Indian government prevails over truckers' protest to halt fuel price increases

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On the evening of October 27, India's truck owners called off a week-long protest that at its height had kept 2.5 million lorries, trailers and tankers off the road and crippled the distribution of food, fuel and other goods. The All-India Motor Transport Congress (AIMTC) terminated the protest after the newly elected National Democratic Alliance (NDA) government agreed to consider its demands for changes to freight charges, permit fees and other aspects of transport policy. But the truck owners' main demand—the roll-back of a 40 percent hike in diesel prices—was excluded from the agreement, meaning the government has prevailed in its insistence that the price hike is non-negotiable and irreversible.

Corporate spokesmen had proclaimed that the government's readiness to push through the fuel price hikes would be a test of its resolve to press ahead with major changes to economic policy, including budget cuts and privatisation, in the face of widespread popular opposition. Declared the *Indian Express*, "Having instituted a market-related mechanism for raising diesel prices, the government should stick with it, come hell or the polls.... [T]he government cannot afford to announce ... measures and then withdraw them. One more goof-up will be enough to unleash the opportunists inside and outside the alliance."

The most powerful big business organisations were unequivocal in their condemnation of the truckers' protest, although it was supported by the big trucking companies. Typical was a call from K.P. Singh, President of Assocham, one of India's leading business organisations, for the AIMTC to immediately end its protest. "The economy," said Singh, "cannot be held hostage to sectional interests and nothing should be done to distort national priorities."

The protest effectively stopped freight shipments in most parts of the country and quickly led to steep increases in vegetable and other food prices. In Tamilnadu, the state government used state-owned buses and the federal government-owned railway network to transport foodstuffs. Industrial production was also affected. The Delhi Exporters Association urged the government to mobilise army trucks to transport goods to harbours and airports.

The protest meant millions of truck company employees—drivers, loaders and maintenance workers—were off work. Yet most supported the protest, for they fear the price increases' impact on their jobs and terms of employment. Many owner-operators and small truck companies have warned that the price hike will drive them into bankruptcy and even the larger firms have said they will have to downsize their operations because of reduced profit margins.

As the protest grew taxi, mini-bus and bus drivers and owners, and farmers and fishermen sent messages of support and in some cases threatened to join the protest.

The diesel price hike will not only effect fuel costs. Over time, it will translate into a significant increase in the price of all shipped goods. Fearful of the public reaction to spiralling prices, the previous coalition government—which like the current one was led by the Hindu chauvinist Bharatiya Janata Party (BJP)—refrained from raising diesel prices for six months despite a sharp rise in world oil prices. This led to a widening deficit in India's oil import bill. But once the voting for a new government was completed, the cabinet announced the 40 percent increase without even a reference to the NDA coalition.

Even many BJP MPs subsequently expressed reservations about the price hike. At a meeting of the BJP parliamentary caucus October 22, many urged the government to announce a partial rollback, but Prime

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Minister and BJP leader Atal Vajpayee was adamant that the price increase would stand. The incoming government, he said, "had to take hard decisions in the interest of the people". Had the government not "taken the timely step to increase the price of diesel fuel", the state-owned oil sector "would not have been able to buy petroleum products because of the huge deficit in the oil price account". Vajpayee hinted further increases in the prices of petroleum products may be necessary. Then on October 24 the NDA Minister of State for Petroleum said that "the subsidy element" on kerosene and liquefied petroleum gas [which is used for cooking] will have to be "reduced in the future".

The NDA government urged India's state governments to invoke the Essential Services Maintenance Act to render the truckers' protest illegal and give themselves the power to deploy troops to enforce the maintenance of "essential services". The BJP state government in Gujurat did so, while the Congress state government in Orissa invoked the National Security Act against the truckers.

On the second day of the national protest, the NDA government announced its intention to impose steep increases in license and registration fees. As part of the agreement under which the AIMTC called off its protest, the notification of these pending increases was withdrawn.

The political opposition posed as supporters of the agitation, even while working with the government to bring it to a quick end. On October 26, the entire opposition in the Lok Sabha, the lower house of India's parliament, walked out to protest the government's refusal to roll back the diesel price increase. But the opposition's criticisms revolved around the legality of the government's actions—its failure to raise prices for six months and subsequent decision to increase them before the new government had been sworn in.

A decision to eliminate the government 's petroleum subsidy in stages was taken in 1997 by the United Front government, in which both the Stalinist parliamentary parties, the Communist Party of India (CPI) and the Communist Party of India (Marxist) or CPI (M), played a prominent role.

Like the other opposition parties, the CPI and CPI (M) said the current diesel price increase should be rescinded until such time as the government explained its "necessity to the people".

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