

After winning FDI vote, Indian government vows to push ahead with pro-investor measures

Deepal Jayasekera
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India's Congress Party-led government is vowing to press forward with pro-investor reforms after defeating Opposition motions, in both houses of Parliament last week, that condemned its decision to open India's retail sector to multi-brand Foreign Direct Investment (FDI).

"In the coming [parliamentary] session, we will bring in [legislation] regarding banking reforms, FDI in insurance, amendments to Companies Act and pension schemes," declared Union Minister of State V. Narayanasamy last Friday.

The opening of India's retail sector to global multi-brand retail giants like Walmart and Carrefour is highly contentious because it threatens the livelihood of small family-owned shops that employ tens of millions.

The move has been under active government consideration under the current Congress Party-led United Progressive Alliance (UPA) coalition and its predecessor, the Bharatiya Janata Party-led National Democratic Alliance, for at least a decade. A year ago this month, Indian Prime Minister Manmohan Singh announced that the retail sector was being opened up to multi-brand FDI, but quickly backed down after several of the Congress' UPA partners balked at the decision and lent support to the Opposition's disruption of parliamentary proceedings.

However, in September, under conditions of mounting economic crisis and increasingly panicked demands from Indian big business for a new wave of neo-liberal "reform," the UPA government announced a series of what it called "big bang" reforms. The most important of these was to allow foreign multi-brand retailers to set up shop in India. (See, "India announces 'big bang' economic reforms")

Subsequently, Manmohan Singh went on nationwide television to exhort India's workers and toilers to make sacrifices so as to attract the foreign investment needed to

promote capitalist economic growth. This in a country where hundreds of millions are malnourished and more than three-quarters of the population survives on less than US \$2 per day.

While foreign and domestic big business have hailed the UPA's "big bang" measures as a "good beginning," India's economy has continued to be battered by the recession in Europe, its largest market, and by anemic growth in North America. Recently Finance Minister P. Chidambaram said India's growth in the 2012-13 fiscal year could be as little as 5.5 percent, the slowest rate in a decade and a far cry from the 9 percent annual growth rate Prime Minister Singh has said is necessary to maintain popular support for pro-market "reform." At the beginning of this month, the rating agency Fitch warned that it will cut India's already low bond rating if the government fails to dramatically slash the deficit to GDP ratio over the next 18 months.

In the run-up to last week's votes there was much posturing from both sides of the parliamentary benches, with not just the opposition, but also members and supporters of the UPA coalition declaiming their implacable opposition to FDI in multi-brand retail.

The Congress no doubt engaged in all sort of wheeling and dealing, if not outright bribery, to secure the defeat of the Opposition motions.

But in the final analysis their defeat is attributable to the fact that all the purported opponents of the government's "big bang" measures—from the Hindu supremacist Bharatiya Janata Party (BJP) through the Stalinists—are themselves subservient to big business and agree that India's economic growth is predicated on satiating investors' appetite for profits.

Initially, the government had insisted that it did not need parliamentary approval for the opening up of the retail

sector. However, with the Official Opposition BJP threatening to prevent the conduct of normal parliamentary business during the entire winter session, which would have derailed the government's efforts to push through other economic reform measures, it relented, but with the proviso that the motions not be considered matters of confidence, i.e. not trigger the government's fall if they passed.

Even before this agreement was reached, the BJP and the two Stalinist parties, the Communist Party of India (CPI) and the Communist Party of India (Marxist) or CPM, had made clear that they were not seeking to unseat the government by voting against the introduction for debate of a no-confidence motion authored by the Bengal-based Trinamul Congress.

A rightwing populist party which unseated the CPM-led government in West Bengal in 2011 by posturing as an opponent of its pro-investor "industrialization" program, the Trinamul Congress had withdrawn from the UPA in September as a show of opposition to its opening up of the retail sector.

With the Trinamul Congress' withdrawal, the UPA lost its parliamentary majority. But it was able to win last week's votes thanks to the actions of two regionalist and caste-based parties, the Samajwadi Party (SP) and the Bahujan Samaj Party (BSP), which have long been providing "outside" support to the UPA.

Both the SP and BSP claimed to oppose the UPA's decision to allow giant multi-brand retailers to operate in India, but walked out of the Lok Sabha, the lower house of the Indian parliament, just before the vote on the opposition motion, thereby ensuring its defeat.

In the Rajya Sabha, the upper house, the SP used the same stunt to avoid voting against the UPA, while the BSP voted with the government, which otherwise would have gone down to defeat.

The "opposition" of the rabidly communalist and avowedly pro-big business BJP was equally unserious—a ploy aimed at boosting its fortunes in the coming legislative elections in Gujarat and several other states as well as in the national elections scheduled for 2014. For all its claims to oppose the UPA's "big bang" reforms, the BJP, when it last held national office as the dominant partner in the NDA, ruthlessly pressed forward with privatization, deregulation, social spending cuts, and the lavishing of tax concessions on big business. Were it to come to power in 2014, it would do exactly the same.

Insofar as the opposition of the regionalist-casteist

parties and the Stalinists to foreign multi-brand retailers is not simply cynical election posturing, it is based on the promotion of Indian nationalism—the ideology of the Indian bourgeoisie—and the defence of the interests of weaker sections of Indian big business that fear they will be marginalized as transnational retailers and foreign investors strike joint ventures and other alliances with the Tatas and other titans of India Inc.

In a meeting jointly organised by the CPM and its Left Front allies on December 1, CPM General Secretary Prakash Karat condemned the government retail policy's as "anti-national" and asked, "What *economic freedom* will we have if foreign giants like Walmart, Tesco and Carrefour capture *our* markets?" (emphasis added)

The Indian Stalinists have long justified their subordination of the working class to reactionary parliamentary and governmental alliances with such regional and casteist parties as the SP, the AIADMK, DMK, and TDP, on the grounds that the regional bourgeoisie are "progressive" allies in the fight against the principal parties of the Indian bourgeoisie—the Congress and the BJP.

This, mind you, has not prevented the CPM and CPI from repeatedly propping up Congress Party-led governments, including the current UPA from 2004-8, on the grounds that this was the only means of blocking the BJP from returning to power, and even forming alliances with the BJP.

While the Stalinists have confined the growing working class opposition to the UPA government to occasional ritualistic protest strikes aimed at pressuring it to adopt "pro-people policies," they have announced their readiness to make common cause with the BJP in parliament to block neo-liberal measures, thereby helping this discredited ultra-rightwing party posture as a defender of India's toilers.



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