.9	2,36,064	30.2
Real estate	13,621	35.8	24,825	48.1
Housing	31,780	14.6	21,989	8.8
NBFCs	22,953	59.6	24,668	40.1
Overall credit	3,54,802	21.8	4,90,199	24.8

Source:RBI

industrial tycoons!

Almost all the basic sectors now show a declining trend but the sycophants of liberalization like the CPI (M) Chief Minister of West Bengal Mr. Buddhadeb Bhattacharjee cry hoarse 'Reform or perish', 'There is no going back on reforms'. Mass scale job cuts have now become the order of the day. Exports for January 2009 has nose dived 22% and economists' projections indicate that **up to one crore persons could lose jobs in 2009**. Based on order books, industry inputs predict a crore of job losses, FICCI found that faced with a slump and piled up inventories, industries like textiles, garments, chemicals and gems and jewelry had cut production by 10 to 15%. Automobile industries, steel and cement industries show a clear downturn. The one crore job loss figure has been compiled by the Federation of Indian Export

Organizations (FIEO) which says it has carried out an intensive survey. [Times of India, 4-2-09]. One cannot fathom the depth of actual job losses in the vast unorganized sector. On 27 February, the Central Statistical Organization has declared that the GDP growth has actually fallen to 5.3% for the third quarter of the current fiscal, the lowest since 2003. This nails the UPA government's false optimism. There has been 2.3% decline in farm output and 0.2% drop in manufacturing. The construction sector posted much lower growth of 6.7% in the third quarter. [The Statesman, 28-2-09]. The tall talk of 8-9% growth and that too based on native and foreign corporates, particularly riding on the FIIs and stock market boom have been silenced by hard facts. While past three doses of thousands of crores of rupees of stimulus were to salvage the declining corporate

houses, for the job losers and the gigantic mass of unemployed the government policy can do little for clinging to the imperialist globalization policy. The 2009 interim Budget echoed the same. More than 65% of Indian population is dependent on agriculture, generating an income of only 18% of India's national income. This sector is in a miserable condition. The 59<sup>th</sup> round of National Survey shows that 40% of them are in perennial poverty. The avalanche in the industrial sector has had its adverse impact on this sector too.

To remedy this situation the system needs a thorough overhaul with the necessary focus on human beings and natural environment. Capitalism, dependence on imperialist masters, pro-rich policies, environment-unfriendly policies, etc must have to be attended lock stock and barrel for ultimately auguring in a social economy in India. **Dh**

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### Continued from page 14

India and elsewhere. The plunder of the country's natural resources—forest, mineral, water resources—the aggressive land grab movement carried out by the foreign imperialist agencies with the backing of their domestic stooges and the people's opposition and resistance in various forms against them have been intensifying the crisis of this man-eating system. What has become imperative for the State is to go for more and more centralization, more repressive power to deal with people's resistance.

Apparently, the object of the recent acts is to deal with 'terrorists' who are financed and dispatched by the Pakistani government and has nothing to do with the internal rebellions and revolutionary movements within the country. But who are the 'terrorists' in the eyes of the

Indian ruling classes? The Maoists, members of various real or imaginary Muslim organizations, people fighting for the right of self-determination and, as time goes on, it would also include all those who are critics or opponents of the anti-people policies of the Indian ruling classes such as civil rights activists, members of democratic organizations and others. As it is well-known, the both the central and state governments have been trying to extract a social sanction to do whatever they like to the Maoists and the Muslims.

However, it is one thing to dream the wildest dreams; but it is another thing to realize them. The wild dreams of the Indian ruling classes and their political representatives of all hues—Tatas to Ambanis and Jindals, from Manmohan

Singh to Advani and from Reddy to Buddhadev—are destined to vanish into thin air. A long time ago, the person who led the revolution in China summed up the experience of just struggles in the following words: "Where there is oppression, there is resistance". The oppression perpetrated by the Indian ruling classes is destined to fail. The revolutionary struggle of the Indian people under the leadership of the CPI(Maoist) would certainly overcome all hurdles through immense sacrifices, send all reactionaries, revisionists and their foreign masters to their graves and usher in a society where human beings will be able to realize their full potential and where people will be truly free and, as Marx said, "real history will then really begin". **Dh**

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### Continued from page 37

lenders in the sub-prime market." Close on the heels of Barack Obama's current round of huge stimulus of \$787 billion, Mr. Pranab Mukherjee, the stand-in finance minister declared on 24 February, the third stimulus package by huge tax cuts for manufacturing companies, consumer durables, steel and cement, automobiles, SEZs, etc. The revenue loss of an estimated Rs.30, 000 crore in a full year is aimed to rescue the faltering business of corporate houses.

Industry however claimed for another round of interest rate cuts to buttress such fiscal measures. The RBI will inevitably trim benchmark rates soon to support the pro-corporate UPA government policy. While such blatant pro-corporate generosity is all evident in the RBI policies, the RBI has by this time unleashed the attack on pensioners by announcing curtailment of pension benefits. This is a blatant denial of one of the fundamental rights of

pensioners.

The struggle in the banking sector is intricately linked up with the struggle against imperialist globalization programme. The myth of globalization propagated as a savior of the people and robust growth and development has already tumbled down like nine pins in the centers of capitalism. It is time to expose, fight and unite against banking sector reforms in the interest of the country and its people. **Dh**

# THE RECENT DRACONIAN ACTS ARE A DESPERATE ATTEMPT AT SAVING THE STATE FROM IMPENDING DOOM

*Samya*

IN December 2008, only one month after the Mumbai blasts, the Indian Parliament passed two bills, one on the creation of a National Investigation Agency and the other on an amended version of a previous act known as the *Unlawful Activities (Prevention) Amended Bill 2008* or Bill No.76 of 2008. The first is the proposal to set up a national investigation agency throughout the country to coordinate the activities of different intelligence agencies and the second is the measure to exercise more ruthless control over the rights and body of the citizens by making a mockery of democracy in this 'land of the largest democracy' of the world. The second bill incorporated provisions borrowed from previous 'anti-terrorist laws', which were discredited due to their misuse by the police and their draconian anti-rights measures. Both the bills were passed in the Parliament without any opposition. There was no opposition from the so-called 'left' parties including CPI (M)—the self-professed champion of people's rights.

## **What are the provisions of this Unlawful Activities (Prevention) Amended Act of 2008?**

This act has revised the provisions of the CrPC.—one of the main codes prevalent in India. According to existing law, anybody charged with being a "terrorist" can be kept under police custody (Section 43D) for 15 days together; in the new law, the period is extendable to 30 days initially. According to the existing law again, if the prisoner is not given the charge-sheet within 90 days, then he or she will naturally get bail on the 91<sup>st</sup> day. In the revised act, it is stated that even if the police fails to give the charge-sheet within 90 days, the prisoner can be kept in prison for a period of 180 days. It implies clearly that the evidence to be furnished by the State would be ghost and fictitious, and such evidences would be prepared by the newly-formed National Investigation Agency and the details of those ghost witnesses would not be disclosed to the prisoners vide section

17(2) of the NIA. Side by side, the police would be able to take prisoners into custody from jails, in the name of investigation, even after keeping them in police stations for 30 days together for an unspecified number of times for a further period of 150 days. Needless to say, they would be subjected to third degree torture and harassment and humiliation of all types.

Under this law, the prisoner would have no right to secure bail. Even after being kept in prison for 180 days, the court would not grant him/her bail—a measure that is totally against the existing law. The granting of bail is totally dependent on the sweet will of the government. When a person is denied the right to get released on bail, the meaning is crystal clear. It necessarily implies that when the police have arrested anyone on the charge of being a "terrorist" or having links with them, then he or she is a criminal beyond doubt; so the onus of proving his innocence lies with him, and, in such a situation, for a prisoner this is next to impossible. This law thus is meant to deprive the individual of his right to freedom.

In the Indian Constitution and section 22 of the Cr.PC., it is clearly stated that the detained person would have to be produced before the court within 24 hours of arrest. In section 43B (2) of the amended act, the clause 24 hours was relaxed by deliberate omission and thereby encouraged and also extended illegal detention legally.

Under the amended law again, if any bureaucrat of the rank of joint-secretary thinks it fit, then he can raid the residence of any citizen, seize articles and even arrest him. This provision (No.43) is a clear infringement upon the privacy of the citizen and it does away with all safeguards against arbitrary arrests.

There is a clear discriminatory attitude towards foreigners. Under the act, "foreign" "suspected terrorists" would not get release on bail except under very exceptional circumstances. Such clause is a complete violation of section 14 of the ICCPR, where it is clearly stated that there

should be no discriminatory attitude on grounds of nationality. Further, it is also a violation of another inalienable right—the right to recognition as an individual under the law.

This act is also an infringement on the right of fair trial in the court of law. Under section 42-E (which was included in TADA and POTA also), if any arms or explosives are found in the possession of the accused, then it has to be taken granted that he or she was connected with some terrorist activities. As we have seen it many a time, weapons can be implanted and declared by the policemen themselves to be in the possession of a person whom they wish to implicate. And in such cases, the onus of proving one's innocence would lie with the accused. Thus it is a clear departure from the normal rule that it is for the police to prove that the accused person is guilty.

Under this act, the time of making an appeal against a judgment has been reduced to 30 days at a time when it needs at least 60 days time.

Under the act again, the citizens are asked to supply information about "terrorist activities" compulsorily to investigation officers. This implies that citizens would be forced to act as police informers, and if they refuse to be so, then they can be arrested and incarcerated for a period of three years.

Under this draconian law, as under the POTA of 2004 (section 46), the government agents will be empowered to tap the phone calls and other mediums of communication and that can be used against the citizens.

In respect of terms of punishment, the period is extended in all cases, without any consideration of the specific nature of each case, to a minimum of 5 years and a maximum of life imprisonment.

Under this law, the oppressive policemen will get immunity from arbitrary arrests, torture, foisting false cases, not to speak of subjecting the prisoners to all forms of humiliation and harassment. It is clearly stated that what the investigation officers had done was done in "good faith" and so no legal steps can be taken against them.

These acts—which are complementary to each other—are meant to curb people’s inalienable rights and their resistance sans any pretence to abide by democratic norms. That there would be a serious miscarriage of justice under such laws is evident from the experience of people detained under the TADA and the POTA. According to the government’s own admission, of the 67,000 persons arrested under the TADA, about 60,000 proved to have not committed any ‘offence’ at all, while of the 1,500 persons detained under the POTA, 1,006 proved to be ‘innocent’ in the eyes of the same law as charges could not be proved, needless to say, despite utmost efforts by the state forces. However, these new laws—‘unlawful’ in the eyes of the same Constitution that the same Indian ruling classes had framed—are only the logical culmination of a series of ‘unlawful laws’ enacted by the central government over the last few decades since 1948. The reality is that the ‘Fundamental Rights’ of the people propagated with so much fanfare by the ruling classes and their political representatives are meant hardly for the basic masses and the struggling people. What experience do the people of India have about the rights they are supposed to enjoy over the last few decades? Let us have a look at history.

### **Draconian laws**

Before the ‘transfer of power’ the Bombay Public Security Act empowered the police “to arrest without trial any person acting in a manner prejudicial to public peace of the province”. In 1948, the newly-formed Congress ministry amended it to include within its scope “any person *liable to act...*” Such an amendment was no doubt the portent of things to come. Article 19 Clause (1) and some articles following these speak of some ‘fundamental rights’ for its citizens. However, the pertinent point is that the clauses that follow each of these articles empower the State to impose some *restrictions* on those very rights, thereby nullifying the whole exercise. Thus the acknowledgement of ‘fundamental rights’ and protection against arbitrary arrest and detention has its anti-thesis in the constitution itself.

In February 1950, just after the inauguration of the constitution of the “Sovereign, Democratic Republic” of India, Nehru-led government enacted the

Preventive Detention act to imprison thousands *without trial*. It was applicable to the whole of the country. During the first few years after the new government took over, fifty thousand political opponents were picked up and sent to prison, and thirteen thousand persons were killed or wounded, according to official accounts. In jail, they were compelled to languish under inhuman conditions. Preventive detention itself makes a mockery of democracy, as people are imprisoned not because of any ‘offence’ they had committed, but because they were suspected of thinking of doing so and so they needed to be prevented from doing so by State intervention. All the Press Acts and Security Acts of the colonial days remain unchanged under the new Constitution. The old repressive machinery of the colonial state with the Indian Penal Code, Criminal Procedure Code, the Police Act of 1861, Defence of India Rules, Prevention Detention Acts and others were perfected over the years by the Indian ruling classes and thereby made newer and newer attacks on the rights and liberty of the people possible. The Armed Forces Special Powers Act(1958), was enforced first in Nagaland and then extended to other parts of the north-east and Kashmir. It empowered the armed forces to liquidate anybody with impunity on mere suspicion as a preemptive strike—a term the US imperialists have been extensively using in regions like Iraq. These laws, needless to say, were passed to curb the growing resistance of the people. The Preventive Detention Act was replaced in 1971 by the Maintenance of Internal Security Act (MISA) fewer than tens of thousands of people were imprisoned between 1970 and 1973 in West Bengal alone, of which the overwhelming majority comprised the Naxalites. During and before Emergency (1975-77), thousands of people—mostly Naxalites—were shot down in fake encounters or made to disappear.

In fact, there was no end to the enactment of such black acts which had both regional and national application. The West Bengal Prevention of Violent Activities Act, Punjab Disturbed Areas Ordinance, the National Security Act(1980), the Terrorist Affected Areas(Special Courts) Ordinance (1984), TADA (1985), POTA and many other acts and ordinances

were passed. In reality, every succeeding “lawless law” is a greater attack on people’s liberty than the previous one. S.Sahay of *The Statesman* commented: “The gay abandon with which the Central government has been accumulating extraordinary powers makes one wonder whether in the not too distant future anything will be left of the normal law of the land.” The “sweep of the Ordinance is really breathtaking; he wrote (Cited in PUCL, Black Laws 1984-85, Delhi, 1985, p.34).

### **‘Fundamental Rights’ for the People?**

Are there any ‘fundamental rights’ at all for the basic masses in this ‘sovereign democratic republic’? for the overwhelming majority of the basic masses comprising the dalits, adivasis and other sections of the people irrespective of any community, any talk about all these things are simply illusory. It is the normal practice of the police to pick up innocent people on mere suspicion or on the basis of complaints from the higher-ups, to torture them in police custody in order to extract “confessions” or merely for the fun of it. Several human rights organizations reported gory details of torture, rape and custodial deaths in the police lock-up, while the perpetrators of cruelty are seldom brought to book. And when it comes to deal with the Maoist revolutionaries, or the Kashmiri Azadists or Manipuri rebels, the prisoners are being subjected to the most brutal forms of torture, rape and subsequent deaths in fake encounters. These facts are well known and well-documented.

The question that comes up is: if there are so many “lawless laws”, then why should these two acts be enacted at all? The reason is the crisis with which the Indian ruling classes are afflicted in the recent period. It was not without reason that the Indian Prime minister identified the Maoist movement as the ‘greatest threat to the internal security of the country since independence’ and a ‘virus’ to be weeded out at all costs. The global crisis of capitalism, regarded as greater than the crisis of the late 1920s and early 1930s by many, has only exacerbated the all-round socio-economic and political conflicts in

**Continued on page 12**

# CORPORATE FRAUD & POLITICAL SWINDLE ENDEMIC TO THE EXISTING SYSTEM

*Dr. Gupta*

**R**AMALINGA Raju, the poster boy of the stellar show of the India's so-called giant strides in the Rs.2, 000 billion IT industries is now a disgraced icon. The Satyam scam, a product of economic liberalisation, has exposed the hideous underbelly of big business that has been now facing avalanches worldwide. Just a few months back, Raju's Satyam Computer Services received a Golden Peacock Global Award from a group of Indian directors for excellence in corporate governance under the *Risk Management and compliance Issues* segment. The Institute of Chartered Accountants of India (ICAI) gave him the Golden Peacock Award for corporate governance. Prestigious awards were heaped on Ramalinga Raju, the founder owner of Satyam Computer Services. In 2000, Ramalinga Raju was showcased by the then Chief Minister of Andhra Pradesh, N. Chandrababu Naidu, to the then U.S President, Bill Clinton, as the first generation entrepreneur and the glowing face of India's IT power, when the President visited Hyderabad.

Ramalinga Raju (RR) is now arrested but the legacy of corporate frauds, particularly under the current 'reforms' age shall not die.

When a petty thief robs out of hunger and poverty he is treated as an 'anti-social', thoroughly beaten in the police lock-up and jailed. But if you rob thousands of crores, as did the business magnate RR, in league with the top politicians of Congress and the opposition, then you are treated like a VIP, even in jail. In fact, the mafia style operations of a Ramalinga Raju could match those of a Dawood Ibrahim in their scale of operations and level of ruthlessness. Mafia style land deals, insider trading on the Stock Exchange, robbing of staff's salary, manipulation of employee's Provident Funds, fictitious Fixed Deposits, indulging in data theft at the World Bank and bribing WB staff for favors, forgery and breach of contract of British mobile solution firm *Upaid*, massive frauds in projects granted not only by successive AP governments but also those of Maharashtra, Karnataka, Taminadu, etc, and even defrauding the public through a huge health welfare scheme...are but some of the underworld-

style operations indulged in by the RR family.

The only real difference between a Ramalinga Raju and a Dawood Ibrahim or Chotta Rajan is that the former loots 'legally' the latter 'illegally'. But what they have in common is their nexuses with top politicians and bureaucrats, who share in the spoils from both operators.

## **Magnitude of the Fraud**

On January 7<sup>th</sup> RR issues his so-called confession of fraud and then disappears, only to appear on 9<sup>th</sup> night at 10 pm when the two brothers drive to the DGP's office in two Mercedes Benz cars in a stage-managed surrender. This game of confession and surrender was not as innocent as it seems, as on Jan.8<sup>th</sup> they were to appear before the Texas District Court in the US on charges of fraud. In the US, laws are stringent and they would face a definite long-term prison sentence. On Jan 10<sup>th</sup> they were driven like VIPs in a convoy with tinted glasses to court and jail. The police/government did not allow anyone to go near them and even beat up photographers. Even intelligence officials and SEBI were not allowed to touch them. In fact, the government by 'arresting' the two brothers temporarily saved them from the US courts and by keeping all intelligence at bay gave them time to destroy evidence. To add insult to injury the government appointed RR-hatchet man. Ram Mynampati as acting CEO, a person who himself had made a fortune through insider trading and had, in addition, drawn a pay package of Rs.3.5 crores in 2008.

RR had inflated the employees' numbers by 13,000, siphoning off Rs.1, 200 crores to his family accounts over five years. They held fictitious Fixed Deposit Receipts worth Rs.3, 300 crores. The Income tax department detected that Rs.20 crores was funneled off of employee's PF salary deductions to his personal accounts.

RR confessed to a fraud of Rs.1, 230 crores. This figure is just the tip of the iceberg as to boost the share prices he showed Rs.5, 040 of cash which was non-existent and hid Rs.1, 230 crores which was owed to others (it was just this figure that he declared). He minted thousands of

crores through such manipulation of the accounts as share prices boomed to Rs.700. Selling his shares he made thousands of crores bringing share prices down to Rs.225 in Dec. 2008 and a mere Rs.40 in Jan.2009. While his family held 36% of the shares in 2001 it was reduced to a mere 5% in Jan 2009. He sold 2.45 crore shares just in the period from Dec.23 2008 and Jan.5<sup>th</sup> 2009.

The massive amounts that he got through sale of shares, he invested heavily in real estate in and around Hyderabad, Visakhapatnam and in many other fast growing urban centers like Bangalore. He was involved in 400 *benami* land deals involving a network of 330 companies. RR linked up with one Rajaiah, a notorious land grabber (member of Nalgonda Congress District Committee) purchasing 7,300 acres in Ranga Reddy and Nalgonda districts. In just the last year he sold land in this region raking in a cool Rs.2, 000 crores during the peak of the real estate boom. The CPI (M) has claimed that the present Congress government has allotted up to 17,408 acres to Satyam and its sister companies (it is of course silent on the Naidu link due to the poll-tie-up). Though most of this was in and around Hyderabad, from 2007 he has been investing in Vishakhapatnam as well. The profit from such sales is estimated at over Rs.2, 500 crores.

The next source of massive earnings has been the prime projects he grabbed at highly favorable rates. In just the last two years the AP government has granted Maytas Infra Rs.15, 000 worth of projects, including the prestigious Hyderabad Rail Metro Project, Deep Water Port at Machallipatnam, Water Supply Project in Hyderabad, etc. Besides this other state governments have also given these RR companies projects. The Karnataka government has given the building of two new airports at Shimoga and Gulbarga to them as also a number of road projects. The Maharashtra government has given four districts for electrification to them including Nanded and Beedar and also the international airport hub coming up at Nagpur. In Orissa the UK-based Vedanta Company has given it a slew of projects for its giant alumina and power projects. They are said to have also got projects in other

**In 2003:** Chief Mninister N. Chandrababu Naidu hosts visiting US President Bill Clinton at a function in Hyderabad, where he showcased Ramalinga Raju as a first generation entrepreneur & the face of Indian's IT prowess.



## How the Scam was known

Now the fraud at Satyam Computer Services is projected as the biggest of all scams unearthed within the corporate sector in India. Things have been only selectively leaked to the media. It is now known that through multifarious routes involving myriad of companies set up by them, Ramalinga Raju and his family members have siphoned off a huge amount of money from the original firm. It is also known that to hush up the whole fraud, the accounts were manipulated and documents were fudged to declare non existent cash reserves and understate liabilities. Large amounts of funds were siphoned from the Computer Company to invest in real estate ventures. The two companies – Satyam and Maytas (spelt in reverse) – were used as the main conduits in this process. Further that, the CID of Andhra Pradesh found it that the giant computer company had only 40,000 employees as against 53,000 officially shown. According to Raju's own revealing confession, the hole in the process that led up to the claimed Rs.7, 000 crore hole in the company's balance sheet was the result of an unmanageable cumulative process started many years back. In his confessional statement Raju also concealed that Raju and his wife had not sold any shares in the last eight years *"excepting for a small proportion declared and sold for philanthropic purpose"*. The truth, as already mentioned, is that the shares of the promoters had fallen sharply since 2001 till when they had 36 per cent of the equity. This steadily declined to reach 5.13 per cent in January 2009. Further dishonesty was that company's accounts were manipulated to inflate share values for large receipts to the promoters. In one estimate, the promoters could have gained as much as Rs.2, 500 crore through the stake sale. It is notable that Raju's information technologies companies had a fair share of Fortune 500 companies on its client list. It is also now known that in the financial year ending March 2008, the ratio of profits before tax of Infosys was 32.3 per cent of the total income, that of TCS 23.1 per cent, of Satyam 27.8 per cent and of Wipro 19.2 per cent. This raised a very important question: either Raju exaggerated the hole in the balance sheet or that other firms in the industry were also inflating the revenues and profits or

parts of the country as well.

Last but not least is the gigantic fraud done in the name of social service to run an ambulance service all over the country. The Raju brothers won contracts to their company EMRI (Emergency and Research Institute) to run ambulance service in as many as 10 states. The fraud came to light when two of its directors – former CII chief, Tarun Das and Harvard professor, Krishna. G. Palepu – resigned. RR is chairman and his brother is in the Board of directors of this EMRI. A.P.J. Abdul Kalam is also on the Board. In just 2008-09 as much as Rs.600 crores was moved to the accounts of EMRI from the Union government's National Rural Health Scheme (NRHS) through the PPP (Private-Public Partnership) model. Government provides all the costs of the

1,300 ambulances, the recurring costs of Rs.1.5 lakh per ambulance per month and free land ranging from 10 to 20 acres. Satyam merely provides the software and staff. The massive expenditure is nowhere commensurate with the costs allowing the Raju brother to siphon off huge amounts. The EMRI has targeted by 2010/11 to run 10,500 ambulances costing Rs.1, 890 crores, Rs.300 crore for control rooms and Rs.1, 890 crores for recurring expenses.

The list could go on and on but much of it is being hidden by the politicians and bureaucrats who are neck-deep in the scandal. In fact it is said that many of the companies linked to the Rajus have money of the politicians and bureaucrats intermixed with that of the business house.



all were doing similar tricks. What is not known nor will it be known of the whole gamut of companies involved in the corrupt practices involving Satyam and the other corporate houses. The more than 7000 crore fraud in the fudged official documents occurred even after certification by the iconic American auditing firm Price Waterhouse. The mega scam also exposed the role of the independent directors (Satyam had such luminaries as ISB dean M Rammohan Rao, Harvard's Krishna Palepu and former cabinet secretary TR Prasad). This was not a case of some fly-by-night operator that had been caught out. Satyam was listed on the NYSE, boasted of 185 Fortune 500 companies among clients and employed thousands.

Satyam started the journey with only 20 staffers in 1987 and by 1992 emerged as a private limited company. In the year 2000 the World Economic Forum recognized Satyam as one of the World's 100 pioneering Technologies Company. The very next year Satyam was listed in the New York Stock Exchange. In the year 2003 Satyam could acquire service provider status from the World Bank. By 2006 Satyam's revenue surpassed Rs.100 crore and it became double in 2008. As an icon in Silicon Valley, Satyam became service provider for 2010 and 2014 FIFA World Cups in South Africa and Brazil.

In 2008, during the global economic crisis Satyam was blacklisted by the World Bank for offering bribes to the World Bank Staff. Satyam's monetary power and political connections skyrocketed. Ramlingam Raju became an iconic figure. Way back in 2002, the Income Tax Department let Rajus off by going soft during a probe into fixed deposits worth Rs. 19.5 crore in banks on which tax had not been deducted at source. *The Times of India* in its edition of January 15 had reported that the authorities were evading the investigation against the promoter of Satyam, which had unearthed more than 50 bank accounts in the names of Raju's family members and alleged fronts. This emboldened Raju, the prominent star in the world of IT business in the World, having close relations with the then Andhra Pradesh Chief Minister Chandrababu Naidu.

The gargantuan scam could have been kept under wraps with the connivance of regulators and political players, had not the now disgraced B. Ramalinga Raju diverted

huge Satyam funds to other pet projects, Maytas Infra and Maytas Properties, headed by his sons. The game plan was to reduce the alarming gaps in Satyam's accounts. With enormous clout with the current Andhra Pradesh Congress Government, Matyas Infra bagged projects worth Rs.30,074 crore on its own and in joint ventures and earned the accolade of the "fastest growing infrastructure company" in the State covering areas like to irrigation, railways, roads and ports. It compels any layman's wonder that like the meteoric rise of Satyam, Matyas Infra first recorded a turn over of Rs. 100 crore in 2003, which skyrocketed to Rs. 1,600 crore in 2008. Till now it has come to light that Ramalingam Raju mysteriously acquired 6,800 acres of land, mostly under assumed names by floating a number of companies in different names. About the land buying spree of one commentator graphically presented the following in the *Times of India* on January 8, 2009.

*"All the millions that computers brought him, Raju poured into buying land in Hyderabad, which was then still a provincial town. Most of the shopping was in a locality called Medchal on the city's outskirts. Soon, he was a formidable landlord – although the holdings were not in his name. He cannily befriended Andhra Pradesh Chief Minister Chandrababu Naidu, who proudly paraded him before President Bill Clinton like a trophy baron of a progressive state. Naidu and Raju fed off each other, the one drawing on the other, leading a Naxalite to comment that if Raju's land holdings were forfeited, there would be enough to satisfy the improvised farmers of Telengana. Nobody took any notice. Raju's IT credentials were overpowering.... Y S Rajasekhara Reddy came to power in 2004, the friends of Naidu were given short shrift. But Raju was able to befriend Reddy, after he is said to have paid a "hefty penalty" to atone for being a Naidu loyalist. But Reddy's policies of boosting real estate around Hyderabad suited Raju perfectly. Land prices spiraled Raju grew richer: Owning land became an obsession."*

Now the blame game has started over this horrendous scam between the present APCM Y S Rajasekhara Reddy and the erstwhile C M Chandrababu Naidu over lavishing extraordinary favors on Raju.

Reddy told the media on 9.01.09, "Ask Naidu as it was he who had promoted Raju". Naidu's reply unfolded some blunt truths. He admitted the charge. "Yes, I did promote Raju as I did many industrialists from the state. But it is this chief minister and his government that has awarded crores and crores of rupees worth of contracts to Maytas Infra, Satyam sister concern." State government sources told the *Times of India* that neither YSR nor Naidu would want to scream for Raju's head as that can expose all the 'help' that these governments had given to industrialists like Raju. (*Times of India*, 10.01.09). In fact, Chandrababu Naidu himself has grown richer and richer, from a rich peasant status, and it was the Raju-like industrial fraudsters that pumped money to his pocket during the TDP dispensation. The YSR government of the Congress Party took over in 2004; it renewed all the land deals that the Naidu regime had entered into, save the IMG Bharata case which is now embroiled in a legal tangle. The Congress regime had cleared the deals involving prime land in Ranga Reddy district, on the outskirts of Hyderabad that Naidu had given to IT firms and real estate developers among others.

Now the new Satyam board has been reconstructed and the investigating team has started probe into 325 companies related to the Raju family.

## **Satyam Scam is inherent to the Corporate Venture**

It is preposterous to think that the corporate world is a paradise of transparent corporate venture with lofty corporate governance and social responsibility. Similarly, it is a figment of the imagination to think that Ramalinga Raju, the icon of IT sector cum real estate behemoth, is an exception. Further that, Indian regulatory mechanisms which are supposed to be nursing a vice-like grip on the corporate functioning in India are nothing but vulnerable to the nexus of money power and political bosses. Manipulations, cooked up books, tax evasion, seeking favors of political parties of all hues for bagging contracts, inflating stock values, gaping holes in balance sheets with the complicity of 'reputed' auditors, etc. are part of all corporate ventures.

A part of the whole truth has been conveniently leaked to the press. The sham of corporate governance and the sleazy role

of government regulatory bodies raise some pertinent questions that people have a right to know. First, how come Ramalingam Raju “managed” the transgressions even while doing every little bit by the book authenticated by the distinguished auditors Price Waterhouse Coopers over so many years? It baffles us how a software company whose bulk of income was routed from abroad could indulge in such mega scale frauds while receiving a clear cheat from all regulatory agencies. It was never possible without dangling money bags to auditors, for which the more than Rs.7000 crore scam could be ‘overlooked’. Leading journalist, Sucheta Dalal, noted in one of her columns: “From 1992 to 2000 and beyond, no corporate house has been punished despite their deep involvement in financial scandals. It is only brokers and bank officials who end up as scapegoats.” It is not anything unusual to know that the Serious Fraud Investigation Office, which has been asked to probe the Satyam case, has not got a single court verdict in the cases it has filed since 2003. [Frontline, February 13, 2009]. It is the pliant system, especially in the era of reforms under globalisation that allows such frauds. We can not but expect that fraudsters born out of this system will ultimately come out with impunity. The real sufferers are the small investors and Satyam staffers, whose jobs are at great risks.

Secondly, what about the other, IT firms. The rising capitalization of such companies resulted in this industry delivering millionaires and billionaires in a few years time. If we consider the IT industry as a whole, consisting of hardware, software and service, the share of 20 firms has fluctuated between 47 and 57 per cent since 1991-92, standing at 55 per cent in 1999-2000 and 56 per cent in 2006-07. That is, concentration as conventionally measured has been high and almost stable. Firms such as Tata Consultancy Services (TCS), Wipro, Infosys and Satyam were prized possessions amassing huge profits and recording high equity values in stock markets. This resulted in the churning out of millionaires and billionaires in this period, though the value of the wealth held by the owners of these companies revolved with the markets. Thus on the stock markets like BSE the price index of those companies rose faster than the Sensex and the IT sector was regarded as the booming industry for

growth of the economy. All the first four IT companies reported an annual 50 per cent profit increase in every quarter. It has never been possible going the Satyam way as similar steps have been resorted to over these years by the IT companies that became richer and richer with the regulators remaining silent

Thirdly, SEBI, the Company Law Board, Registrar of Companies, Institute of Chartered Accountants in India like ‘vigilant agencies’ and particularly the Government of India, found no discrepancies in Satyam books over years. Was it possible to cook books, fudge documents and have massive investments in the realty business without their conveniently overlooking these frauds through political and monetary manipulations? Of late we came to know that the auditing firm Price Waterhouse & Coopers’ senior auditors reportedly confessed to receiving heavy amounts to allow Satyam to fudge the whole accounting process, bypass protocols and certify the fake figures to save Raju. SEBI now pretends to be innocent of the fudging process but even in last December, it had given a clean chit to Satyam adducing the argument that it had not found any violation of norms relating to the takeover and corporate governance in its preliminary surveillance of the questionable deal involving the acquisition of Maytas Infra by Satyam Computer Services. Interestingly, Satyam’s name figured in another big scam led by Ketan Parekh who was involved in the case of insider trading forgery (1997-2000).

Fourthly, much talk is going on over the Satyam scam followed by Harshad Mehta securities scam of 1991, Ketan Parekh scam of 1997-2000, the UTI scam and Global Trust Bank Scam of 2001. In all these gigantic scams tax payers lost crores of rupees. In no case were the political parties and their leaders, who were directly or indirectly involved in all such scams, ever touched.

Another pertinent question is the role of the government appointed board of Satyam Computers Limited Mr. A. S Murthy, known as an insider in some quarters – as the new Chief Executive Officer of the disgraced IT major. At least three transactions from the Bombay Stock Exchange data as dug out by Dalal Street show Mr. Murthy had sold 40,000 stocks of

Satyam and pocketed about 90 lakh just days ahead of Satyam’s aborted bid to invest more than 8,000 crore in its property development subsidiaries. Dalal Street watchers confirm that Mr. Murthy has been Mr. Raju’s confidant. [Statesman, 7.02.09]. This is a serious question but should not surprise us because it faithfully mirrors the pattern of the economic universe of the crime-based corporate sector and the overactive intervention of the government, like in the past, to forestall digging into the fraud-based corporate ventures current in India.

## **The Comprador Class and new Mafia Nexus**

The scam on such a gigantic scale and over such a long period could not have gone unnoticed unless all the so-called watchdog institutions and politicians acted as accomplices – all of them getting a rip-off from the massive loot. Also huge amounts would have found their way into the pockets of the police and judiciary to buy their silence. In fact not only have past and present Chief Ministers of AP been deeply interlinked with the Satyam frauds, but also top bureaucrats, politicians of all hues and even an ex-President of the country. The amount of the money looted in mind-boggling; so the gains to all those involved have been huge.

An intersecting example is of R.C.Sinha of Maharashtra. He joined as a non-executive Chairman on the Board of Maytas. He is now also vice-chairman and Managing Director of the Maharashtra Airport Development Corporation. The MADC allotted 130 acres to Satyam in the Multimodal International Hub Airport coming up at Nagpur.

In 2001 the NDA government stopped an Income Tax probe that had revealed that the owners of Satyam were manipulating share prices. In 2002 the IT department had unearthed 50 bank accounts of the Raju family but sought not to act.

In Sept 2008 when Sreedharan (head of Delhi Metro rail and a consultant appointed on the Hyderabad metro rail Project) complained to the Planning Commission hinting of fraud in the Metro Project favoring Maytas, the AP government demanded an unconditional apology and threatened to sue him. Ironically the Planning Commission also rejected his concerns. Now it is proved

**Continued on page 20**

## SCRAP THE ANTI-RESERVATION RESERVATION BILL

**T**HE Rajya Sabha, during its winter session, passed the Reservation Bill in two minutes without debate. Till today Reservations are being extended every 10 years by executive order. Now they seek to institutionalize it; and while doing so they made sure to remove its teeth.

The casteist mentality and the brahmanical ideology of the Indian ruling classes is once again exposed during the last session of Parliament when an anti-dalit and anti adivasi Bill “The Scheduled Castes and Scheduled Tribes (Reservations in Posts and Services) Bill, 2008” was passed in Rajya Sabha without any discussion. The name of the Bill is quite misleading. Instead of protecting the reservations, The Scheduled Castes and Scheduled Tribes (Reservation in Posts and Services) Bill, 2008, passed by the Rajya Sabha in December 2008, restricts, cripples and wipes out, to a significant extent, the provision of reservation for the SCs and the STs. From various clauses in the Bill it becomes very clear that the objective of the Bill was not to implement reservation but to end reservation to ensure complete and legalized exclusion of Dalits and Adivasis from all spheres of development.

The striking feature of this Bill is that it removes 47 government institutions from the purview of reservation. These include the Indian Institutes of Technology, the Indian Institutes of Management, post

graduate medical institutions, the National Institutes of Technology and five Central universities. Section 4(1) of the Bill says there shall be no reservation where appointments are made for a period of less than 45 days; to posts required for any emergency relief work; to posts qualified as scientific or technical posts, and to posts in “institutions of national importance” and the IIMs specified in an attached Schedule. Sub clauses mention that these concern posts higher than the lowest grade of Group A jobs. The Schedule lists 47 institutions, but the Bill says that it can be expanded at the will and whim of the government without going to Parliament again.

Another important aspect of this Bill is to remove the posts “qualified as scientific or technical” from the purview of reservations. The definition says all those posts for which the qualifications are from natural sciences, exact sciences, applied sciences and technology and for which their knowledge is essential for the performance of duties are “scientific and technical posts.” This clause robs the employment opportunities of all Dalit and Adivasi students pursuing engineering, medical and also natural sciences. The definition says that all those posts for which qualifications are from the natural sciences, applied sciences and technology and for which their knowledge is essential for the performance of duties are “scientific and technical posts”. This means

there will be no entry for the SCs and STs in specified public sector undertakings or the 54 mini-ratnas or those PSUs where the minimum qualification for a job is a BSc or MSc in a science subject, or in an applied science such as Microbiology or MBBS or B.Tech or M.Tech or say, any degree in sciences.

After thus blocking the entry of SCs and STs into PSUs and 47 educational institutions, the Bill makes it easy to declare SCs and the STs “unfit” for any job. Clause 9 of the Bill gives unbridled power to the recruiting authority to set such stringent qualifications which can disqualify anyone they choose not to recruit. In addition the authorities have been given the license to openly deny reservations through Clause 18 where the provision for punishment (that too merely departmental action) is there only when there is ‘proof’ that such contravention was “intentional”. This is ridiculous as there is no machine to measure ‘motives’ to prove whether any action was intentional or not.

As wrongly publicized in the media, the present Bill was not a sudden development. This was part of the Common Minimum Program of UPA government. The draft Bill was prepared in 2004. The proposal was very much in the air and there is nothing surprising about it. In fact the directors of different IITs had been campaigning hard so that

	Professors		Readers		Lecturers		Total	
	Total	SC/ST	Total	SC/ST	Total	SC/ST	Total	SC/ST
BHU	360	1	396	1	329	1	1085	3
AMU	233	0	385	0	521	0	1139	0
JNU	183	2	100	3	70	11	353	16
DU	332	3	197	2	140	9	669	14
Jamia	80	0	128	1	216	1	424	2
Visva Bharati	148	1	70	1	188	16	406	18
Hyderabad C.U.	72	1	87	2	44	13	203	16
<b>Total</b>	<b>1408</b>	<b>8</b>	<b>1363</b>	<b>10</b>	<b>1508</b>	<b>51</b>	<b>4279</b>	<b>69</b>

Source: The 1999-2000 year report of the National Commission on Scheduled Castes and Scheduled Tribes

the Human Resource Development Ministry drops its proposal to reserve posts for SCs, STs and OBCs in faculty recruitment. The sole argument peddled by the directors of these prestigious institutions revolved around the supposed negative impact on faculty quality if the reservation in faculties is not done away with. The Prime Minister in his visit to Guwahati IIT few months back had dropped enough hints that the 'concern' expressed by the various directors would be given sympathetic consideration.

Even before this Bill, the track record of the Indian ruling classes in implementing reservations is not very impressive. It was only nominal and they have been using this to serve their political interests.

Until now the policy of reservation is being implemented through various executive and administrative orders issued by the Government of India from time to time. However its implementation was always nominal because of the stiff resistance from brahminical forces which don't want to part with the power. Even though successive governments at the centre have issued various orders due to political compulsions they have not been serious on their implementation. This reluctance coupled with the resistance at various administrative levels dominated by upper-casteist elements has led to a situation where the Scheduled Castes and Scheduled Tribes are under-represented, particularly at the higher levels of decision making, in services

under the state even after six decades of 'reservations'.

The table shows the seriousness of the Indian government in the implementation of reservation.

Even a cursory glance at the figures pertaining to central universities (although the data is a decade old) makes it clear that even after 50 years from its inception in 1959, the UGC couldn't do anything in its more than 250 universities and innumerable number of colleges under it, not bothering to fill the 75,000 posts meant for the Scheduled Castes.

However the present Bill has raised many important aspects. The most important among them is the return of 'academic untouchability' with due sanction of the parliament and its further legitimization. The question of 'merit' is going to be resolved in favor of those who have been opposing reservations to save so-called merit. The definition of "scientific or technical" posts to be excluded from reservations clearly emphasizes the casteist and brahminical ideology of our ruling classes. They feel that Dalits and Adivasis are not competent to handle these posts.

The concept of categorizing certain educational institutions as "Institutes of National Importance" is against the spirit of democracy. Every institute should be an "Institute of National Importance". What is the contribution of these so called Institutes of National Importance? The hard earned monies of the toiling masses are made available by the public exchequer

to these institutes (at the cost of basic educational needs of the deprived sections) ends up creating doctors, engineers and other learned professionals whose majority (more than fifty percent) have no qualms in immediately moving to greener pastures - especially the USA - for good. For example the All India Institute of Medical Sciences produces the country's top doctors, but more than half of them work abroad, mostly in the US. The situation in IITs is no different. In 2002-2003, the Central government's budgetary allocation to the IITs was Rs.564 crores compared with a total elementary education outlay of Rs.3, 577 crores. In spite of appropriating the lion's share in the educational allocations, these institutes are producing technocrats for serving the imperialists and their TNCs

And finally the most striking aspect is the silent attitude of all the parliamentary political parties right from rightist BJP to the revisionist left parties and the self professed champions of dalits or tribals or backwards, over this disturbing development. This once again proves that irrespective of their so called political differences there is a clear cut consensus among the entire spectrum of parliamentary political parties who do not want to be seen singing a different tune.

The right to Reservations is not an issue of mere jobs, but it is a democratic issue. It is an issue of the rightful claim of Dalits and Adivasis in the nation's development and its resources. It is about their dignity and self respect. **Dh**

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### Continued from page 18

that he was right and both State and Centre sought to silence his voice.

On Jan. 2<sup>nd</sup>, when the World Bank decided to debar Satyam, the AP Chief Minister, Rajshekhar Reddy said "Satyam's problems have nothing to do with us", when they have been neck deep in most deals over the past four years.

In December the Supreme Court rejected an investor's petition seeking investor's protection against Satyam and cancellation of the purchase contract dated December 23, 2008 in Pyramid Salmira shares.

The complicity of all the power structures can be seen throughout the entire rise of Satyam and even during its fall. This entails to top levels of the political world and governments, the bureaucracy, the

police and even the judiciary. The ex-SEBI Chief, Damodaran, played the issue down and gave flimsy reasons for it linking to the accounting system. (Outlook Jan.29 2009) Not a word does he mention as to why the Security and Exchange Board, whose only job is to monitor the share market, not notice the insider trading at Satyam taking place for years.

What the Satyam saga indicates is not an exception, as the business world and their hangers on would have us believe, but the very nature of comprador capital in this country. It indicates its intricate ties with imperialism, the strong state-business nexus, its mafia-like character, and its enormous and unending greed to amass money by any means whatever. Most of the Indian big business houses are

similarly involved. It is such moneybags that require most the crushing of the revolutionary movement to peacefully enjoy their unscrupulous loot. It is they who are important factors to push for the ruthless crushing of the Maoist movement in AP.

What is notable is that much chaos in the current global economy in the period of imperialist globalisation is enmeshed in speculation, realty business, IT industry, infrastructural ventures, etc. U.S led globalization focused on those areas and that haven of capitalism itself is now battered by a massive crisis. Deregulation / loosening of regulation on the private barons is written in the U.S-India strategic Relations documents. The case of Satyam is the mere tip of the iceberg. **Dh**

# OPPOSE THE GENOCIDAL WAR ON THE PEOPLE OF TAMIL EELAM BY THE RAJAPAKSHE GOVERNMENT!

## SUPPORT THE LIBERATION STRUGGLE OF TAMIL EELAM PEOPLE!

*-Ravindran*

**A**FTER a long gap of eighteen years the struggle in support of Tamil Eelam is engulfing the whole state of Tamilnadu for the last four months, particularly from January 2009 onwards. Showing the ghost of Rajiv Gandhi, the democratic right of the Tamil people to extend their solidarity to their brethren in Tamil Eelam was suppressed with an iron fist by the successive governments at the centre and in state for the last two decades. Now, as the genocidal war against the Eelam Tamils in the name of 'war against LTTE' in Srilanka has intensified killing and injuring thousands of people, the protests against such killings and solidarity movements for Tamil Eelam are spreading like a wild fire throughout Tamilnadu. It has become the most important political issue in the state. The stand taken by the political parties, particularly the treacherous support extended by the UPA government led by the Congress to this war; the double-dealing by the DMK, i.e. while condemning the killings of Tamils in Srilanka extending all support to the Congress; the fascist Jayalalitha who openly said that the killing of civilians is inevitable in the 'war against terrorism'; the howling of CPI (M) that "we should not support the 'separatist' slogan of Tamil Eelam in the name of killing of Srilankan Tamils, enraged the people of Tamilnadu. All sections of the broad masses- workers, peasants, students, youths, traders, lawyers, women, dalits etc. are participating in this solidarity movement. At present the struggles are spearheaded by the students and the lawyers. The struggles started as human chain, demonstrations and rallies have become more militant and widespread. On 29<sup>th</sup> January, 2009, Muthukumar, a 26 year youth self immolated exposing the treacherous role of all political parties and appealed to the masses, particularly the students and youth, not to be cheated by the politicians but advance the movement independently. Pointing out the betrayal of DMK, which came to power by reaping the benefits of the anti-Hindi imposition struggle in the 1960s, he warned not to be cheated

again this time. Around one lakh people gathered for his funeral rally. Slogans condemning the treachery of central and state governments, betrayal of the DMK and supporting Eelam liberation struggle and LTTE were reverberated throughout the rally. This has aroused the nationalist sentiments in TN and militant struggles broke out throughout TN. On 4<sup>th</sup> February, 2009 a state-wide *hartal* called by the newly formed "Srilankan Tamils Protection Movement" evoked spontaneous response from the masses and they successfully observed a *Bundh*, despite the state government declaring it as illegal. DMK leaders, who attended the funeral rally of Muthukumar, were chased away by the masses and the 2 lakhs rupees solatium granted by the TN government was refused by the father of Muthukumar. So far, four persons died by self-immolation and three schoolchildren consumed poison in TN in support of the Tamil Eelam struggle. Even a Congress activist vexed by that party's betrayal committed self-immolation for the cause of Tamil Eelam. Along with Srilankan government, the Indian government, Congress and DMK have become targets of the mass fury. Effigies of Rajapakshe, Sonia Gandhi, national flags of Srilanka and India were burnt. Offices of the Srilankan High Commission, Airlanka and Bank of Ceylon were ransacked. *Chappals* were thrown at the central minister and Congress leader Manishankar Iyer. Congress offices were attacked in Madurai and Vellore and banners, flags and cut-outs of Congress leaders Sonia Gandhi were burnt at the Satyamurthi Bhavan, the state headquarters of the Congress party. In front of the UN office in Geneva, Switzerland, a Srilankan Tamil self-immolated in protest against the indifference of the world community, particularly the UN, on the genocide perpetuated by the Srilankan government. Around one lakh people demonstrated in Bangalore condemning the war on Tamils and in support of Tamil Eelam. Demonstrations were held in Canada, Australia, South Africa, and Malaysia and

in many cities of Europe to end the genocidal war and negotiate for a political settlement. Throughout the world, the Tamils extended their solidarity with the Eelam Tamils and condemned the Srilankan war of ethnic cleansing. The situation in TN is reminiscent of 1980s, when the masses rose against the genocidal Srilanka government and the IPKF.

### **Indian expansionism and the struggle of Eelam people.**

The decades of struggle for self-determination of the Tamils in Srilanka was transformed into armed rebellion in 1970 and has become the main form of struggle after the ethnic cleansing pogrom carried out against Tamils in Srilanka in 1983. Vexed with the compromising nature of the Tamil leaders, the Eelam youth have chosen the path of armed struggle. Many militant groups were formed. As the war intensified, thousands of Eelam Tamils came to TN as refugees. TN provided the natural asylum for the affected Tamils. The people and all political parties in TN extended all types of support for the Eelam liberation struggle. The 1983 anti-Tamil riots created a favorable situation for the Indian expansionists who are waiting for an opportunity to bring the Srilanka under its control. They utilized this and supplied arms to the militants, including LTTE, and set-up training camps in India. Realizing that without the help of Indian government, it will not be able to deal with the Eelam struggle, the Jayawardane government in 1987 struck an accord with Indian government under Rajiv Gandhi's regime. The Indian expansionists forced all militant groups to lay down arms and accept the Indo-Srilanka treaty. The treaty envisages a status of autonomy under the framework of united Srilanka. Naturally, the people and the LTTE who are fighting for self-determination, including the right to secede, shocked by this treachery of the Indian government, rejected the treaty. But, the expansionists sent its army under the name, Indian Peace Keeping Force (IPKF),

about 140,000 forces, to the north-eastern parts of Srilanka to implement the treaty at gunpoint. This enraged the people of Tamil Eelam and they fought against the aggressors. The people in India, particularly, in TN who were expecting that the Indian army would help Eelam Tamils to achieve their rights and dignity, were shocked by this betrayal of Rajiv government. Protests against IPKF raged throughout TN demanding its immediate withdrawal from Srilanka. The IPKF thought to finish the 'job' within few weeks was forced 'fight' for more than two years losing thousands of its forces. In 1989, the Srilankan government joined hands with LTTE and asked the IPKF to leave Srilanka. The 'protectors' become unwanted guests and the V.P.Singh government in the face of growing resistance in Srilanka and TN was forced to withdraw IPKF. Nevertheless, the atrocities committed by the aggressors on the civilian population in Eelam left ineradicable deep scar in the minds of Eelam people. Not only that, the Indian government in order to weaken the liberation struggle engineered splits in militant groups and pitted one group against the other through its intelligence wing RAW. Given the petty-bourgeois nature of the leadership of the militant groups, many of them easily fall prey to the conspiracy of the Indian expansionists. However, the LTTE not only safeguarded against this schism but also emerged as the only organization waging armed struggle for the Eelam cause.

Any democrat cannot expect the Indian expansionists will help an oppressed nationality to achieve its right of self-determination as India itself a house of prison of nationalities, trampling the national aspirations of many nationalities. The atrocities committed by the Indian armed forces against the people of Kashmir, Northeast, and for that matter anyone who dares to fight militantly against its oppression and exploitation, is no different from the armed forces of Rajapakshe government, to put it mildly. Even today, hundreds of thousands of India's military and para-military forces are engaged in crushing the genuine aspirations of the Kashmiris and the nationalities in Northeast region. Indian state fears that the liberation of Eelam will stoke the embers of 'separatism' in TN and other nationalities

in India, which are oppressed under the garb of unity and integrity of India.

After withdrawal of IPKF from Srilanka the Indian government went on extending all types of support to that government to crush the Eelam liberation struggle. It detained many ships of Eelam Tigers and arrested many in the international waters contravening all established international laws. In one such operation LTTE leader Kittu and few others died consuming cyanide. It provides regular intelligence information to the Srilankan navy about the transportation of arms by the Tigers. It supplies sophisticated radar system and military equipments, trains Srilankan soldiers in India, and has been sending its military experts to Srilanka. Hence, it is hand in glove with the Rajapakshe government in waging this genocidal war not only against LTTE but also against the Eelam people to crush their aspiration for a separate homeland. 'Terrorism' of LTTE or 'war on terrorism' is only a camouflage for this genocide.

At present, it did not condemn the mass killing of civilians by the Srilankan armed forces, on the contrary the Indian National Security Advisor M.K. Narayanan praised the butcher of Tamils, the Srilankan army chief Lt. Gen. Sarath Fonseka as the "world's greatest army chief". The Indian government ignored the condemnation and protests by people of TN and the world, and the repeated resolutions passed by the TN assembly to intervene in Srilanka to end the war. The Prime Minister Manmohan Singh and the UPA Chairperson Sonia Gandhi did not utter a single word on this issue when thousands of civilians are killed. The Foreign Minister Pranab Mukherjee's did not ask the Srilankan government to stop the war, on the contrary asked them to assure the 'safety of civilian' by providing more 'safe zones' at a time when the Srilankan armed forces were targeting even the civilian hospitals in the 'safe zone' unilaterally declared by the Srilankan government itself. The Srilankan army intensified the aerial and artillery bombing by shelling over 6000 bombs a day after the visit of foreign Secretary Shiv Shankar Menon. This is nothing but a tacit approval of the genocidal war. Expressing satisfaction with the Indian support in waging the genocidal war, Srilankan President

Mahinda Rajapakshe openly said, "in the war against LTTE (i. e. against Tamils) the help and support extended by the Indian government is very much satisfying". The Indian Foreign Minister is already talking about India's "readiness to participate in the reconstruction of northern Srilanka" and Rajapakshe's secretariat responded that both countries would work together on a reconstruction plan for these areas. The Foreign Minister Pranab Mukherjee under the pretext that other countries such as Pakistan, China and Israel would enter the island, told the parliament that "in our anxiety we should not forget the strategic importance of that island, and it is not only their security, it is closely connected with our security..... Surely, we would not like to have international players in our backyard". Naturally, the Indian expansionists have high stakes in Srilanka not only for its geo-political significance but also for its economic interests also. The Indian big bourgeoisie controls the plantation industry in the up country, the IT industry, automobile industry, petroleum products in Srilanka. Definitely, it does not want this to be altered by anyone. Therefore, it is extending full support and giving all help to maintain the status quo.

To put it briefly, the role played by the UPA government and the Congress party is that of an active partner in the planning, training, equipping and waging the genocidal war against the people of Tamil Eelam.

### **The role played by the political parties in TN**

The so-called Dravidian parties, the DMK and AIADMK, which become the flag-bearers for the Indian government, were thoroughly exposed. Earlier, DMK chief M. Karunanidhi threatened that all forty MPs from TN will resign if the centre did not act immediately to stop the war, but within few days he did a somersault and expressed satisfaction on the actions taken by the central government. The state government has taken suppressive measures to curb the spread of the solidarity movement. Ordering the closure of colleges in order to prevent the students from participating in the struggles, arresting the leaders and activists under NSA and anti-Goonda act, denying permission even for meetings and rallies, Mr.Krunanidhi

formed along with Congress and some other parties a parallel organization "Srilankan Tamils Welfare and Rights Movement" and held public meetings and rallies to 'explain' the stand taken by his party and the 'actions' by the state and central governments in a desperate bid to divide and weaken the people's movement. Toeing the Congress line, the DMK general secretary K. Anbazhagan declared in the TN assembly that "the Srilankan President Rajapakshe has agreed not to bomb the safety zones (where the Tamilians should gather). So, there is room for an assessment that Prabanab Mukherjee had duly taken up the issue with Colombo that the Tamil civilians should not be harmed. This is what this government wants to express in this house". This was said at a time when the civilian hospital and the so-called safety zones were being bombed and hundreds of children, women and old people were killed. All these actions by the self-proclaimed leader of the Tamil race M. Karunanidhi thoroughly exposed that he will commit every kind of tricks and frauds in order to cling to power.

The brahminical fascist Jayalalitha openly supported the war on the Eelam Tamils by saying "it is inevitable in a war (against 'terror') that innocent people would die". Sensing the adverse reactions from the masses she immediately retracted and demanded the Tigers should lay down arms and surrender to facilitate the cease-fire.

The MDMK, PMK, DPI, and the CPI formed an alliance in their bid to utilize the people's wrath against the ruling party. The PMK, while sharing power at the centre, is accusing the DMK for not pressurizing the

UPA government by withdrawing its MPs. MDMK chief Vaiko spitting fire against DMK and the central government did not utter even a single word on Jayalalitha's open approval of the genocidal war. The CPI approaches this issue as a humanitarian crisis instead of the liberation struggle. It is not even ready to agree that Eelam as a separate nation. DPI, a partner in the DMK alliance in the state, 'appeals' to Karunanidhi to lead the solidarity movement. These parties, on the one hand are trying hard to contain the struggle from taking more militant form and on the other trying to encash the people's sentiments into their electoral gain. Their vacillation and compromising nature was exposed during the state *bundh* on 4<sup>th</sup> February, when they declared that they will not 'compel' anyone to observe it. Defying their vacillation, the masses are taking forward the struggle in more resolute manner. Now, efforts are being made to mobilize the struggling masses under a broad platform consisting of the revolutionary, nationalist and other democratic forces.

The solidarity movement in support of Eelam Tamils has the seeds of nationalist aspiration of Tamils. Already questions have risen why the Tamils should participate in the parliament if it is not able to pressurize the central government to intervene to end the war. Some nationalist organizations have given the boycott call for the forthcoming Loksabha elections. The masses are generally feeling that the Indian government betrayed the Tamils by actively supporting the genocidal war. Day by day the people, particularly the youth, are feeling that the Indian government is insulting the people of TN and are desiring to teach lesson for these betrayers. The

news reports on the conditions of the people in the Elam, pouring everyday is strengthens this feeling. The condition of the people in the areas controlled by the Srilankan government are so horrible as these areas were virtually transformed into concentration camps putting the Nazis into shame. Graphic exposure in the electronic and print media on the condition of the people in these camps, such as forced abortion of the pregnant Tamil women, mutilated bodies of the children and the aged in bombings, systematic abduction of males from the camps, rape and molestation of women by the Srilankan army have created a sense of hatred not only against the Srilankan army but also against the Indian government. The state and the central government are very much afraid of this tendency and are making all efforts to curb this movement from further growth. On the one hand the government adopts tough measures to contain the militant form of struggles and on the other organizes passive form of struggle without even condemning the atrocities committed by the Srilankan government. But the present economic crisis and the anti-people policies of the central and state governments are bound to intensify all types of contradictions. With a sense of betrayal and insult and losing even the nominal faith they had about the bourgeois parties, the people are looking for an alternative. It is the task of the revolutionaries, nationalists and the democratic forces to provide a viable alternative for the masses. There is also a need for the movement to involve the workers and peasants more actively. The present situation provides a very good opportunity for that.

**Dh**

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### Continued from page 44

struggle of the masses. A real example of the democratic power are the new organs of power coming up in the areas of armed struggle being led by the Maoists as in Dandakaranya and Bihar-Jharkhand.

In Dandakaranya (Bastar, Gadchiroli...) the tribals have set up their own organs of power - Jantana Sirkars - not only at the village level but also at the block and also divisional level. These Jantana Sarkars have under them eight departments: development,

culture and education, health, forest protection, finance, defense (local militias), mass organizations and public relations, and justice. These are run by the tribals who have received their education only after coming in touch with the Party (Maoist). It is this new found power that the government desperately seeks to destroy and re-establish the authority of the corrupt sarpanches, forest and police departments, and notorious village elders. So the state's brutal terror in the name of Salwa Judum. But, this is a

true functioning democracy where people themselves are building their own future. It is this model that is showing the way to the people of the entire country for a genuinely democratic system.

Let us not fall prey to the government's fake democracy by boycotting the coming elections and working in the direction to build a genuine democracy in our country by spreading the sprouts of the new democratic power emerging in Dandakaranya to all four corners of the country.

**Dh**

## AN INTERIM BUDGET WITH STRESS ON MILITARISATION

**T**HE interim general budget is a dramatic extravaganza in a situation when the Indian economy is bottoming. And it was the responsibility of the stand-in finance minister to sing paeans of his crippling government's 'achievements' in the "extra-ordinary situation". Indian budgetary exercise in every financial year ends in dismal failures, grudgingly accepted during the next ritual. This time elections were only about 3 months away so the finance minister fine-tuned his speech keeping in mind only the elections. The country is in the quagmire of an unprecedented crisis with spiraling price rise, economic downswing, and soaring joblessness of millions, retrenchments and lay-offs. These are obviously the performances of the UPA government that till the other day was vociferously supported by the bankrupt parliamentary Left in India. The foreign minister also never addressed the fact that India is being badly affected by the global recession caused by moribund capitalism. The government had shown excessive worry over the filled-up godowns of unsold industrial goods but never bothered about the scarcity in kitchens of crores of Indian people. The reforms/liberalization policy dictated by the imperialist masters, and toed by the UPA has brought things to such a pass, which naturally was not found in the foreign minister's speech.

The deafening propaganda hype of India's growth story about to be crossing a two-digit figure, fuelled basically by the speculative boom, IT, IT-enabled services mainly depending on outsourced base, infrastructural investments, boom in the realty sector, etc. calculatedly meant for 15 to 20 percent of people's economic upliftment, has been by now silenced by dark realities. Already the IMF has predicted that India's GDP growth is scaling down to a poor 5 percent. The fiscal deficit (the gap between the government income and expenditure) has now gone up to 6 percent, factoring in off budget items like fertilizers and oil bonds. This percentage in the GDP goes up to 7.8 percent and even may end up still higher when the final figures come out. One can presume the severity of the crisis situation

when the state government's fiscal deficit is added to that, which will zoom the combined deficit beyond 10 percent in 2008-09. The problem does not end at that. There is a four-fold increase in the revenue deficit, up from one percent in budget estimates to four percent in revised estimate. The revenue deficit which was supposed to be just Rs.55, 000 crore has crossed Rs.2.4 lakh crore.

The dismal picture is also found in the sharp downfall of over Rs.65, 000 crore in gross tax revenues. This is the sharpest decline in excise duties, recording the sharp decline in industrial production and reduced rates. The slump in the Indian economy is further seen in the decline in custom and income tax collection. To be factual, the gross revenue collection is far short of budgeted targets of Rs.6, 27,949 crore. It is a clear symptom of the crisis-ridden economy.

### **Not an Aam Aadmi (Common Man) But a Military Centric Budget**

Though the interim budget conspicuously lacks in any definite interim solace for the people, this budget has sent out a warning signal to India's neighbors, Pakistan in particular, by hiking defense allocation by 35 percent. This is an unusually-ballooned provision for Rs.1, 41,703 crore of Defense spending. Already an anti-Pakistan sentiment is conveniently created and the BJP wants to make it one of the major planks of its electoral propaganda battle mixed up with its pet anti-Muslim tirade. Mr. Pranab Mukherjee, as a trusted Congress sycophant is entrusted

with the great responsibility of hijacking the BJP's militaristic campaign targeting Pakistan. In his budget speech he cited the November attacks in Mumbai as a rationale to vastly strengthen the war machine. The American programme of so-called anti-terrorism receives further funds in this budget with

emphasis on the three wings of the armed forces. A clear decision has been accepted to revamp the special commando force, armed with more sophisticated arms, as well as for strengthening India's naval forces. In this budget for the newly formed National Investigation Agency (NIA) a sum of Rs.10 crore has been allocated. This armed Agency is assigned the special task of fighting "terrorism". Similarly for various paramilitary forces, budgetary allocations have risen by 26 percent. Although the defense kitty swells on the pretext of the "Mumbai terror attacks", there is no disputing the obligation of the US-India military pact, prodding such a steep rise in defense expenditure.

The brutal fact is that in the crisis ridden Indian economy, the defense allocation is about 15 percent of the total interim budget. The enormous expenditure on defense actually mirrors the legacy of the Indian government since the Transfer-of-Power: prosperity for a few, and some more pious platitudes for the rest. Such a substantial allocation to the Defense sector also follows this age-old legacy. While it profusely gladdens US imperialism in its anti-terror strategy, more defense spends mean more profits for arms dealers. Such an enormous defense allocation spells good news for companies that provide products and services to this sector. Companies such as BEML and Bharat Electronics that have an established business presence in defense, and IT service providers such as Mind Tree (consulting assignment to help manage the logistics of Defense) and InfoTech Enterprises, (for which a bulk of the revenues comes from orders from big

<b>Allocation for flagship schemes (Figures in Rs. Crore)</b>		
	<b>2008-09</b>	<b>2009-10</b>
Rural Jobs	16,000	30,100
Primary Education	13,100	13,100
Mid-day Meals	8,000	8,000
Child Development	6,300	6,705
Rural Drinking Water	7,300	7,400
Rural Sanitation	1,200	1,200
Rural Health	12,050	12,070
Infrastructure	31,280	40,900
Urban Renewal Mission	6,866	11,842
<b>Total</b>	<b>102,096</b>	<b>131,317</b>



aerospace firms such as Boeing, Pratt & Whitney, etc) must have reasons to cheer. While it may not be easy to quantify their gains, the beneficiaries may not be restricted to the above companies, given the offset clause in the Defense Procurement Policy. The offset clause relates to the foreign companies and we must not forget that India is the main buyer of arms from Zionist Israel.

The stress in the above budgetary allocations for flagship schemes, first of all appear to be pro-agriculture for the creation of rural jobs. We have had enough of such schemes like NREGA, etc. which have miserably failed so far, Banks have shown repeatedly their backs on the rural sector.

### **The much-hyped *aam aadmi* budget Allocation**

The public distribution system for providing rations is a big failure. In the past three years states have been deprived of cheap wheat for the poor. The facts supplied by the Center's food distribution ministry has recently shown that in the states, people above BPL have got their allocated rations curtailed between 2005-06 and 2007-08 by 73.36 percent. The Arjun Sengupta Report has shown that 77 percent of the Indian population earn even below Rs.20 per day. For electoral politics the UPA government has allocated Rs.30,100 crore but if so many years of reforms policies are any guide we are sure to conclude that instead of increasing rural jobs, the money will be pocketed by the politicians, administrators, etc, swollen particularly in this crisis situation. Other schemes regarding health, education, etc. have not received any substantial increase in allocation. But all such schemes have also miserably failed to materialize, defeating the purpose so far.

Leave aside those schemes; let us particularly refer to infrastructure and urban renewal mission. Those two schemes are pillars of the reforms policy, passed on as development measures. Quite naturally Mr. Venu Srinivasan, president designate, Confederation of Indian Industry (CII) has welcomed the increase in the funds flowing into infrastructure like projects. It is a boon for the corporate industries like steel, cement, etc. to rise from the unprecedented

crisis. Similarly, drug-makers are happy for the National Rural Health Mission opening greater avenues for stocking the primary health centers with basic medicines, procurement of drug kits and other kits and medicines. Several drug companies that supply to the center's health programmes, including Cipala, Hetro and Emcure for AIDS drugs, Serum Institute and Panacea Biotech for vaccines, etc. are elated. It is natural for those big drug companies to feel jubilant after this budget.

The PM Manmohan Singh termed the stand-in Pranab Mukherjee announced UPA budget, as a "people's budget" and chanted the key word of the UPA mantra: the *aam aadmi*. In his statement he fondly hoped "I have no doubt that the continued stimulus for the various flagship programmes of the government will provide relief to all sections – especially the *aam aadmi*."

It is an interim budget with an eye on elections. The government has increased the spending apparently on some social sectors. The total spending on some flagship programmes comes to around Rs.1, 16,000 crore. The National Rural Employment Guarantee Scheme has been allocated Rs.40, 900 crore. Mr. Mukherjee has also assured that "the government will continue to provide interest subvention in 2009-10 to ensure that farmers get crop short-term loans up to 3 lakhs at 7% interest. For this Rs.2011 crore had been provided. This is less than 2,600 crore out-go in the previous year. Among others the Centre has also decided to recapitalize 15 public sector banks over the next two years. Rs.1, 900 crore has been provided for infusing funds into four public sector banks this year.

On public health in every fiscal year so far 1.1% of the gross domestic product has been spent. In fact the health sector has now been the most exploitative business of the private players. So far as the social sector is concerned India has spent Rs.12, 00,000 crore in the last five years but still lags behind countries like Pakistan and Bangladesh. The planning commission's recent data admits that about 16 percent of India's population does not survive 40 years of age, about 40 percent of the population doesn't have access to potable water, a huge percentage living below

poverty line and nearly half of the children are undernourished and 40 percent of those enrolled in schools dropping out before reaching classes. [*Indian Express*, March 2, 09]

Till January 2009, in a short period, the Indian Government gave various relief measures to the industrialists to the tune of Rs.15 thousands crores. The UNO's latest Human Development Index shows that out of 177 countries India proudly occupies the 127th position. Three stimulus packages have already been declared to save mainly the corporates. During the interim budget which received so much attention the finance minister did not officially declare any stimulus for the corporates while making tall talks on *aam aadmi*. He did exactly the opposite while replying to the discussion on the interim budget in the Lok Sabha with another dose of stimulus packages. This one saw excise duties being cut and services taxes being trimmed. The minister's announcement of a 2 percent cut in the CENVAT (excise duties) and a 2 percent cut in service tax which will cost the exchequer another Rs.30,000 core, was actually meant for the declining demand of commodities, that hurts the corporate sector. It should be kept in mind that the target is for consumer goods of the newly created middle class, not essentials for the masses.

It is worthy of mention that the World Bank unveiled a \$ 14 billion India-Specific strategy for the infrastructure and to support 7 poor Indian states (*Statesman* 31-01-09) Already the Prime Minister declared on February 2<sup>nd</sup> that in infrastructure, World Bank funds could go to the India Infrastructure Finance Company Ltd, which would increase the availability of Loans. The private-public based infrastructure development with a huge amount of World Bank loans will make India more dependent on the World Bank. To strengthen the public sector banks thousands of crores of World Bank money is coming to India as in the infrastructural sector. This will tighten the noose of World Bank and other MNCs on India's neck. This is the farce of the *aam aadmi* budget.

## THE MASS UPRISING IN LALGARH

**A**FTER Singur and Nandigram, now it is the turn of Lalgarh. While the first two mass eruptions in West Bengal were over displacement of the peasants from their fertile lands which were handed over to the big comprador sharks, the Lalgarh adivasi uprising was against the high-handedness and atrocities by the police and, of course, by the social fascist goons of the ruling CPI(M). It is the first mass uprising that had erupted on such a massive scale against police atrocities in post-1947 India barring, of course, Kashmir and North East. One is reminded of the mass uprising of Manipur against atrocities by the Indian Army and the Armed Forces Special Powers Act in the wake of the rape of Manorama.

Described as the biggest adivasi rebellion ever in the state and as the second Santhal rebellion, the militant mass uprising in Lalgarh drew banner headlines for several weeks following the land-mine attack on the convoy of the West Bengal chief minister, Buddhadev Bhattacharjee, and a host of other VVIPs, including two Union Ministers, Ramvilas Paswan and Jitendra Prasad, and top industrialist, Ashok Jindal, on November 2, 2008 near Salboni in West Midnapore district. The convoy was attacked by Maoist guerrillas when it was returning from Salboni after Buddhadev's inauguration of a mega-steel project being set up by Jindal at a cost of over Rs. 12,000 crores and for which 4,500 acres of land was acquired by the so-called Left Front government. Three policemen, including an inspector and two constables, were suspended following the land-mine blast.

What sparked off the rebellion was the brutal reign of terror unleashed by the police in the Lalgarh region committing indescribable atrocities on innocent people. Along with state terror, the social-fascist goons belonging to the CPI(M) had pounced on the villages with fire-arms, abducting and beating up people on suspicion of being sympathetic to the Maoists. On November 3, West Midnapore police raided far-flung villages of Lalgarh at the Belpahari end of Jangalmahal, and detained 15 people. Three of these were school-kids who were tortured badly and charged with sedition or waging war against the state, conspiracy and use of explosives. Two are Class IX students of Katapahari

High School and the third is a Class VII student of a Lalgarh school. They were returning after attending a village festival on the 3rd evening when police picked them up and lined them up with four other 'suspects' arrested in the case. These incidents provoked the initial protests. But paying little heed to the growing anger and protest of the people the police continued with their terror campaign.

In Kantaphari village one Deepak Pratihari was arrested on November 4 and his pregnant wife Lakshmi was assaulted. Another ten people, including a retired teacher and a contractor from Choto Pelia village, were arrested as police raids continued in 35 villages in Lalgarh block. The turning point came when the Lalgarh police tortured 11 adivasi women on the mid-night of Nov 6 in Chhoto Pelia. Mrs Chitamoni Murmu, a poor Santhal woman, had lost her vision after being struck with a rifle butt on her left eye by a policeman. Some like Panmani Hansda suffered fractures. This brutal incident, which took place in Chhotopelia when only women folk were present at the time of the police raid, served as the spark that set off a prairie fire spreading to the rest of West Midnapore and neighbouring Bankura and Purulia districts too.

### **A Fine Example of Democracy**

The month-long agitation was initially spearheaded by locals under the banner of the *Sara Bharat Jakat Majhi Madowa Juran Gaonta*, a Santhal organisation of adivasi elders, but was later led by an independent organisation that was set up exclusively to fight state repression—*Polishi Santras Birodhi Janasadharaner Committee* or People's Committee Against Police Atrocities. None of the parliamentary parties had any role in the uprising that had brought normal life to a standstill for over a month in Lalgarh, Binpur, Jhargram, Jamboni and Belpahari blocks of Midnapore West. Although they were kept in the sidelines, and despite the incessant propaganda that the uprising was led by the Maoists, the so-called mainstream parties, barring the ruling CPI(M), were compelled to express their support to the movement for the fear of getting isolated from the adivasi masses.

A 12-point People's Charter was drawn up which, among other things, called for withdrawal of all "false cases" foisted on the people since 1998, adequate compensation to the victims of police atrocities, immediate halt to police raids on clubs run by Santhals, not to carry out raids without the presence of Majhi Maroas, etc. But the most important demand of the committee that was of immediate significance was that the SP of West Midnapore, Rajesh Singh, and the culprits responsible for the outrage on women should hold their ears and crawl with their nose to the ground, all the way from Dalilpur Chowk to Chhotopelia Chowk apologizing for the police raids and detentions since the landmine blast on November 2. They demanded that the chief minister too should apologise for the high-handedness of his police officials. And though most of the other demands were met, it was this demand that became the driving force behind the agitation that went on for almost two months with short breaks in between.

The uniqueness of the uprising lay in its democratic character right from the nature and functioning of the organisation that spearheaded it, and the manner in which the mass resistance movement was conducted. To lead the movement, committees known as Gram(village) Committees (GCs), were formed at the grass-roots level. Each committee had five men and five women, something unheard of in the highly patriarchal and male-dominated semi-feudal social set-up in India. Moreover, every committee has to get its decisions ratified at a general assembly of the people that acted as the supreme decision-making body, which is again a fundamental departure and radical rupture with the tradition of one-man or one-woman dictatorship or the authoritarianism of a small coterie or clique in all parliamentary parties without exception and even in most of the non-parliamentary organisations in our country. Such "Gram Committees" based on genuine democratic values and traditions were formed in the villages of Belpahari, Binpur, Lalgarh, Jamboni, Salboni, Goaltore and adjoining blocks. 85 GCs were formed in Lalgarh block alone and 65 GCs in Belpahari block.

## The Spread of the Mass Resistance Movement

From Lalgah, the agitation soon spread to Goaltore, Garbeta, Salboni, Gopiballavpur and Nayagram blocks. By the 12th day papers reported that *"The situation has gone from bad to worse because the agitation is gathering support from villages of Bankura, Purulia and even parts of Hooghly."* They also reported that all attempts by the government and CPI(M) goons to isolate the adivasis from the Maoists had miserably failed.

Villagers blocked the road from Lalgah to Binpur initially; later the road blockades had spread up to Banspahari as people came forward to block the road between Belpahari and Banspahari to express solidarity with the campaign in Lalgah against police atrocities. On the whole, a 65-kilometre stretch of road from Banspahari to Lalgah was blocked during the agitation.

The Santhal organisation *Bharat Jakat Majhi Marwa* placed trees on the road to express solidarity with the agitation against police atrocities in Lalgah, 45km away. Among other things, the Bankura protesters wanted all night raids to stop. Three CPM leaders who had gone to persuade the tribals to withdraw the blockades were beaten up. A 48-hour bandh of South Bengal was observed on Nov 28/29. Armed with bows, arrows, axe and spears people took out four separate rallies from Khoer Pahari, Nekra Pahari, Tanti Danga and Karbhanga. They shouted slogans against the police and blocked roads connecting Chandrakona in West Midnapore with Sarenga, Bankura.

The People's Committee Against Police Atrocities, which led the protests in Lalgah, remained uncompromising on its major demand that the SP of West Midnapore should apologise before the people by doing sit-ups. Given the incessant harassment, humiliation, torture and arrests of poor and helpless adivasis by the police for decades, such a demand came as no surprise.

The agitation drew wide support from various sections of people throughout the entire state. Students from all over West Midnapore, Purulia, Bankura and other districts of the state came out in large numbers expressing solidarity with the Lalgah uprising. Students from Kolkata's elite institutions like Presidency College

and Jadavpur University and some rights activists went to Belpahari in support of the movement. The Jharkhand Disam Party called a 12-hour bandh in the district on Nov 16. Traffic on NH-6 was disrupted as the *Kurmi Chhatra Yuva Sangram* Committee blocked the highway at Lodhasuli point in Jhargram. The town of Jhargram remained inaccessible as the Lodhasuli-Jhargram Road was blocked with tree trunks dumped at Kalaboni and on Belpahari-Jhargram Road.

The mainstream opposition parties had no other option than to extend support to the agitation. But the agitators had few illusions on these parties and denounced Jharkhand Party MLA Chhunibala Hansda, and the Congress leader Manas Bhuniya who claimed to be backing the Lalgah agitation. On Nov 25 all the opposition parties held demonstrations in support of the Lalgah agitation which entered a fresh round on that day. Roads were dug up again at Penchapara in Salboni, 27 km from Lalgah, and many other places like Chilgeria and some villages between Chandra and Dherua.

Trinamool Congress extended support to the agitation of the tribals but said it will not participate in the agitation. Mamata Benarjee said: *"It is not an issue where political parties have a role. The Adivasi samaj is fighting for protection. They are being arrested indiscriminately on the plea of combating Maoists. This has been going on for a long time, but now their patience has come to an end."* Mamata alleged that CPM cadres were taking out rallies carrying firearms to terrorise the tribals. *"It is a mass uprising in Jhargram. But CPM is trying to break it with arms and motorcycle brigades,"* she said. Trinamool played no more a role than holding a token demonstration in solidarity with the adivasi agitation.

CPI (Maoist) state secretary Kanchan said in a statement: *"We are with the people of Lalgah. The chief minister will have to apologise in front of the people for torturing tribals in West Midnapore, Bankura and Purulia."*

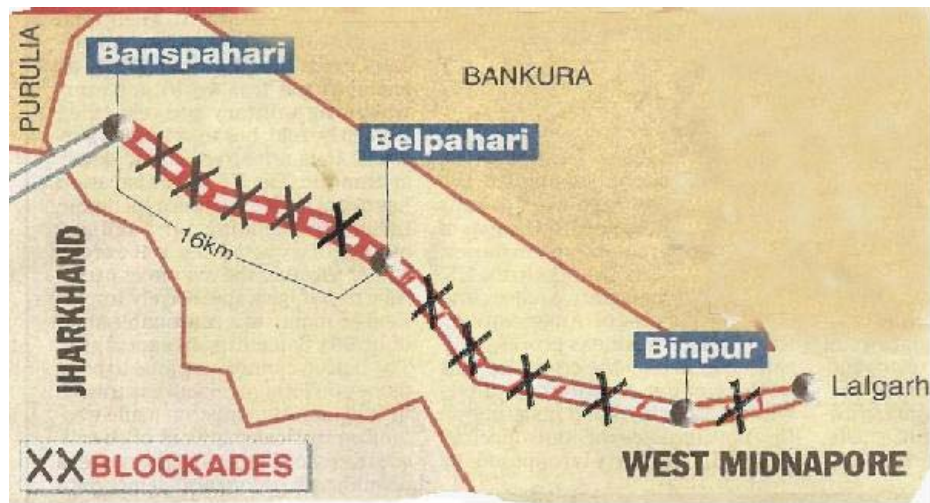
A newspaper commented: *"A visit to the remote tribal villages in Lalgah, Belpahari and Binpur bordering Jharkhand reveals that Maoists have already established strong bases among the tribals and they have many squads*

*inside 700 square km forests of the district."* Another paper reported that *"CPI(Maoist) leaders held meetings at Patharkumkumi jungle near Lalgah with the locals to decide what the tribals would do if the administration sits with the Polici Santrash Birodhi Janaganer Committee (PSBJC) by November 28."*

The administration tried to buy off the leaders of various santhali organizations and succeeded in winning over a few tribal heads but this had no impact on the agitating adivasis who refused to heed the calls of the tribal leaders. On November 14, Marwa leader Munshiram Murmu was beaten up when he tried to persuade a group to lift a blockade in Jhargram town. Three CPM leaders - Ranjit Hembran, a former *panchayat samiti sabhapati* and Ramu Duley and Tulu Hembran, zonal committee leaders were on their way back home to Sarulia when they were struck by arrows at Sarenga area on Nov 19.

Thus the government had not only failed in these attempts to 'divide and rule', but even new organizations like that of the non-adivasi Kurmi (Mahatos) joined the agitation against police atrocities thereby giving the agitation a general character. People from 91 villages held a meeting at Kantapahari in Sonajhuri jungle and discussed ways of intensifying the agitation. District police officers sent an SOS to Writers' Buildings, seeking directives on how to contain the 'rebellion'. By end of November, the agitation had spread to over 400 villages. Deputy superintendent Shyamal Ghosh, now posted at Lalgah police station, said: *"The large area that includes Belpahari, Banspahari, Lalgah, Binpur and Shilda has become a free-zone for Maoists. We can't go even 500 metres from the police station because of the roadblocks."* *"We don't call it a tribal movement,"* said Sidhu Soren, secretary of the apex committee elected from the Dalilpur meet. *"Most villagers, cutting across caste and creed, have endorsed our 11-point charter of demands against the police. We will continue with the blockade till the administration concedes to our demands."*

An interesting episode was the resignation of an IPS officer who refused to take charge of operations in Lalgah. The additional superintendent of police, Sisir Das, quit his job after being shifted to



Lalgarh on Nov 8. He was additional superintendent of police in 24-Paraganas. After taking charge of the police camp at Kalaimuri for two days he was asked to move into the forest in Pirakata which he objected as being suicidal as it was a stronghold of Maoists and could have been infested with land-mines. When he was subjected to “foul behaviour” by his superiors he resigned the job.

### Desperate attempts by Buddhadeb to intensify and justify state terror and state-sponsored terror

Unable to suppress the mass agitation that has been growing by the day, the social-fascist CPI(M) government had drawn up a heinous plan of pitting adivasis against adivasis as done by the BJP-Congress in Chattisgarh in the name of Salwa Judum that had earned world-wide condemnation. And, hordes of CPI(M) goons pounced on the villages, in Nandigram style, and unleashed a wave of terror on the tribal masses. At least 50 truckloads of armed CPM men, flaunting the banner of *Adivasi O Anadivasi Shramajibi Janasadhan*, and accompanied by policemen, cleared all the blockades along the entire 22-km stretch from Gurguripal near Midnapore town to Dherua on December 4. They issued warnings of death to the adivasis if they continued with the agitation. A similar operation has been planned from Kalabani, from where two top district officials had been arrested by the people a day before.

The entire operation was master-minded by CPM district secretariat members Bijoy Pal and Satyen Maity, confidants of the

party’s West Midnapore secretary Dipak Sarkar. To give it an Adivasi face, the social-fascist brigade showcased party men Pulinbehari Baske and Kanai Murmu, who held several meetings, urging the tribals to give up the agitation. CPM leaders, as in Nandigram and elsewhere, took care that the media did not accompany them so as not to reveal the atrocities committed by them to the outside world. The villagers said these armed men were outsiders from West Midnapore’s Garbeta, Cheruah and Jamtala. CPM’s motorbike brigade was deployed to remove the blockades from Bhadutala to Bhimpur taking advantage of the absence of the agitators belonging to the People’s Committee against Police Atrocities who were having a meeting in Narcha village that night. However, this repeat of the Keshpur-Garbeta experiment of sending the infamous “bike brigade” only boomeranged. The adivasis replied in the same vein going around on motorbikes and putting up posters of the ‘People’s Committee Against Police Atrocities’.

In Belpahari area, the Maji Maroas, led by former members of the Jharkhand Party, namely Manik Tudu and Baburam Tudu, and accompanied by CPM goons, took out a rally that went through the forest hamlets Singadoba, Simulpal, Loboni, Thakurpahari and Odulchua touching the villages along the Jharkhand border. Raising slogans against Maoists, the state-backed tribal leaders and the social-fascist goons issued threats to the Adivasis and warned them of grave consequences if they did not stop giving food to the Maoists.

On December 4, the chief minister announced in the Assembly that the organisation leading the tribal protest in

West Midnapore was being steered by a Trinamul Congress leader who is the brother of a wanted Maoist. The leader of the People’s Committee Against Police Atrocities, Chhatradhar Mahato, “is the brother of the wanted Maoist action squad leader, Sasadhar Mahato. Sasadhar’s group is known as the Lalgarh squad”, Buddhadeb Bhattacharjee said.

“We have come to know that the Lalgarh squad had carried out the November 2 blast. Sasadhar is an underground Maoist action squad leader; while his (elder) brother Chhatradhar is leading the People’s Committee Against Police Atrocities and creating trouble. Chhatradhar is a Trinamul leader,” he said.

“Can a dialogue work with these men?” Bhattacharjee asked. “These Maoists are trained in Jharkhand and are being sent to our state to unleash violence.”

To cover up the state terror unleashed by his government and the social-fascist terror by his storm-troopers of CPI(M) on the adivasis, Buddhadeb tried to place the blame on “outside forces” for “fomenting trouble” in the districts bordering Jharkhand. He accused the then-chief minister of Jharkhand Mr Sibu Soren for “instigating trouble” in the state’s three bordering districts—Purulia, Bankura and Midnapore (West)—and said that Sibu Soren was bent on merging these three districts with Jharkhand. He alleged that Mrs Chhunibala Hansda of the Jharkhand Party (Naren) was directly involved with Maoists and that “Mrs Hansda’s party members are Jharkhandis by the day and Maoists by the night.” Mrs Hansda countered that it was dissident CPI-M cadres who made up the Maoist ranks.

Biman Bose, CPI-M state secretary too squarely blamed Mr Sibu Soren for the tribal agitation in West Midnapore. Mr Bose also alleged that the Centre has been acting against the interest of the state since the withdrawal of support by the Left parties to the UPA government.

“This was the reason behind the Centre not acceding to the request of the state government to send CRPF to West Midnapore and withdrawal of the existing central force from the district,” Mr Bose alleged.

However, all these strong-armed tactics and disinformation campaign unleashed by

the social fascist CPI(M) and its government in West Bengal against the legitimate, democratic and just mass movement failed miserably in face of the unity and democratic awakening of the adivasi people. The vigilante gangs of the CPI(M) were resolutely countered; the tribal leaders who were bought off by the police and administration were effectively isolated and some were even punished; and all attempts to water down the agitation were trounced.

Chief of the Gaonta, Mr Nityananda Hembram, faced punishment for agreeing to call off the agitation without prior permission from the full *Majhi-Madowa* body. The People's Committee Against Police Atrocities branded the six Santhal outfits that helped the administration remove blockades from Jhargram and who had attended peace talks as traitors. *"They betrayed us by helping the administration,"* said Sidhu.

On Nov 23, a CRPF jawan in Purulia had to be transferred to Calcutta after being caught molesting a homemaker by villagers who held him hostage for over two hours.

## **A significant victory for the Masses**

On Nov 27, bowing to pressure from the *Police Santrash Birodhi* Public Committee (PSBPC), or the People's Committee Against Police Atrocities, the West Bengal government had to withdraw all thirteen police camps from Ramgarh, Lalgargh, Belpahari and Salboni areas of West Midnapore as protestors dug up the road branching off from NH 6 to Jhargram, cutting off the town from the rest of the state. These camps were set up on November 10. The PSBPC had sent a deputation to the OC Ramgarh Police the previous day and demanded that the police camps be withdrawn within 24 hours or they would confine police officers in the camps and boycott police and civil administration. The setting up of police camps in school buildings had prevented the children from continuing their studies at schools and drew the anger of the masses. The camps which were withdrawn had been operating from Kalaimuri, Koima and Pirakata in Salboni and Chhurimara and Jamtalgera in Belpahari police station areas. The police outposts were at Pirakata and Ramgarh. Most of the 700-odd policemen posted at these camps and outposts moved out by

27th night, and from two police camps from Lalgargh Ramakrishna High School and Lalgargh Saradmoni Girls' High School on December 1.

*"... the withdrawal of the police camp was a virtual 'surrender' to the Maoists as this was part of the Maoist-backed PSBPC's 12-point demand"* decried a newspaper.

*"The police may have been withdrawn from the camps but our main demand has not been met yet. The district superintendent of police is yet to apologise to the villagers at Dalilpur. So, there is no question of withdrawing our agitation. We will soon hold a meeting to decide on our future course of action,"* said Chhatradhar Mahato, leader of People's Committee Against Police Atrocities.

The PSBPC leaders declared punishment on the Lalgargh OC Mr Sandip Singha Roy as the government has not yet taken any steps against the OC for torturing the tribal women. Earlier, seven of those arrested by the West Midnapore police who were produced in court and remanded in police custody till November 14, were released and charges of sedition, conspiracy, illegal assembly, use of explosives and attack on ministers foisted upon them - Gopal Karanda and Dipak Pratihari from Lalgargh's Katapahari, and Sahadeb Mahato and Lakshmiratan Murmu from Salboni's Birdhanpur—had to be dropped after ten days as no evidence could be found against any of them.

Thus the withdrawal of the police camps and fulfillment of some other demands did not end the mass agitation that continued to block the roads after allowing the withdrawing troops to pass by. They demanded punishment to the police officials responsible for the torture of adivasi women. To appease the agitators, the state government ordered an inquiry into the torture of tribal women on December 1st, but this move was dubbed by the PSBPC as nothing but a "farce" intended to hush up the case since the so-called administrative probe was conducted by an officer of the department against which they have serious charges.

*"If the government was really serious enough to probe the police torture, they would have had it conducted it by a retired judge of High Court,"* the PSBPC leaders said. They warned that they would block

National Highway 6 and rail tracks from December 4 if West Midnapore officials did not heed their demands.

The mass agitation became further intensified as adivasis blocked fresh roads at Sankrail and Nayagram blocks on December 1st. They also demanded the withdrawal of the main police camp from Lalgargh town. The town of Jhargram was cut off again from the rest of the state. The fury of the people also took the form of several attacks on the CPI(M) offices and goons. When CPM cadres forcibly cleared the road blockades put up by the tribals in the area the latter set ablaze a CPM office in Belatikri area of Binpur, West Midnapore on December 1.

The Midnapore West district police had to bow to the demands of the *Police Santras Birodhi* Public Committee (PSBPC) yet again on December 4 and release four of their activists arrested earlier for digging up the State Highway 9 at Kalaboni in Jhargram.

*"We will remove the blockade ourselves only if the officials decide to go to Dalilpurchawk and solve the problem of Lalgargh. But we will continue with our stir if you neglect our demands,"* said Prankrishna Soren, a schoolteacher. *"Why are police and administration fearing common people? Are police officers and civil officials feeling guilty themselves? Why don't we have one standard road, electricity and pure drinking water even six decades after Independence,"* asked Shyam Chand Murmu, a protester.

The month-long Adivasi agitation under the banner of the *Police Santras Birodhi* Public Committee (PSBPC) at Lalgargh, Jhargram, Belpahari, Binpur and adjoining blocks of Midnapore West was called off on the evening of December 7 with the district administration conceding 10 of their 12 demands. Agreement was reached on ten issues including the release of three schoolboys, withdrawal of cases against others held on charges of involvement in the land-mine blast of Nov 2, withdrawal of police camps, meeting the expenses for the treatment of villagers injured during police raids, removal of the inspector-in-charge of Lalgargh PS, end to night raids by the police, setting up an enquiry committee to investigate the atrocities committed by the police as well as CP(M) cadres and compensation for the damage to the houses during police raids,

and so on. The administration agreed to consider the criminal cases filed against the Adivasis and other indigenous people for their alleged Maoist links since 1998, particularly in cases where charge sheets have not been submitted. The committee, headed by the principal secretary of the backward class welfare department, will begin meeting on 15 December. After the committee report is submitted, the PSBPC demand for Rs 2 lakh compensation to each of the affected people will be considered by the government. Buddhadeb himself apologized for the police atrocities on adivasi women.

A day after the truce in Lalgarh came the Rs 8-crore government bounty for Adivasi development in the trouble-torn Jangalmahal. West Midnapore district magistrate Narayan Swaroop Nigam announced the package for Lalgarh, Belpahari, Jamboni and the adjoining areas of Jhargram. The package includes augmenting drinking water facility, setting up of hostels for tribal students and upgrading the existing ones and a land development programme to facilitate cultivation.

The People's Committee Against Police Atrocities that was leading the tribal agitation said West Midnapore police had been given a week to visit the area and apologise for alleged atrocities on tribals. Committee leader Chhatradhar Mahato, however, was categorical. *"The administration did not meet our main demand: the SP will have to visit our area and apologise for the police excesses on the tribals of Lalgarh after the Salboni blast (on November 2). We are giving the administration time till December 14 to meet that demand,"* he said.

The month long agitation by the Police Santras Birodhi Public Committee (PSBPC) against police atrocities on innocent Adivasi women of Lalgarh in Midnapore West pushed the state government to take up Adivasi issues.

In the aftermath of Lalgarh agitation many plans were announced for the development of the Adivasis. After granting a special package of Rs 32.60 crore for Adivasi development, the state government has allotted Rs 103 crore as scholarship to be given to around four lakh Madhyamik-passed Adivasi students in the state, of which, Rs 17 crore would come from chief

minister's relief fund while Rs 69 crore will be given by the state backward class welfare department. But, Mr Jogneswar Murmu, president of the Jhargram subdivision Adivasi cell, ridiculed government's concern for the Adivasis. He said whatever fund is being allotted afresh for their upliftment will be of no use. *"For, the funds will find their way to ruling party coffers as the implementing agencies remain unchanged or it will be returned at the end of the year after remaining unutilised,"* he said. For example, Rs 9 crore meant for construction of dwelling houses for the tribals in the state, is still lying unutilised and is ready for return too as the financial year is at its fag end. *"The bodies that could not spend Rs 9 crore in a year how could they utilise a hefty amount like Rs 32.60 crore?"*, the Adivasi leader added.

According to Mr Chhatradhar Mahato, the PSBPC leader, sanctioning funds for giving scholarships to Adivasi students is another big "hoax" of the government to coax them. *"How can tribal students get good grades in examinations enabling them to grab scholarships?"* he asked.

Cases have been started against several Lalgarh policemen, including a former inspector-in-charge, who had been accused of harassing tribals and molesting women while raiding villages in search of Maoists.

District superintendent of police R.K. Singh confirmed the case against inspector Sandip Sinha Roy, who had been asked to go on leave after the tribals launched an agitation against the alleged atrocities, but refused to identify the other officers who went on the raids. *"Cases of assault, molestation and ransacking have been started against Sinha Roy on the basis of complaints lodged by tribal women,"* he said.

But the women victims refused to attend a hearing called by the Midnapore range deputy inspector-general at Kharagpur, over 50km from their village, Chhotopelia. The People's Committee Against Police Atrocities said the DIG should visit the village if he wanted to talk to them. The tribals have threatened to block roads and rail tracks if Singh does not apologise for the "atrocities" by January 2. And on January 8, it announced it wouldn't dig up roads, but stuck to its stand of shutting out police. Chhatradhar Mahato, the leader of the People's Committee Against Police Atrocities in the

West Midnapore town, said the decision not to obstruct roads had been taken because "common people are suffering". However, he made it clear the boycott of the police, renewed after a committee meeting on January 6, would continue.

*"We found that despite our demand, the West Midnapore superintendent of police did not come to Dalilpur or any other place in Lalgarh and apologise. So we have decided to boycott the police,"* said Chhatradhar.

*"No policemen will be allowed to enter the villages and those who do, will be confined,"* he said.

## **People should emulate Lalgarh to counter state terror**

Lalgarh uprising stands out as a shining example of how people can ensure their lives and liberty in face of ever-growing state terror and state-sponsored terror by waging a resolute, united, militant mass resistance movement. It stands out as an example of how people can achieve victories by basing on their own strength and programme and their own independent organisation instead of depending on the self-seeking anti-people parliamentary political parties and authoritarian organisations. Lalgarh stands out as a living example of the collective consciousness and collective participation of the masses. It demonstrates the strength and power of the democratic organisation of the masses; of how the mass of the ordinary people can become part of the decision-making process and how they can make history by active participation in the people's movements at the grass-roots level. Today, as the reactionary ruling classes of India, in collusion with the imperialists, conspire to strengthen and further fascise the state apparatus in order to unleash the cruelest state terror to suppress the struggling masses in the name of "fight against terror", Lalgarh shows a way to unite the masses into organised resistance along democratic lines. And if the fascist ruling classes do not heed such democratic yearnings of the masses Lalgarh will have to become really red and assume the form of armed uprising to establish revolutionary people's power in the vast countryside as witnessed in parts of Dandakaranya and Bihar-Jharkhand.

**Dh**

## LUMPEN CPI (M) WITHOUT POWER BARKS AGAINST WORLD BANK!

### LUMPEN CPI (M) IN POWER KOWTOWS TO WORLD BANK!

**T**HE CPI (M)'s so-called anti-American, anti-UPA front's most powerful and crucial ally, the Telugu Desam Party (TDP) and its supremo Chandrababu Naidu ruled Andhra Pradesh (AP) a few years back. Naidu became the blue boy of American President Clinton to ruthlessly implement American policy of loot and fake development in AP. Chandrababu Naidu had earned the dubious distinction of India's most successful practitioner of the imperialist globalization model and fascist killer of hundreds of revolutionary Marxists in AP. Voted out into the political wilderness Chandrababu began to love the CPI (M) for political reckoning in the present crisis situation and the CPI (M) too is embracing this erstwhile NDA ally to make an entry into the Andhra Pradesh political arena enjoying a piggyback of TDP. The known and despicable American stooge has turned into CPI (M)'s trusted ally in the electoral politics. This is not, however, a trifle surprising as both the fake 'Left' CPI (M) and the TDP are US dependent for "development". Below what follows are portions of Andhra CPI (M)'s assessment of Chandrababu and his TDP as made in 1998 during the TDP dispensation. Then we make a reappraisal of the nasty role of the CPI (M) government in wooing the World Bank and its Naidu like dependence on imperialist controlled institutions like World Bank. Not a single area can be singled out where the imperialist institutions have gained leverage in policy formulation, in opening doors to imperialist tycoons in West Bengal. Similarity is here pronounced but one that adds an extra feather to the CPI (M) cap is winning back a credential, so to say, to bark toothlessly against US imperialism. Obviously in a low pitch and on paper! This lends the plus point to the CPI (M) over the TDP.

We extensively quote from the book "World Bank Loan, Boon or BANE?" published in July '98 by the CPI (M) Andhra Pradesh Committee, Hyderabad.

"The Chief Minister of Andhra Pradesh, Sri Nara Chandrababu has been proclaiming day in day out that he would make AP a model state...

The CM would like to have us believe

that development of the state would receive a great fillip with the loans of around Rs.1200 crore from the World Bank and other international Financial Institutions. But the fact is that the World Bank advances loans on very stringent and harmful conditions. These he has been lapping and implementing as new and novel projects. If all these projects are implemented, the state will surely fall into debt trap; economic progress will slow down and people's welfare will receive a severe jolt... (Introduction, p.1).

Under the sub-title "World Bank Study – Solutions", in point 1.1 it says "The World Bank in the first instance undertakes a study of the financial position of a country or state concerned, in order to consider advancing a loan; and the state of AP is no exception... The World Bank suggested the following steps....

(I) 1. Restructuring of expenditure  
2. Management of expenditure  
3. Augmentation of revenue  
4. Sector –wise policies which promote development.

(II) Reducing the expenditure on government employees, subsidies, withdrawal of the budgetary support to public sector undertakings, priority for infrastructural facilities such as roads, irrigation, ports, etc; increased allotments for education and Health maintenance work; etc.

(III) Augmenting the revenues by introducing VAT system, by enhancing stamp duty, vehicle tax, entertainment tax, professional tax.

(IV) Introducing policy changes in various sectors. Increasing the power tariff and irrigation cess with the view to recover the cost involved; enhancing the fees for higher technical education for recovery of 30% of the expenditure and enhancing the charges for medical services in II and III grade hospitals for recovery of 20% of the expenditure.

The World Bank affirms that economic development would be achieved through the above measures. Infrastructure development would automatically attract private investment leading to economic development and generation of

employment and enhanced incomes for a vast majority of the people.

The state government agreed with the analysis and remedial measures and benefits perceived by the World Bank and decided to implement them.

It may be noted here that the World Bank advances loans only to those who are prepared to introduce economic reforms suggested by it and our government has not only expressed its willingness to agree to all these conditionalities laid down by the World Bank; but also initiated various steps even before the conclusion of discussions and final agreements.

Representatives of the World Bank and the state government held confidential discussions many times regarding the changes to be brought about in various sectors and arrived at agreements. Decisions were also taken as to the projects and amounts to be allocated to each one of them in the event of accepting the conditions imposed by the World Bank. .... (pp 2-3).

In point 2.2 under section Debt – Trap it is said in a revealing para: "The WB has learnt from experience, that its existence itself would be endangered if the people come to perceive that the WB is imposing its own policies on their government. It is aware that the people would revolt against the foreign domination if they feel that their self-respect and standard of living are at stake. That is why, it now holds confidential discussions with the government approaching for loans, till its policies accepted in toto...

"A novel method is being adopted to create the impression that we are not surrendering to the policy dictates of the WB...." (p.13).

Point 2.9 under the sub- title "Development – An Illusion" it announced the result of such World Bank dependent development : "The assertion of Sri Naidu that he would develop the state with the World Bank loans , is, no doubt, in perfect harmony with his scheme of things. But many people are under the illusion that development would really take place. The glittering B.T. roads, modern flyovers,

desilted drains and canals in the delta area, recruitment of teachers, construction of schools and hospital buildings, etc, are being demonstrated as symbols of development..." (P.18)

The above is a stunningly leftist position of the Andhra CPI (M) cuttingly lambasting the apparently benevolent programme of the World Bank masked by the so-called development initiative heartily courted by the trusted minion Chandrababu Naidu and his party, the TDP wedded to the World Bank's developmental model. We have no quarrel with the disclosure of facts about secrete tête-à-tête between the World Bank's functionaries and ministers, stringent conditionalities for sanctioning loans, model of development drawn by that US controlled Bank, secrecy shrouded in eerie darkness, taking refuge in lies before the people about the meek surrender of country's interests, cumulative burden of the loan and all such nefarious dealings of a government in power.

It is the same CPI (M) that has been in power in West Bengal for more than thirty years. In its rule over a system that is no different from what Chandrababu clung to the other day, the Bengal CPI (M)'s stooping to shed anti-World Bank or any such other imperialist institution verbiage is phenomenal. A blatantly meek His Master's Voice Chief Minister Buddhadeb Bhattacharjee was candid to declare at a Conference of Kolkata Consular Corps in June 2004 "We are pro-reforms", the refrain which he has consistently sung till early 2009 and has open-heartedly embraced World Bank, ADB, DFID, USAID, etc. What is however kept as closely guarded secret is the CPI (M)'s leaders'/ministers' extent of unequal agreements struck up in Alimuddin Street (CPM's Bengal state headquarters) Writers Building. The CPI (M) mouthpiece *Ganashakti* frequently makes a false presentation that "the World Bank will not impose any conditionalities" (*Ganashakti*, 19-11-04 and numerous issues of *Ganashakti*, *People's Democracy* and write-ups of CPI (M) leaders). In one of the documents (published in the Bank's website for international debate on "conditionality") the World Bank clearly states:

"All donors use conditionality in one form or another. Whether they do implicitly or as a part of an explicit binding agreement,

they share a similar reasoning for the use of conditionality..." [Review of World Bank Conditionality, World Bank, January 24, 2005; WWW. World Bank. Org; Accessed on 23-05-2005].

The stringent conditionalities are nothing but the acceptance of the blue-prints of globalization programme based reforms. The reforms imposed and readily followed in West Bengal are a replica of what the CPI (M) Andhra State Committee cited in detail, encompassing privatization, winding up of non-profitable PSUs, staff reduction, private-public enterprises in regard to industry, education, health, infrastructure 'development', imposition of charges on people using public utilities, decentralization and market-based agriculture. The 'Country Strategy for India', a document of World Bank published in September 15, 2004 and 'India Policy' of DFID clearly contains the blue-prints of imperialist prescriptions.

In 2002, Buddhadeb Bhattacharjee, the CM as well as a Polit Bureau member issued such blatantly false statement: "Various state governments in India have struck direct agreements with the World Bank, Asian Development Bank to secure money, conceding conditions, like Chndrababu Naidu. We here till date shall not enter into any conditional agreement with the World Bank or the Asian Development Bank, even with the Indian government..." [*Buddhadeb Bhattacharjee, Rananeeti, Ranakushal, Bomfront Sarkar, in Saral Biswas (ed) Partir Rananiti, Ranakushal Ebong Bomfront Sarkar* (Strategy, Tactics of the Party and Left Front Government) National Book Agency, 2002, P.23]. The assertion is ridiculously false and contradicts what the Andhra Pradesh CPI (M) unequivocally maintained about World Bank conditionalities, preconditions for receiving World Bank loans.

The lumpen CPI (M) is more cunning than the TDP and it has never made it known to the people that the CPI (M) led government signed the monstrous policy of 'Country Strategy for India' and the model the masters chalked out has been followed in West Bengal. The CPI (M) government in West Bengal never publicly disclosed the contents of the 'strategy' on 'reforms', 'adjustment lending (fiscal management, governance, service delivery, the power sector reforms, ensuing

favorable investment climate, etc.) Like the West Bengal government, Andhra Pradesh and other states signed the blue-print to be implemented by the World Bank in collaboration with the DFID, ADB etc. Each and every directive of the World Bank to the then AP government that came in for attack by the CPI (M) AP Committee is pronouncedly present in this strategic document the CPI (M) government had undertaken to put into practice in the name of development.

CPI (M) AP Committee lambasted the then TDP government for receiving World Bank loan. Ironically enough, in the past 30 years not only the World Bank many other imperialist institutions made inroads into West Bengal. Not only for the industrial, health, education, infrastructure, etc, the great pro-peasant CPI (M) government and its peasant front invited World Bank grants for a project "to enable the poorest of the *baragdars* or sharecroppers to buy plots of the land they have been tilling for their masters." [*Ananda Bazar Patrika*, 10-06-2006]. The latest in the list of World Bank loans, to cite from the CPI (M) mouthpiece *Ganashakti* (04-02-09) are to the tune of Rs.1500 crore for various projects in 8 municipal areas in West Bengal. People will be kept in the dark as did Chandrababu Naidu about the strict conditionalities imposed by the World Bank. Legitimization for the neo-liberal economic model was provided by the hidden agenda of the Washington Consensus to maintain the US global leadership over the world economy. In the words of Ajit Muricken in the preface to Eric Toussaint study 'The World Bank, A Never Ending coup-de-etat' (*Vikas Adhyana Kendra*, Mumbai, 2007) "To ensure the return of the loan – not so much the capital borrowed but the regular payment of interests - the creditors impose severe conditionalities. Thus they impose macro economic reforms on to the borrower countries leading to strict structural adjustment programmes. The prescription includes measures like devaluation of local currency, liberal industrial policy, liberalization of imports and privatization of domestic economy including natural resources. The conditions, whether they carry the name Structural Adjustment Programme or Poverty Reduction Strategy,

**Continued on page 41**



# CATASTROPHIC CHEMICAL HUB FROM NANDIGRAM TO NAYACHAR

Ajay

**T**HERE is an utterly nauseating debate going on some time past between the CPI (M)/ CPI led state governments, West Bengal in particular and BJP ruled Gujarat clamoring for superiority in respect of development. Manmohan Singh's blue boy Buddhdeb Bhattacharjee's sycophants cannot digest Singur fled Ratan Tata led corporate honchos lavishing praise on Narendra Modi at the recently held Vibrant Gujarat Global Investors' Summit in Mumbai. The CPI (M)/ CPI mouthpieces role out statistics to show how insufficient 'development' was blown out of proportion by the Modi camp in dailies. What is striking is that the 'development' paradigm, or in other words, the corporatization of 'development' at the cost of mass of the people that receives wholesale support of the World Bank, MNCs, etc, and practiced both in Gujarat and West Bengal is not the subject at issue. To consider only one aspect, the CPI (M) ruled West Bengal has allowed rampant destruction of nature, water bodies, multi-cropped land, etc, for corporate industrialization, real estate business, shopping malls, etc. It has no qualms in forcible land acquisition for dangerous Atomic Station at Haripur or Chemical Hub in Nandigram (now in Nayachar, under resistance). In the same way the communalist pro-imperialist Narendra Modi has ravaged environment on an extensive scale in the name of utilizing investment for the development of Gujarat. Gujarat under Modi's "development" model can take pride in having India's highest number of pollution "hot spots" including Ankaleshwar, Vapi, Nandesari and Vatva. Groundwater is contaminated in 74 out of 184 *tehsils* with salinity, chlorides, heavy metals and persistent organic pollutants.

The industries that have flourished the most in Gujarat are highly hazardous (?) poisonous chemicals – Vapi is the world's fourth most toxic hub – textile dyeing, ship breaking and diamond polishing. In Gujarat, labor rights are virtually non-existent. On minimum wages, it ranks

eighth among Indian states- writes with all disdain the CPI mouthpiece *New Age*, February 8-14, 2009.

The gigantic Chemical Hub at Nayachar, a fatally devastating project, has already received the UPA government's nod ahead of the environmental clearance to give fillip to the CPI (M) government's sagging tempo of corporate globalization just before the General Elections. The all out Nandigram resistance against forcible land acquisition for this gargantuan destructive project has made it eminently clear that the plundering of the soil and poisoning of ecosystems, landscapes, spices and cultural ethos by the Indian agents of imperialist globalization shall be resisted everywhere. The proposed chemical hub is a perennially harmful arrangement for the depletion of natural ecosystems, bio-diversity and destruction of livelihood of the marginalized people, particularly, the fishing community. The brazen shamelessness of the Buddhdeb

government to showcase the chemical hub as a success story of the so-called industrialization by stamping out the fishing village is rooted in the CPI (M) programme of inviting MNCs and native tycoons for investments in West Bengal. Small wonder, driven to desperation and going bankrupt the Chief Minister takes pride in the queuing-up of corporate tycoons with investment capital running into thousands of crores for the industrialization and development of west Bengal. And were it not for the people's outbursts in Singur, Nandigram and elsewhere the alibis trotted out, West Bengal would have turned boisterously industrial with jobs for millions. Once again a ridiculously false propaganda is being spread that at least 500 industrial units in the chemical hub will directly absorb one lakh people and ancillary industries depending on the hub will generate jobs for another nine lakh! In Haldia Petrochemicals with Rs.6000 crore investments the direct employment could

**Continued on page 7**

## Globalization Programme of Free-flow of Capital from US and other Nations into West Bengal

The CPI (M) and other parliamentary Left with the support of the Telugu Desham Party have now become suddenly vocal against FDI in Insurance and other sectors. When they were important props of the UPA, the other day, they remained conveniently silent or let out occasionally feeble cries. The interesting revelation by the *Times of India* on February 13, '09 is that "Bengal tops FDI inflow between January & October '08". We reproduce relevant portions of the news below.

"Buddhdeb Bhattacharjee's Bengal was well ahead of Narendra Modi's Gujarat in attracting Foreign Direct Investment between January and October 2008 and, in fact, achieved the top slot in FDI approvals during the period. This should be further solace to the Chief Minister after the approval of PCPIR in Haldia.

"But Bengal's glory, a historic first, was possible for a single FDI proposal of more than Rs.3, 000 crore by MCC PTA Ltd, a subsidiary of Mitsubishi Chemicals.....

"According to figures of the Department of Industrial Policy and Promotion (DIIP), the state attracted Rs.3, 700 crore during the period, which is 27% of the total FDI in the country in these 10 months."

Money	Matters
State	FDI (in Rs.) Jan- Oct '08
West Bengal	3, 700 crore (27.19%)
Maharashtra	3, 165 crore (23.5 %)
Delhi	2, 277 crore (16.12%)

Courtesy: *Times of India*; February 13, 2009.

## BANKING SECTOR REFORMS AND ITS DANGEROUS CONSEQUENCES

**P**UBLIC sector banks in India have played a crucial role in mobilizing hundreds of thousands of crores of rupees worth of small savings from the common people and this enormous capital is expected to be disbursed by the government for priority areas like agriculture, small industries, rural electrification, development of backward areas, etc which are inevitably shown their backs by the comprador big bourgeois class or such profit grabbing institutions. The imperialist globalization programme pursued by the Indian governments since early 1990s imposed prescriptions in the name of 'reforms' in the financial sector to allow foreign investors, speculative finance, and foreign banks qualitatively changing the structure of this sector. Indian rulers have time and again sung the refrain: financial sector reforms are irreversible. With the chanting of 'liberalization, privatization and globalization *mantra* the RBI sponsored two reports – the Narasimham Committee reports of 1991 and 1998 – almost a reproduction of the substance of a confidential World Bank report of June 1990 titled "India : Financial Sector Report : Consolidation of the Financial System". These reports held the brief for the World Bank designs to remove all barriers for the entry of foreign banks and the progressive denationalization of the Public Sector Banks. The Narasimham Committee reports overturned the earlier declared policy of social objectives of public sector banks and all focus was concentrated on maximizing profits, strengthening the flurry of activities like the real estate business, speculative investments, IT sector, etc. that came to be highlighted as engine of growth story. It is little known that the country's largest bank, the State Bank of India, 45 per cent of the shares went into the hands of private hands, of which one-third were foreign by the end of 1998-99. This way of privatization continued in the name of restructuring of weak public sector banks. Simultaneously the quantum of NPAs (Non Performing Assets.) i.e. the loans given away to corporate houses remaining unrecoverable skyrocketed. Private players have substantially made inroads into public sector banks in about the past two decades.

The masters of globalization themselves are now groping in darkness to save the centers of capitalist economies. The world remains witness to the current global crisis. The sub-prime crisis broke loose in 2007 itself. In an attempt to prevent the housing prices collapse from worsening, and to withstand a financial collapse, the US Government announced on 7 September 2008, the seizure of the two money losing mortgage giants. From London to New York, and beyond, recently central banks have invested \$ 300 billion into the financial system, to prevent an even larger crash. Lehman Brothers, which had suffered a quarterly loss of \$ 3.9 billion, declared bankrupt in September 2008. The last big investment banks on Wall Street, Goldman Sachs and Morgan Stanley have transformed themselves into bank holding companies, subject to far greater regulation. Investment bank Bear Sterns has been bought by commercial bank J P Morgan Chase. Similarly, investment bank Merrill Lynch was purchased by Bank of America. Mitsubishi U F J Financial Group, Japan's largest bank is acquiring 20 per cent of J P – Morgan Chase, investment value of \$ 8.5 billion. In the unprecedented financial crash of 2008 that still continues the main victims are millions of working people of the World. With the tumble down of the global financial sector and economic meltdown, the message is clear. The imperialist globalization lobby that consistently imposes banking and insurance sectors reforms must be opposed as a part of anti-imperialist struggle in India. India is already in deep economic and financial crisis under the severe impact of economic recession in the whole capitalist economy.

### **The Myth of Indian Banks' insularity**

The UPA that depended on the parliamentary Marxist crutch so many years till the middle of 2008, cries hoarse on the country's financial system insulated from the economic may hem of World Capitalism. C. Rangarajan, Rajya Sabha MP and former Chief of the Prime Minister's Economic Advisory Council claimed that "direct contagion effect" of the crisis of international financial market "will be very small". He added with a false confidence

that "the exposure of Indian Banks to toxic assets is minimal and is confined to overseas branches of Indian Banks". The facts however, do not corroborate such tall claims. It is a fact that since 1990s all the governments at the Centre tried to push through banking sector reforms and bank employees consistently resisted the moves over so many years. Riding on the crest of up-gradation of banking service, policy makers have so long tried to evolve "giant size" banks by consolidation. In the age of imperialist globalization they have argued that such consolidation will make such banks "globally competitive". It was simply played down that such mergers would be followed by large-scale closure of branches; besides, lakhs of common people would be denied banking services. And, of course this would, ipso facto, result in massive manpower surpluses. With the 'reforms' programme under globalization in the period since 1990 banking sector reforms were followed. Over those years, reforms have acquired, as it were, two basic faces: One, which may be broadly categorized as the Basic face and the other, the Indian face while the former is the most visible, the later came to be visible in the past couple of years. The Basic face refers to the almost mechanistic implementation of Basic norms devised by the Bank for International Settlements (BIS) in the name of upgrading the Indian Banking system to international standards. The Indian face clearly refers to reforms in respect of credit, amalgamation, etc..

The reforms in the banking sector faced resistance from the bank employees that could force a go-slow to this effect. If the free market neo-liberalist trio-Mannohan Singh, Montek Singh Alhwalia and P Chidambaram had their full go, the public sector banks would have merged, consolidated into bigger banks allowing the whole gamut of banking money at the command of big business houses. And the corporates, with lakhs of crores or rupees of public money at their command would have "competed" in the international market. Not only that they would have enjoyed investing in major US banks and taken money and common investors down the drain as their counterparts are found to have gone the expected way.

The reforms in the banking sector, if followed in toto as prescribed by the World Bank, would have also meant handing the real control of the Public Sector Banks over to the directors representing private shareholders. These directors would have been then empowered to appoint executives and decide their emoluments and perquisites, etc.

Despite the chorus of protests during the last 15 years, the policy makers have been responsible, for steadily making the banking system corporate –contractor centric. The result has been a reprehensible drift towards the corporate houses despite the occasional refrain of ignoring the rural sector. The second Narasimham Committee in its Banking Sector Reforms made it eminently clear: “Reforms cannot be entirely painless. The strengthening of the system will take its toll on the weak and inefficient. Competition is a stern taskmaster and there is no room for laxity.” In its lexicon the message was loud and clear : Indian Banks have to be competitive with big banks of the world and so the expected downslide has to be tolerated. Thus way back in 2000 itself when the giant banks like Citi Bank and Bank of America did command a money power of Rs. 50,16,000 crore in contrast with the incomparably small combined capital of Indian Public Sector banks to the tune of Rs.6,50,000 crore ! Strangely enough in the first report of Narasimham it was stated with high expectation: “The entry of foreign banks into the country, we believe, would have a beneficial impact from the point of view of improving competitive efficiency of Indian Banking system as also upgrading work technology”. This was the specimen of liberalization prescription and propagation of false hope demanding the unrestricted entry of foreign big banks to engulf Indian banks and make way for whole sale speculative investments. It is a figment of imagination that economically weak Indian banks will ably compete with giant foreign banks. Liberalization theorists argued in the same fashion to make room for MNCs grab the Indian market. In the same report policy decision was advised to make Indian public sector banks become hostage to the whims of foreign financial tycoons. It said “At present, the laws stipulate that not less than 51% of the share capital of Public Sector Banks should be

rested with government and similarly not less than 55% of the Share Capital of the State Bank of India should be held by the Reserve Bank of India. The Committee believes that the minimum stipulations should be reviewed. It would suggest that the minimum share-holding by Government / Reserve Bank in the equity of nationalized Banks and State Banks should be brought down to 33%.” Thus it made it clear how to weaken the State controlled banks in order to invite multinational banks in India.

As the ‘reforms’ programme in all sectors of Indian economy is meant for re-colonization of Indian economy and creating a small privileged class as beneficiaries so long foreign banks made large scale inroads while bank loans were geared to elevate the rich class in Indian society. The Narasimham Committee directive made it clear that in case of sanctioning loans, drastic reduction is to be made by scaling down loans to agriculture, small-scale industries and unprivileged sections of society from 40 per cent to 10 per cent. The financial scenario increasingly changed with the steady entry of foreign banks in India. Similarly, the focus of Public Sector banks has shifted to the corporate elite, consumer credit and capital market related activities. And one of the by-products of banking reforms under IMF/World Bank diktats was the deceleration in the quantum of flow of credit to the rural sector and the deterioration of the health of the credit delivery system as a whole. Following the IMF/World Bank Theology, development of the capital market has become an obsession of all the governments since the 1990s. Various artificial props like throwing open portfolio investment to Foreign Institutional Investors (FIIs), asking Public Sector banks to increase their exposure to the capital market both directly and indirectly and exemption of dividends from income tax have been given. The result has been severe stifling of the Indian Public sector banks. Moreover, ‘liberalization’ of banking marked a major shift of finance from productive sector to consumption. The RBI Annual Report 2006-07 noted that “the share of personal loan (i.e. loans for housing, education, automobiles, consumer durables, credit card expenditures, etc.) in total bank credit extended by scheduled commercial banks

increased from 6.4 per cent at end March 1990 to 23.3 per cent at end-March 2006, driven by housing as well as non-housing loans. While the share of housing credit in overall credit rose from 2.4 per cent to 12.0 per cent, that of non-housing retail credit rose from 4.0 per cent to 11.3 per cent.” By contrast, over the same period, the share of agriculture in Bank credit fell from 15.9 per cent to 11.4 per cent and that of small scale industry plummeted from 11.5 per cent to 6.5 per cent. The above makes it abundantly clear the Narasimham prescription for banking sector reforms followed by successive governments in India.

### **The so-called autonomy of the RBI to serve Govt. Policy**

The Reserve Bank of India Act 1934 accepts Central Government directions to the RBI “after consultation with the Governor of the Bank” and generally eminent economists are expected to hold the post of the RBI Governor like Bimal Jalan. RBI is saddled with the crucial responsibilities to advise the government on appropriate measures to ensure non-inflationary expansion of money supply, the handling of budget deficits, currency volatility, the hot money inflow into the stock market, etc. In India for the past several years RBI governors, generally bureaucrats, are handpicked by the powers that be to be subservient to the government following the World Bank / WTO diktat, including credit control and foreign exchange management. In fact the government is practically in control of all so-called independent and powerful regulatory bodies like RBI, SEBI, etc. The most well-known and widely publicized example in recent years was the open dissent in 2005 by the RBI of the ministry of Finance’s unhealthy desire to encourage capital inflows via participatory notes. In the last two years, every time the RBI tried to implement a dear money policy forcing a higher interest rate regime to contain money supply and inflation, the Finance Minister met the Chairmen of nationalized banks immediately after the RBI’s credit policy announcement to stress the need for keeping interest rates lower for keeping the economy afloat in strains. In the same way, the State Bank of India, a Reserve Bank

subsidiary, raised its prime lending rates, the Finance Ministry intervened with cautionary note as such steps were to offend the industrial barons. The UPA government's irresponsible role Vis a Vis the RBI was quite obvious during the skyrocketing inflation in 2008. Till May 2008, the government played down inflationary surge justifying it as a temporary phenomenon and would taper down very soon. The RBI was virtually left ineffective, allowing inflationary rate to soar as high as 12 percent. The RBI as a regulatory body was practically reduced to taking occasional measures for tighter credit policy forcing banks to rise lending and deposit rates. By mid-August 2008, the term deposit rates for the government administered small savings from the public remained well below two basis points less than what the banks offered following the RBI's revised credit policy. The main reason behind the government's opposition to an increase in small savings rates emanated from the perceived adverse impact on mutual fund operators and stock markets.

It is notable that the decisions taken by the RBI in this period of global financial crisis have been subject to the scrutiny of the Ministry of Finance. During the tenure of Y.V. Reddy (2003-08') the ministry of Finance (under the UPA dispensation) made no bones of its dislike of the RBI's unwillingness to open the doors completely to foreign capital of any and all kinds, while the RBI struggled to neutralize the effect of inflows so that the economy did not overheat. It is self-evident that if the Ministry of Finance had completely prevailed over the RBI during 2004-08' in making the economy even more awash with US dollars, India would be in a far more vulnerable situation today, whether on the question of keeping the door wide open for unrestrained FII capital, or in the rising the ceilings even higher for external commercial borrowings, or in permitting more aggressive lending practices by banks, the RBI played some limited restraining role in checking the ministry's dancing to the tune of global financial capital. This does not however exonerate the RBI for its non-interference in the prime lending system, completely disregarding the agriculture sector of the economy and allowing the layers of money market

transactions indulged in by low deposit-based foreign and new private sector banks in determining the interest rate structure, creating distortion in the real economy.

In any case, the government wants the RBI to fallow in toto disregarding the so-called status of RBI's autonomy. The RBI cannot go the other way in this time of acute financial distress by taking any measure that weakens the inherently distorted economy serving the industrial and financial tycoons. Such a role was evident in October-November 2008 when the RBI had taken unprecedented step to augment liquidity in the financial system on such a large scale and in such quick succession. The release of about Rs.1, 40, 000 crore liquidity by slashing 350 basis points of the cash reserve ratio (CRR) within the space of 3 to 4 weeks, the simultaneous release of additional liquidity support to the extent of 1.5% of demand and time liabilities (DTL), equivalent to Rs.60,000 crore, to be used exclusively by the banks for funding the requirements of mutual funds and non-banking finance companies along with reductions in the repo rate from 9% to 7.5% in order to save the economy mired in speculation triggered crisis.

### **Towards Privatization**

The strike by 9 lakh bank employees in India on 24-25, 2008 was a warning against the UPA government's disastrous policies like merger of public sector banks, removal of voting right cap on share holding in the case of private banks, against enhancement of Foreign Direct Investment and privatization of public sector banks. Thousands of crores of rupees were lent by public sector banks to the corporate houses. Since the period of globalization in 1991 government policies and ravages of finance capital have considerably weakened the banking sector. Dena Bank is a case in point. In 1996 the management of this public sector bank bowed to the pressure of the central government and sold out 30% shares to private holders on the specious ground of consolidating that bank's capital base and Capital Adequacy Ratio (CAR). By 1999 it was found that its CAR drastically came down to about 7%. The reason behind such enormous loss was a gigantic amount of non-realizable bad debt. The reckless policy of corporate appeasement did not stop at that. In 2005

the management proceeded to sell another bout of 17% of that bank's share citing the pet argument to reduce ultimately the government share to 51%. This way the globalization lobby is over active to privatize the state sector banks to better serve the corporate sector with more flexible policies.

### **Who Cares for the Unorganized Sector?**

While the simultaneous dole packages of thousands of crores of rupees are declared by the UPA government to save the sagging big industrialists, the vast unorganized sector is being deliberately bypassed in a state of deepening slowdown. There are about 58 million enterprises in the non-firm unorganized sector, each with investments up to Rs.25 lakh and fewer than 10 workers, contributing to about a third of the gross domestic product. This is the figure supplied by the National Commission for Enterprises in the Unorganized Sector (NCEUS). While the fate of these units is intermeshed with that of large and medium industries, their credit needs in the current severe crisis are deliberately ignored with all attention focused on the big bourgeoisie caught in the maelstrom of present global crisis. According to the NCEUS, enterprises with an investment of up to Rs.5 Lakh accounted for just Rs.59, 279 crore or 2.2% of bank credit as of March 2007. Those enterprises in the Rs.5-25 lakh category accounted for another 2.1%. What is worse, only 2.4 million of the unorganized units received credit from Banks, critically throwing the vast unorganized small and medium sector to a dire strait. On paper however, the RBI guidelines allow banks to sanction loans up to Rs.5 lakh without collateral. Such reluctance is the outcome of banking policy under the LPG regime.

### **Outsourcing of Jobs, a Menace**

Outsourcing method has been utilized by employers to cut costs on employees for maximizing profits and also to de-unionize and destabilize the trade unions. This process has steady effect on increasing the number of unorganized workers engaged on the basis of hire and fire policy. In the period of neo-liberal economic policy such method has been diminishing the strength of organized/

unionized workers. In the Banking sector organized forces are declining while unorganized forces are steadily rising owing to outsourcing and contractualization of jobs and services. Jobs of the permanent staff are dwindling in this way, adversely affecting the bargaining power of the unions and posing threat to the job security of the bank staffers. This also hampers the customer services. It is also evident that cases of fraud are also on the rise with increasing outsourcing. The situation has come to such a pass that unorganized workers at present comprise about 38% of the work force engaged in Bank jobs. If this goes on in the banking industry permanent staff will be a phenomenon of the past.

Under the liberalization regime, outsourcing of jobs has rampantly been resorted to in banks, particularly foreign banks, through bilateral Agreements/ Understandings with obliging unions. Banking functions of new generation private banks are immensely dependent on outside agencies or contractual employment or through business felicitators or business correspondents. The age old private sector banks have been increasingly outsourcing their jobs. In the same vein, public sector banks are doing the same thing. In terms of 8<sup>th</sup> Bipartite Settlement of June 2, 2005 banks may outsource IT and its related activities in respect of specialized areas. Thus the burden of outsourcing was officially accepted by the compromising trade unions.

Reserve Bank of India and the central government run by NDA or UPA authorized this outsourcing of jobs with the same argument of cost reductions, accessing specialist expertise, etc.

The jobs which have been under attack for outsourcing are of security guards/ services of ATMs; peon/sub-staff carrying cheques for clearing from branches to service centre and vice versa, cash remittances, dispatch department jobs, etc; collection of clearance cheques from branches processing and taking to clearing houses and vice versa; currency chest functioning and cash remittance to and from branches; filling of cash to ATMs; data entry, data processing, data compiling, etc; opening of bank's accounts and collection of data about customers and collection of

deposits against receipt and payment of cash against cheques/instruments/orders at customers' doors in the name of door banking; identification of borrowers; collection of loan applications and processing of loan applications, verification of primary information about borrowers; recovery of loans' NPA etc, (even using muscle men); marketing of bank's various products, credit cards, debit cards, house loans, personal loans etc, etc.

In the RBI outsourcing has been introduced in currency management, public debt management, foreign exchange management, examination of bank notes, etc. Outsourced jobs have been entrusted to outside agencies, subsidiary or affiliated entity of same bank; employees/officers engaged through individual contract, retired bank employees, NGOs, corporate entities, insurance agents, societies, companies formed under section 25 of Company Act, 1956, non-banking financial corporations, etc, on commission basis.

What is of serious concern is the exploitation of outsourced/contractual workers deprived of equal wage for the same jobs along with permanent staffers. Outside agencies reap profits at the cost of such workers, depriving them even the minimum wage and other amenities. Existing trade unions have often protested against outsourcing of jobs in the banking sector but without a consistent and firm position against globalization prescriptions as practiced by the Congress, BJP, CPI (M), etc, in the states under their rule; the trade unions controlled by those parties can not lead a genuine struggle against this menace of outsourcing/contractualisation in the Banking Industry.

### **Danger of Merger of Nationalized Banks**

Since 1991, with the new economic policy under the imperialist globalization, the entire banking sector has been directed to serve the big corporate houses. The hard earned money of small depositors that reached a huge sum of Rs.26, 00, 117 crore in April 2007 was basically allowed to be utilized by the corporate houses, caring little for the service to the depositors. The merger of banks, as being pressurized to materialize, will further deteriorate the banking service with smaller number of branches and fewer numbers of staffers.

The much talked about agricultural loan will also remain a dream for the peasants. In January 2009 when the economy is in deep distress an RBI directive to the PSBs (Public Sector Banks) has permitted the use of agencies for opening bank accounts, collection of deposits, distribution of small amounts of loans and collection of loaned money, etc. Besides that, if the cheque clearing arrangement is entrusted with private institutions, it is estimated, as the daily income of nationalized banks will be reduced to the extent of 70 to 80 percent.

Despite all such measures to destroy the public sector banks in the name of reforms and allowing the plunderers in the financial sectors for a free play under the globalization programme, it is a bitter reality that public sector banks are still running on profit. Global economic mayhem has not changed Manmohan, Montek, Pranab like stooges of imperialism. Already ICICI, SBI and some other banks have lost an enormous amount when the speculative bubble went bust in October-November in the global centers of capitalism. Even now, a PTI news of 24<sup>th</sup> February '09 informs that the financial woes, instead of lessening, mount in the US with the collapse of another eight banks in the 3-week period of February '09, pushing the total bank failure in the US to 14 in 2009 itself while just 25 such banks were shutdown during the high storm of economic downturn in 2008. It is an irony that latest collapse was recorded even as the president Barack Obama has come up with a mammoth \$787 billion stimulus package.

Indian state and governments have so-long mimicked the capitalist centers of the world substantially following speculation-based growth allowing FIIs, various toxic instruments to serve the economy for a small section of rising middle class by allowing enormous leverage to the MNCs, World Bank and other foreign institutions to control the economy. The State Bank of India has now offered home loans at a concessional rate of 8% for a limited period. It has also extended that to other consumer loan categories like automobiles. All this is to beef up the declining automobile and real estate markets. The *Business Standard* (25 February '09) editorially criticizes such "mortgage loan in order to bring the customers" is "for mimicking US mortgage

**Continued on page 12**

## ASSEMBLY ELECTIONS IN CHATTISGARH— A FRAUD OF HIMALAYAN DIMENSIONS

**T**HE reactionary ruling classes had once again enacted their routine drama of elections to state assemblies in the months of November-December 2008. In Chattisgarh the drama was enacted in two phases—on Nov 14 and 20. The reasons given by the election commission for conducting the polls in two phases were: to muster enough forces for ensuring security to the polling personnel, transport of EVMs to and from the polling booths and to confront the “threat” from the Maoists who had issued a call for election boycott. In most of the Maoist stronghold areas in the state i.e., in 39 of the 90 Assembly constituencies, the polls were held on November 14.

The entire state, particularly the Bastar range, was turned into a war zone with rifle-wielding policemen and central forces present everywhere while helicopters made incessant rounds over the forest terrain of the state. Polling personnel were transported to the polling stations by air in most of the Maoist stronghold areas, and they, along with the EVMs, were brought back after the polling in the same way. 40 helipads were constructed for the purpose. In several places re polling was held twice and at some places, even thrice, as they did not dare to venture into some interior areas or because Maoist guerrillas took away the EVMs. Overall, the entire exercise seemed more like a war exercise than the so-called electoral exercise; it was a war of bullets than a war of the ballot. All in all, around 50,000 troops were deployed in the 39 constituencies on Nov 14. Besides the 16 CRPF Battalions, two SSB Battalions, one Mizo Battalion and one STF Battalion (20 Battalions in total) that were already engaged against the Maoist movement on a permanent basis, an additional 40 Battalions i.e., 40,000 personnel belonging to CRPF, BSF and CISF were deployed for conducting the election fraud. Needless to say, it was an election at gun-point. According to media reports 350 companies of central forces were sent this time as against 125 companies during the last Assembly elections. The break-up of the deployed forces was as follows:

In Bijapur and Dantewada, 80 companies of BSF and 15 companies of SSB.

In Bastar, Narayanpur and Kanker, 55 companies of CRF;

In Durg, Rajnandgaon and Kabirdham, 35 companies of RPF;

In the above constituencies 150 companies of state armed force were deployed.

The election commission, the political parties, police officials and the media have claimed that the elections were highly successful in the Maoist strongholds and that people had enthusiastically and voluntarily come forward to exercise their vote, that democracy had won, that polling was free and fair, and such endless trash. But one would never know what proportion of the votes was polled due to coercion and fear psyche created by these gun-toting mercenaries, and what proportion due to rigging and fraudulent methods, apart from the other factors. At least twelve cases of bogus polling where votes were placed in the EVMs after the completion of polling came to light. In one case highlighted by the papers, votes were placed in the EVMs while being brought back in a truck after the election, under the direction of a CRPF official in Konta Assembly constituency. The official was later suspended. Konta incident was only the tip of the iceberg. Hundreds of cases of such bogus polling had taken place all over Bastar range with the active connivance of the polling officials, police and agents of the political parties. And in the government-run Salwa Judum concentration camps, camp residents were herded together and taken to the polling booths to cast their votes. Anyone who refused to cast his/her vote would face the wrath of the police and Salwa Judum goons. In several villages people fled to the jungle when the police and polling personnel arrived. Their votes, of course, were cast!

**Either you boycott, or have your fingers chopped off! But what is the truth?**

While the fascist central and state governments held the elections at gun-

point and the civil administration-police resorted to brutal methods of coercion on the people to ensure a high percentage of polling, they also unleashed a Goebbelsian propaganda that the Maoists had chopped off the fingers of people who cast their votes. Even the BBC correspondent Salman Ravi reported that posters were put up by Maoists that fingers would be cut off if votes were cast. On November 15, in a special editorial in the Hindi daily, *Dainik Bhaskar*, similar lies were written. The writer, Sanjay Ahirwal, claimed that Maoists had cut off the fingers of several people! The media, owned and controlled by the parasitic corporate-financial elite, will go to any extent to lend legitimacy to their so-called democratic institutions even if these are, in reality, the most authoritarian in nature. They also go to any extent in dubbing anyone opposing their reactionary institutions as terrorists. It is this criminal, parasitical class that cannot survive without illegal detentions, cruel tortures and brutal murders of those who oppose the system. Chopping off fingers and other limbs, blinding the eyes, giving electric shocks, and resorting to other third degree methods is normal for these sadists in power. Maoists never use coercive methods on the people. That is why the toiling, suffering, oppressed masses love the Maoists and are proud of the PLGA. **Maoists appeal to those who write such rubbish to come to Dandakaranya to prove any such single instance if they have any integrity and honesty.**

The fact was there was no election campaigning in most of the interior areas. In hundreds of villages there was no sign of an ongoing election—no banners, no leaflets, no posters, no representatives of the parties which were said to be contesting the elections. Hardly anyone knew the names of the candidates. Yet, these villages recorded a high percentage of votes!! Such is the story of the “democratic” elections in Chattisgarh.

And where some kind of campaign did take place, the candidates of virtually every political party tried to woo the voters through generous offers of cash. The Congress leader and candidate for

Dantewada Assembly seat, Mahendra Karma, notorious for leading the cruel state-sponsored terrorist campaign called Salwa Judum, was caught red-handed on November 6 when he was offering several hundred-rupee notes to a woman voter in Bodili village in Geedam block in Dantewada. A FIR was filed against this fraudster. If Prime Minister Manmohan Singh and his allies spent hundreds of crores of rupees to buy the support of MPs during the No Trust motion in the Lok Sabha a couple of months earlier, what is there to be surprised if a Mahendra Karma offered notes for votes to the adivasi voters! In their lust for power every Party competed with others in pouring out huge amounts of currency notes in exchange for votes. But the anger and hatred of the people against Mahendra Karma ran so high due to the blood-bath unleashed by him in the name of Salwa Judum, that even his notes failed to get him enough votes to cling on to the Assembly seat for another term.

The promises made by the Congress and BJP—the two major parties that contested the elections in Chattisgarh—make amusing stories. First, the BJP government announced that it would supply rice at Rs. 3 a kg to the poor. Congress came out with the offer of Rs.2. Not to be outwitted, BJP announced that it would slash it to Re. 1 a kg if voted back to power. And also free salt to the poor. These promises by the rival parties in their dog-fight for power reveal at least one glaring fact—that **poverty, hunger and starvation of the people of Chattisgarh are so serious that every party is compelled to speak in terms of providing the most basic human needs such as rice and salt.**

### **Maoist Boycott Campaign**

As soon as the election dates were declared by the Election Commission, both the Central Committee and the Special Zonal Committee of Dandakaranya of CPI(Maoist) issued a call for the boycott of the elections. The statement from the CC pointed out: *“These elections, as any other elections to the legislative bodies in the present semi-colonial semi-feudal India, cannot bring even an iota of change in people’s lives but will only further enslave the masses. They are merely a safety valve to let out the fury and frustration of the masses by giving them the option of choosing between various bands of*

*dacoits. The CC, CPI(Maoist), calls upon the vast masses of the country to boycott the elections which bring nothing but greater misery and destitution to the vast majority of the population and merely replace one band of dacoits with another.’*

The statement of DKSZC called upon the people to boycott the parties which come to them seeking votes. It stated: *“61 years of fake independence has not solved the basic issues of the people. More than 50% of the population remains illiterate and over 70 % survive on just Rs. 20 a day. The condition in Chhattisgarh is even worse in spite of its rich natural and mineralwealth. After the formation of the state of Chhattisgarh it has been under the Congress for three years until 2003 and since then under the BJP. Both these comprador-feudal parties had handed over the natural wealth of Chhattisgarh—its rivers, minerals, forest wealth, transport, education etc—to the imperialists, CBB and the mafia gangs in the name of ‘development’. Mines in Pallamad, Chargaon, Raoghat, Kuvvemari, Budhivarimad, Amdaimetta, Bailadilla and other places were leased out to Tatas, NIKKO, Godavari Ispat, Raipur Alloys and other big industrial houses. MOUs have been signed with Tatas, Mittal, Jindal and Essar for setting up steel industries and the government is forcing the adivasis to part with 50,000 acres of land for the benefit of these CBB houses. To provide water and power to these companies it is planning to set up Bodhghat project on Indravati river. Dalli-Raoghat-Jagdulpur rail line and several highway projects are meant to facilitate the exploitation and plunder of the resources and displace thousands of adivasis from their villages. And to suppress the democratic struggles of the people on their just demands these parties had begun to deploy the CRPF from April 2003, increased the number continuously, set up special forces and from June 2005 unleashed the most savage state-sponsored terrorist campaign called salwa judum.*

*“The armed agrarian revolutionary guerrilla war under the leadership of our Party is continuing in Dandakaranya since the past 28 years and the people of the entire region are marching ahead to establish revolutionary people’s power in*

*the vast countryside. Janathana sarkars, the organs of new democratic power have sprung up in several areas in DK. Revolutionary people’s governments are the only alternative to the rotten, wretched, exploitative parliamentary rule which is nothing but the dictatorial rule of the feudal-comprador forces in collusion with the imperialists. We call upon the masses of DK to boycott the sham elections and to establish their own organs of revolutionary people’s power in entire Dandakaranya.”*

The entire Party, PLGA and the revolutionary masses were mobilized for the political campaign of exposing the fraud of parliamentary democracy and its institutions; exposing the corrupt, unscrupulous and criminal politicians and the parliamentary political parties; holding mass meetings in hundreds of villages and educating the people through speeches and cultural performances; distributing lakhs of leaflets all over Dandakaranya and putting up posters and banners; and other methods of propaganda. The warnings from the Maoists and the road blocks and ambushes put off all the election parties from carrying on the campaign in hundreds of villages. And even in places where the Maoist presence was not much significant, the campaigning was on a low key and the candidates or representatives of the political parties were accompanied by huge contingents of police escorts. The police warned the parties not to venture into Maoist strongholds stating that they will not be able to provide adequate protection and cannot guarantee their safety. And as Election Day approached, thousands of people were mobilized along with PLGA squads and revolutionary organizations of the masses, to put up barricades all along the roads that led to the polling booths. The authorities had to cancel or shift the booths in several villages claiming it was not possible to send the polling personnel to these ‘hyper-sensitive’ areas. The polling personnel in most of the booths in the interior villages had to be transported by helicopters, ten of which were engaged by the government for the purpose, and the ballot boxes had to be shifted after the elections in the same manner.

Even using helicopters seemed dangerous after the Maoists fired at two of these and killed one flight engineer in one

incident near Pidiya. Immediately after the last incident which took place on Nov 14, when the drone was used to shift the EVMs after the polling in Koilbeda in Bijapur, all other trips were cancelled and the EVMs were shifted after two days by road under heavy security. The Maoist campaign was not only political but also a military one. The entire PLGA and revolutionary masses were pressed into action with the aim of inflicting maximum possible damage to the police, central para-military forces and Salwa Judum goons. The scale of the campaign could be gauged by the fact that around 400 polling parties had not reached the headquarters with the ballot boxes even until the evening of November 15.

The BJP government in the state and the Congress-led government at the Centre tried to create a reign of terror by amassing the police and para-military forces in the districts of Dantewada, Bijapur, Kanker, Narayanpur, Bastar, Rajnandgaon who indulged in arrests, torture and murders of the people in several villages where the revolutionary movement is strong. People were intimidated and threatened that if they boycotted elections their houses would be destroyed and they would be killed. On Nov 11, three comrades of the people's militia—Jaggu, Kulle and Lalu—were arrested from Kodenaar village in Koyilbeda area and shot dead in fake encounter. Lalu was a militia commander and Area Command member. Media reports falsely claimed that seven Naxals were killed in the said encounter. After the firing on the IAF helicopter near Pidiya village, the CRPF mercenaries went on a rampage attacking innocent villagers unconnected with the incident. The “bravery” of Manmohan Singh's mercenaries could be seen from their murder of an 80-year-old adivasi in Pidiya village soon after the helicopter was attacked and a flight engineer was killed on Nov 14. Comrade Ganesh Udke, the secretary of Darbha Divisional committee of CPI(Maoist), gave the details of this dastardly act of the CRPF jawans and called upon the democratic organizations and people at large to condemn the ghastly murder of an elderly man.

According to media reports voting was disrupted at polling centres in 14 police station areas. While the reports in TV

channels and the All India Radio announced this fact immediately after the polling was completed on Nov 14, by the next day however, it was claimed that moderate to heavy polling was reported from all these places! In fact, the percentages began to swell with every passing hour from the night of 14th increasing from 40 % and reaching 65 % in several areas. There were many centres where the polling parties had not even gone but reported heavy polling. Slowly facts began to trickle in, even if they are only the tip of the ice-berg, that at many centres votes were placed in the ballot boxes on the way itself and the polling personnel, accompanied by the CRPF and policemen, returned without even going to the polling centres. These came to light only in places where the voters or the political parties complained that voting was not held at the centres.

Several counter-offensive operations by the PLGA and people's militia units were successfully carried out in the month-long election boycott campaign.

Some of these incidents are given below:

\*\* On Nov 9, two BJP leaders, Ramesh Rathor and Suryaprakash Singh chowhan, were annihilated in Bijapur district. Ramesh Rathor was the vice president of Hindu chauvinist BJP. Both of them were making arrangements for an election meeting in Totapara near Chota Gudra. Their vehicle was burnt to ashes. Over a score of people's militia and *Bhumkaal* militia members carried out the attack. A Congress leader, Trinath Singh Thakur, was also annihilated. Trinath Thakur was the Congress party president of Dantewada block involved in passing on information to the police that led to the murder of two members of revolutionary mass organizations in Balud near Dantewada in May 2007 by the police. These incidents demonstrated the anger and class hatred of the masses against the leaders of BJP and Congress who had played havoc with the lives of adivasis by unleashing Salwa Judum goons and states armed forces on the revolutionary masses. These incidents had an adverse impact on the electioneering by various parties in the region.

\*\* On Nov 4, Maoists fired at a helicopter after it took off from Koilbeda after a public meeting addressed by BJP

leaders. A minister of Chattisgarh, Vidhan Chandrakar, and an MLA were in the helicopter but there were no casualties.

\*\* On November 11, a fierce encounter took place between the PLGA and the police in Sarguja district in North Chhattisgarh in which the IGP BS Maravi was injured. The incident shook the top brass of the police which had been boasting that the Maoists have been eliminated in entire Sarguja.

\*\* On November 14, another Russian-made helicopter MI-18 was fired at near Pidiya in Bijapur district when it was proceeding from Koilbeda to Bijapur after the polling. A flight engineer was killed in the incident.

\*\* People's Militia units seized the Electronic Voting Machines from Rengagondi, Hangwa, Totar, Adnaar, Kudur, Tumdibal in Narayanpur district; Handawada, Mangana, Kidriraas, Manganaar, Muler, Pandevar, Gorkha, Chintalnar in Dantewada district; Kaamata, Badepinajari and several other villages in Kanker district.

\*\* At around 7.30 am on the polling day (November 14), two SPOs and one DAR police were injured as they stepped on a pressure mine placed by PLGA guerrillas near Gorkha village under Bhejji PS in South Bastar division. The pressure mine was placed near the posters and banner put up at a distance of 75 metres from the polling centre. When the policemen tried to remove the posters the mine went off. The injured policemen were flown by helicopter to the hospital.

\*\* In the after-noon of Nov 15, an anti-landmine vehicle was blown up near Mukaram culvert between Chintalnar and Chintagufa in Dantewada district. A Head Constable and one constable, belonging to the 55th Battalion of CRPF, were seriously injured in the incident. They were opening up roads for the polling parties.

\*\* On Nov 16, seven CRPF jawans, including a Deputy Commandant, were seriously injured in a land-mine blast triggered by Maoists near Konde village on the road leading from Durgkondul to Pakhanjur. The incident took place at around 7 am when the CRPF party was returning from Pakhanjur and proceeding to Kanker after completing the poll drama.

\*\* On November 21, PLGA guerrillas triggered off a land-mine near Bhainsgaon in North Bastar in which a Bolero vehicle



carrying policemen escaped by a hairbreadth. As part of the boycott election campaign Maoists had blocked the road going from Bhanupratap Pur to Narayanpur. When the police tried to remove the trees on the road the mine went off. Some policemen received minor injuries.

\*\* On November 25, when policemen were returning after conducting repolling, PLGA guerrillas ambushed them in Mardapal area wiping out seven policemen and injuring three. Five of these were commandos of the STF and two were from the DAR. The repolling was conducted under heavy security and fearing attack by PLGA 300 policemen, including the CRPF and STF, were coming on foot when Maoist guerrillas blasted the mine near a culvert between Glavand and Dholmundri villages under Mardapal PS.

### **The naked fraud of the so-called Indian parliamentary democracy**

The re polling in Gougunda in Konta Assembly constituency on December 6 illustrates in the most vivid manner, the naked fraud of the so-called Indian parliamentary democracy. Gougunda centre witnessed polling three times due to complaints of fake polling. The polling personnel and the CRPF did not reach the booth on November 14 when the polling was to have taken place fearing Maoist attacks. The repolling was conducted on Nov 24. The polling personnel and the police officials did not go to the polling booth again but instead decided that the best way was to place ballots in the boxes by safely sitting in their vans. They managed to put some fake votes but were caught after the act. Cases were filed against 15 polling personnel and seven were suspended from their jobs. It was, of course, a rare instance of exposure of the usual electoral fraud. It was also a rare instance in the history of the so-called democratic elections when polling had to be conducted thrice in the presence of the

district SP and thousand armed men and where security forces outnumbered the registered voters. Around 1000 CRPF and police personnel went to the village of Gougunda to enforce the poll. Of the 711 registered voters there, none turned up initially. Well aware that the policemen would force them to cast their votes, the people of Gougunda and surrounding villages fled to the jungle. The furious policemen and the polling personnel searched for them and finally caught hold of ten people who had to cast their votes at gun-point. If such has been the result when the administration, with the help of a Battalion of policemen, tried to conduct polling in a single booth one can imagine what would have been the level of rigging resorted to in the Nov 14 polling in the 39 Assembly constituencies where Maoists have a strong presence. In Keshkal Assembly constituency repolling was ordered in Konguda, Banachapai, Baarada (Bhongapalli) polling centres on complaints that fake voting was resorted to. The polling officials did not even go to the polling centres but placed votes in the boxes. There were 1547 registered voters at the three centres. 20 officials were suspended for bogus voting and FIR was filed against them. The reason for the fake voting was fear of attacks by Maoists. Incidents like these occurred at several polling centres but only a fraction of these found place in media reports. A case was filed against 17 polling officials and three CRPF officers for having indulged in bogus polling. The polling staff did not go to the three polling centres in Bhongapalli, Farasgaon Kasai and Jhakadi but placed votes in the boxes. Repolling was conducted on Dec 3 at these three centres. In Anthagadh constituency, polling personnel did not go to the polling centre in Partap Pur, Chota Pakhanjur, Chote Bethiya, Aakmetta, according to a complaint made by a NCP candidate contesting in Anthagadh to the election commission. In Sangam centre, Buruka

Swaroopnagar polling personnel stayed for a short while and returned without completing the polling. They placed votes on the way. In polling centre 52 in Maraknaar (K) Ramakrishna Nagar, out of 504 voters, 503 were said to have exercised their franchise. This unusual incident raised many eye-brows and the Congress candidate demanded an enquiry alleging that BJP in collusion with the polling officials had resorted to fake voting. It demanded repolling at the centre. In Chotabethiya and Akametta polling centres covering 11 villages in Anthagadh constituency repolling was held on Dec 3 under heaviest ever security in the constituency. The police and para-military forces were lined up along the entire route from Bande to the polling centres and in some of the villages they ordered the people to go to the polling booths and place their votes. No wonder, the election officials claimed that 74 % votes were polled which was never heard of in the past at these centres. Fear, obviously, ensures “democracy”. The more fear and intimidation people are subjected to, the more the increase in percentage of polling. A newspaper reported that if repolling was undertaken in centres where there was zero percentage or single digit polling on Nov 14, the percentage may jump to over 65 %. Not a single vote was cast at six polling centres in Dantewada and six in Konta Assembly constituencies. The people of around 50 villages falling under these polling centres, remained unshaken in the midst of police threats, intimidation and coercion to cast their votes. At five centres, people led by the militia and PLGA, attacked the booths and carried away the EVMs. Four CRPF personnel were injured in these attacks. In Bijapur constituency, in Takilod, Kadenaar and Hallur centres not a single vote was cast. Only 7 votes were polled at the Mulasoli centre in Konta. EVMs were seized from three polling centres—Kamta, Badepinjori and Hilchur—in Anthagadh constituency. Dh

### **Continued from page 32**

all push the debtor country in one direction... It has to accept and adopt neo-liberal prescriptions (globalization, modernization, rationalization and ‘liberalization’)... (p.xii).” The succinct gist of the consequences through the penetration of imperialist institutions like

World Bank is captured by the above proposition. A small state like West Bengal with a Marxist sign board used by its bankrupt lumpen leaders can not be different from the rule of World Bank’s trusted agent, Chandrababu Naidu. The Andhra Pradesh CPI (M) effortlessly found

the spurt in shopping malls, high roads, consumerist culture and deprivation of vast masses of people in the TDP’s development model but the same CPI (M) finds only *Unnayan* and *Unnayan* in West Bengal despite following the same model of devastation. Dh

# COMMUNIST PARTY OF INDIA (MAOIST)

## CENTRAL COMMITTEE

**Saffron terrorism—the most dangerous enemy of the entire Indian people!**

**Let us wage a united, broad-based movement of all secular,**

**democratic forces to defeat state-sponsored**

**saffron terrorism and state terrorism!!**

**T**HE dark, ugly and hidden face of saffron terrorism was revealed openly first in connection with the Malegaon bomb blasts that took a toll of 31 innocent lives and now also in the samjhauta express incident. It was more of an accident that the role of Hindutva terrorism in the Malegaon bomb blasts had come to light. The revelations of the gory deeds of the saffron terrorists in connection with Malegaon and samjhauta express are only the tip of the iceberg. A re-investigation of all the bomb blasts that had taken place in the country over the last 15 years or so would bring to light even more startling facts related to the ugly face of Hindutva forces and expose the conspiracies of the ruling classes in implicating the Muslim community.

In fact, most of the saffron-robed sadhus, sadhvis, swamis, sants, mahants, maharshis, ogis etc have been playing an overtly communal role inciting the Hindus against the religious minorities and preaching the politics of murder, revenge, and genocide particularly since the demolition of Babari Masjid in 1992. But no government had done anything to investigate into their nefarious communal games and terrorist activities let alone arrest them or ban the overtly communal-terrorist organisations in the past 15 years. Whenever a bomb blast takes place or some explosives are said to be found (most of these, anyway, are planted by intelligence agencies, police officials and saffron organisations and also the Congress) the accusing finger is always inevitably pointed at Muslim organisations and innocent Muslims.

While Islamic organisations like SIMI are banned without any evidence, Hindu terrorist organisations such as the RSS, VHP, Bajrang Dal, Durga vahini, Hindu defence Force, Rashtriya Jagaran manch, Abhnav Bharat, Hindu Munnani, Shiv

Sena, and, of course, the mother of all these Hindu fascist gangs—the BJP—are allowed a free hand to incite communal passions, riots, organise genocides as in Gujarat and bomb blasts as in Malegaon, modasa, Nanded, Kanpur etc. Even blasts in Muslim places of worship as in Mecca Masjid in Hyderabad are sought to be proved as the handiwork of Muslim organisations. Thousands of Muslim youth are arrested and incarcerated in jails for years without any evidence while the real terrorist in saffron robes go on inciting communal passions and set off bombs with the blessings of the Indian state.

The extent of the infiltration of the saffron terrorists in the state machinery can be seen by the role of several top-ranking serving and former Army officials in training and supplying explosives to Hindu terrorist gangs and engineering the blasts. This shows not only the complicity of the state but also its deep ties of the various wings of the state with the Hindu terrorists.

The attack on Muslim organisations and Muslim community at large is a conspiracy hatched by the Indian state and the top functionaries of various political parties such as the BJP and Congress. The so-called India Mujahideen itself is a creation of the IB as is now clearly revealed. Even the so-called investigations into the bomb blasts in Jaipur, Ahmedabad, Bangalore—all of which had taken place in BJP-ruled states—were carried out with the malicious intention to absolving the saffron terrorists and implicating the Muslims. A reinvestigation of these incidents is likely to show the involvement of the saffron terrorists directly organized by the ruling BJP.

The CC, CPI(Maoist) calls upon all the secular and democratic forces to unite to wage a broad-based people's movement to expose, isolate, resist and weed out these poisonous weeds from our midst that are

vitiating communal harmony and are itching to create genocides to exterminate the religious minorities. The responsibility lies more on the shoulders of the Hindu majority to spurn and ostracise these Hindutva terrorists who are a blemish to the Hindu community.

We call upon the entire Party, PLGA and the revolutionary masses to defend the people by resisting by all means and carrying out attacks on these anti-people, anti-national, lumpen neo-Nazi gangs of saffron-clad terrorists. The Indian state and its various wings, which are permeated with Hindu chauvinism and anti-Muslim, anti-Christian bias can never bring these Hindu terrorists to book or bring a sense of security and justice to the persecuted minorities. It is only by taking up arms against the state-sponsored saffron terrorism and state terrorism and advancing the people's war to overthrow the exploiting rulers who are nurturing the communal-fascist Hindutva forces that security and justice can be brought to the religious minorities in the country.

We demand:

\* Arrest of the top leaders of the saffron organisations and a ban on these organisations.

\* Reinvestigation of all the incidents of bomb blasts since 1992.

\* Release of all Muslim and Christian people and lifting of the false cases foisted against them by the Indian state.

\* Punishment to the police officials involved in the persecution and harassment of the religious minorities and fabrication of concocted stories about so-called Islamic terrorists.

18-11-08

signed/  
Azad,  
Spokesperson,  
Central Committee,  
CPI(Maoist)

## HAIL THE MARTYRDOM OF COMRADES MASTAN RAO AND RAMCHANDAR OF AP STATE COMMITTEE & COMRADES JAYA AND ASHOK!

THESE COMRADES WILL CONTINUE TO INSPIRE THE REVOLUTIONARIES AND THE  
VAST MASSES FOREVER!!

COMRADE Valluri Venkat Rao alias Mastan Rao alias Kailasam, comrade Thota Gangadhar alias Ramchandar, comrade Jaya alias Aruna alias Sarita and comrade Ramathoti Jaya Kumar alias Ashok alias Ramana were arrested by the APSIB on the 26th of October, brutally tortured for more than 24 hours and were murdered in the early hours of 27th. They were separated into two batches and shot dead in two different regions of Nallamala and AOB. As usual, a fake encounter story was floated by the police that comrade Ramchandar and Jaya were killed in an exchange of fire in Ravulapalli forest area in Bollapalli mandal of Guntur district which falls under Nallamala forest region, and comrades Mastan Rao and Ashok were killed near Ravikona Kothavalasa in Parvatipuram mandal in Vizianagaram district falling under Andhra-Orissa Border Special Zone. A few days prior to their arrest, another comrade of AP Special Committee and a former member of AOBSZC, comrade Gopu Sammi Reddy alias Jogal was arrested in Orissa but was produced in the court after arresting the other comrades.

Comrade MR hails from Guntur city and had joined the revolutionary movement three decades ago. He was actively involved in building the Radical Youth League (RYL) in Guntur and was working underground since 1982. He was initially involved actively in building the revolutionary movement in Guntur district. Anti-feudal struggles reached their peak in Dachepalli mandal in Guntur district under his leadership during the 1980s and 90s. He was also actively involved in building the movement in Prakasham district. He was elected to the state committee in 1999. Later he was transferred to Rayalaseema region where he provided leadership as a member of the AP state committee until 2004. During

the period of talks between Maoists and AP state government comrade MR was shifted to AOB along with several other

### Two Maoists martyred in Koraput

Two Maoists were killed on October 11 in a fake encounter near Muliguda, Bandugam block, Koraput district, Orissa at the border of Parvatipuram mandal of AP. The killed were one woman and one man. As usual, the police floated the story that there was an encounter when Orissa-Andhra police were on a combing operation and after around a hundred rounds were fired they found the bodies of two Maoists.

It is suspected that the woman comrade is a Koraput Divisional committee member Comrade Lakshmi @ Jyoti @ Chinnammalu and the other comrade is militia member Vadaka Sanno @ Bidika Raju. Dead bodies were sent to Narayanapatnam. Comrade Chinnammalu belongs to Ganapavaram, Bhamini mandalam, Srikakulam district. AP government announced a reward of Rs. 3 lakhs for her. She was in Nagavali squad for three years and in Koraput squad since two years. Comrade Raju is from Thalalokho village of Narayanapatna Samiti. When they were going for bringing provisions they were shot dead by the combing police.

In Chatra district of Jharkhand one Maoist was killed in an encounter on September 17. As usual police story is that they got information that Maoists will be gathering at Navdhama mountaneous area, under the leadership of Comrade Krishna Yadav. Maoists started firing immediately after seeing the police and in firing Comrade Jitendra Ganjhu was martyred.

leaders and cadre of A P. From then on until the beginning of 2008 comrade MR worked as a member of AOBSZC as well

as a member of its state secretariat and guided the movement in Koraput division. He was included in AP Special Committee and was elected as its secretary in which capacity he was working for the past ten months.

Comrade Thota Gangadhar alias Ramchandar belongs to Kuragallu village in Mangalagiri mandal in Guntur district. He worked in RSU in 1984, later served as a commander of Pedaveni squad in 1989-90, commander of Veligonda squad during 1990-95, became a member of Nallamala Forest Division and was elected as its secretary from 200-2004. He was elected to the AP State Committee in the state Plenum held in 2003. In March 2007, after a decision taken at the Unity Congress-9th Congress of the Party, a Special Committee was formed in Andhra Pradesh to organize and guide the movement in the plains and urban areas in the state. Comrade Ramchandar became a member of the AP Special Committee. Towards the end of 2007 the Special Committee was reconstituted with comrade Mastan Rao as Secretary and comrades Ramchandar and Sammi Reddy as its members. Comrade Sammi Reddy was also arrested a few days before the arrest of the other two special committee members. He was produced in the Court on the 26th while the other four comrades were murdered the next day.

Comrade Jaya hails from Brahmanpalli village of Medak district and joined the Party in 1993. She worked as a member and later as a commander of the PLGA squad for some years. She was promoted as a DC member and began to work in that capacity under the Special Committee since the beginning of 2007. She is married to comrade Ramchandar.

Comrade Ashok alias Ramana hails from Alakurapadu village in Prakasham district. He was working as a courier for comrade Mastan Rao at the time of his martyrdom. PJT

## LOKH SABHA ELECTIONS & THE POLITICAL CIRCUS

**A**S WE approach the coming Lok Sabha elections we find all the parliamentary parties involved in electoral gymnastics forming and breaking opportunist alliances, all with a single point agenda – how, in whatever way, to get a foothold in power. None have an agenda for the country and its people, particularly at a time of acute crisis. With already one crore people thrown out of jobs in the export sector, lakhs more being thrown out in all other spheres of the economy, and many being forced to accept sizable wage/salary cuts to sustain their jobs, and the agrarian crisis intensifying the situation is indeed grim; and getting worse by the day. Yet, none of the parliamentary parties have the issue of the welfare of the masses on their real agenda (except for the stereotype rhetoric, one hears during each election).

We are told to vote for one or the other parties; but vote we must they say. So desperate are the ruling classes that people may be fast seeing the irrelevance of such elections, that they have started placing lengthy advertisements on the TV (and newspapers) coaxing the people to vote at any cost. But whether people actually vote or not (for the lack of a viable alternative in most parts of the country) in their hearts they realize nothing is going to improve in their lives through such elections.

Besides, in their real lives people do not see any of that much-hyped democracy. For, most it is a desperate struggle for survival; where they are harassed and subdued by the local elite authority; by the bureaucracy, by the police, even by the courts. And if anyone dare assert oneself against the injustice we face in our daily lives, the baton is not far away. Besides, with feudal relations rampant – with caste, patriarchal and other hierarchical relations predominating – even in our daily relationships there is no democracy. And if you happen to be a dalit, or a Muslim, or a tribal or even a woman it is second-class treatment that is meted out; with such people (who

comprise the majority of the population) having to live in a state of perpetual humiliation. What talk of democracy for them?

Democracy entails the genuine assertion of peoples' power from the grass roots upwards. It entails that the people themselves are allowed to determine their own future. A system where all wings of the State – parties, political institutions, bureaucracy, judiciary, et al – are all answerable to the people. A system which ensures a minimums of food, clothing and shelter to one and all. A system where every single person in authority can be removed from his/her post for misdemeanor – with the people having the right of recall. A system where education is available to all, and where the masses are conscious of their duties as well of their rights.

Where does all this exist in the framework of our country or, for that matter, of any political party? The parties go on and on talking of the security of our country as this is one of the main planks of both Congress and BJP. It is a joke; where is the question of security when most cannot afford even two square meals a day. Where is the question of security for those crores of peasantry living a hand-to-mouth existence, 2 lakhs of whom have committed suicide over the last decade? Where is the question of security for the workers who are being thrown out of their jobs arbitrarily? Where is the question of security for those lakhs of tribals being hounded out of the forest by the forest department and now mining and other projects? Where is the question of security for dalits who are not even recognized as human in the caste-based hierarchical system? Where is the question of security for women who cannot step out of their houses with fear of harassment, molestation and even rape? Where is the question of security for Muslims (and now even Christians) who are treated as second-class citizens?

Yet they continue to yell day-and-night that ones security is being

threatened by Pakistan, by terror, etc., and a psychotic hysteria is whipped up – and the either the BJP or Congress is supposed to deliver us into a secure environment, free from 'terror' and so-called Pakistani infiltrators. This security talk is ridiculous and absurd – more people die in road accidents on Indian roads in a day, than die of 'terror' attacks in a whole year – yet their Goebellian propaganda often influences many, particularly the middle-classes.

Then the talk of *aam admi* is yet another joke, as all know that the Congress has spent its whole history serving first the British imperialists and now the US, besides the local reactionaries. And now one needs little to believe in parliamentary communists who have proved their anti-people teeth in both the states that they run. And as for the state level-parties they are feudal-type fiefdoms built on caste vote-banks selling their seats to the highest bidder.

Nothing can come for the benefit of the masses in this over Rs. 10, 000 crore farce. This is clear as daylight. Rejecting the elections through boycott can be step forward in the consciousness of the masses to reject this entire system and take the plunge into the revolutionary process being taken forward by the Maoists in the country. Many may argue that there is need to utilize the 'democratic space' available through the elections; but should one do that to add to the illusions of this farcical stunt? Besides, how much real space do these parliamentary elections really give – we have seen army rule in Kashmir and North-East existing inspite of elections; we see elections banned in most colleges; we see nothing but semi-feudal authority wielded by the powerful in all villages throughout the country, in spite of the elections; we see little rights for the workers to organize themselves and elect their own representatives, in spite of elections, etc, etc.

Democratic space is no doubt welcome; it is not being gifted by the increasingly fascistic ruling classes but extracted from them through the

**Continued on page 23**