

**ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION**  
**LIC BUILDING SECRETARIAT ROAD HYDERABAD**

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24<sup>th</sup> July 2008

To all the Zonal/Divisional/State/Regional Units:

Dear Comrades,

Prepare for bigger campaign and struggle  
Make 20<sup>th</sup> August strike a thumping success

The last few days witnessed Indian politics plunge to its nadir. July 22, 2008 would be remembered as the saddest day for Indian democracy. Media reports pointed to the ugly state of affairs where the Congress led UPA government survived the floor test with the help of defections, and amidst allegations of outright bribery and inducement of ministerial berths. The decaying values and morals of the ruling classes were in full glare of the Indian people. The nation with disgust has realized how the government has cobbled up the majority in Parliament. A leading national daily describing these events aptly said "Vote is won Trust is Lost".

However, the US and Indian business lobbies were elated with this Pyrrhic victory. For the past three years the US based producers of nuclear plants and the Indian power generating companies had been lobbying for the conclusion of the Indo-US nuclear deal. The US-India Business Council President Ron Somers described the trust vote as "an historic victory for India and the globe". He further added that "at an estimated \$2.5 bn for 1000 megawatts the nearly 30 new reactors India will commission could signal the beginning of a nuclear renaissance that American nuclear companies have been waiting for". The US companies hope to earn more than \$100 bn in new reactor construction contracts in just 10 years with the biggest beneficiaries expected to be companies such as GE Energy, USEC and Westinghouse. While the Bush administration is thrilled with the tainted victory of the Manmohan Singh's government, it should be noted that the governments in United States have not approved even a single nuclear reactor for construction since the accident at Three Mile Island in 1979.

It is nobody's case to say that nuclear power is not at all necessary for the country. But at what cost – political and financial- should the power be generated is the question. The biggest political cost of the nuclear deal is the erosion of independent foreign policy of the country and in the last 3 years since Manmohan Singh-Bush agreement, India's foreign policy has undergone a marked shift. India towed the American line in the IAEA's deliberations over

Iran; it is continuing to drag its feet on the Iran gas pipeline; it only recorded a perfunctory protest over 2006 Israeli invasion of Lebanon and its sympathy for Palestinian national liberation movement is waning. Therefore, it is becoming clear that India is refashioning its foreign policy to help the US imperialist ambitions in Asia and Middle East. Secondly financial cost of a nuclear power plant would be twice the amount needed for a coal fired power station with similar capacity. The third cost the country would pay would be our capability to produce thorium based energy, research and development on which is now going on.

It is also not true that the nuclear deal would provide energy security to the country. As of now, out of the total installed capacity of all forms of power generation in the country, which is 1, 43,000 megawatts, nuclear power generation accounts for only 4000 megawatts, which is less than 3%. According to the Planning Commission's study (Integrated Energy Policy, 2006, Planning Commission), taking the most optimistic scenario, it would be 29,000 MW by 2021. These targets include 8000 MW of imported reactors. Even if these targets can be met, then nuclear energy will only add up to about 7% of our total installed capacity. So, the present deal is to increase the nuclear power generation from 3% to 7% of the total electricity generation, over a period of next 13 years. How then the nuclear deal alone could provide energy security? The people deserve to be told the truth.

Dr. P. K. Iyengar, former Chairman, Atomic Energy Commission, writing in the Hindu Business Line on 22<sup>nd</sup> July 2008 answered the question whether the Indo US nuclear deal would ensure energy security. He said that "It is true that nuclear energy is green energy and, therefore, essential for our long-term energy security. But this does not translate into the nuclear deal ensuring our energy security. Power from the nuclear reactors that we buy will definitely be more expensive than indigenous nuclear power. Further, to keep the reactors running, we will always be dependent on imported uranium, which is controlled by a cartel — the Nuclear Suppliers Group (NSG). Therefore, the nuclear deal, by making us dependent on the cartel, will only compromise our energy security. Only our indigenous nuclear power programme can truly ensure our energy security. And, in any case, for the next few decades, nuclear power will not exceed 6 per cent of our total electricity production.

The cost of power from nuclear plants, as compared to that from coal-fired plants, is also quite high. Coal-fired plants today produce electricity at the plant-end cost of about Rs. 2.50 depending on the coal cost at the location. For nuclear plants with imported reactors, it is about Rs. 5.50 per unit. Given the possibility of time over runs, this cost could go up. These are the realities.

Secondly, though the 123 deal on paper is the basic document, the overriding power rests with the USA in the form of Hyde Act (Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006) signed into law by the President of USA on 18<sup>th</sup> December 2006.

The Hindu dated 15.2.2008 carried a report that the US Secretary of State, Ms. Condoleezza Rice told the House Foreign Affairs Panel that “We will support nothing with India in the NSG that is in contradiction to the Hyde Act. It will have to be completely consistent with the obligations of the Hyde Act.”

There have been strong words of caution from Nuclear Scientists like Dr. P.K. Iyengar (former Chairman, Atomic Energy Commission), Dr. A. Gopalakrishnan (former Chairman, Atomic Energy Regulatory Board), Dr. A.N.Prasad (former Director, Bhabha Atomic Research Centre) and others in the scientific fraternity, but to no avail.

### **The deal goes beyond nuclear power**

The government in its haste to stitch up a strategic alliance with USA has not bothered to answer all the questions raised by the scientists and the intellectuals. As a part of the strategic alliance the government is also announcing its intentions to go ahead with the reforms in insurance, banking and pension funds which are being demanded by the finance capital.

In fact the US-India CEO forum which was formed on the sidelines of the Bush-Manmohan Singh meeting in 2005 has come out in April 2008 with a document-REPORT ON “RECOMMENDED STEPS APRIL 2008”.

On the subject of Insurance the Report has said:

**“Recommended Next Steps:** Foreign Direct Investment (FDI) is limited to 26% in insurance and insurance brokering. While FDI approval is automatic, a license must first be obtained from the Insurance Regulatory and Development Authority. In July 2004, the GOI announced its intention to increase the FDI cap to 49%, but this change requires parliamentary approval of an amendment to the Insurance Regulatory and Development Authority Act, which is still awaited. The Forum would urge GOI to expedite approval of this amendment “

Similar demands were there on Education, Research, Banking, Retail, and other sectors.

Now, immediately after the trust vote, the government, even before it announced its intentions to hasten up the IAEA safeguards agreement, announced that they would pursue the financial sector reforms with speed including the reforms in Insurance, Banking and the Pension Sector. So, nuclear deal is not just a nuclear deal, but a deal on other sectors of Indian economy too.

Insurance employees, along with the other sections of the working class decided to confront the government on its anti-people policies including the issue of price rise. The country wide one day strike on 20<sup>th</sup> August 2008 is the action which is going to be the collective voice of the workers against the government policies. The working class has decided to oppose the policies of destabilization of public sector, policy of privatization of pension funds, policy of denying and delaying wage increases to the government and public sector employees and on top of all to oppose the policies of the government leading to steep price rise in the essential items.

Insurance employees have a large number of allies among the other sections of the working class in defence of the Public Sector Insurance industry. 20<sup>th</sup> August 2008 Strike action should be observed by the units of AIIEA along with other sections of the workers in such a way that a clear message of resistance goes to the government which in its new found "trust" is trying to push through the agenda of reforms.

We call upon all units of AIIEA to make serious preparations for the success of the 20<sup>th</sup> August strike jointly with the other unions/federations. We request the units to participate in all the joint programmes like Dharnas, Conventions and other campaign programmes to see that the message of the strike action is taken to large masses of people. **We suggest that apart from the joint preparatory programmes, our units also organize lunch hour demonstrations on the following days so that the demands of the workers can be explained in these meetings to the employees and they participate in the programmes with more understanding.**

5.8.2008 (Tuesday);

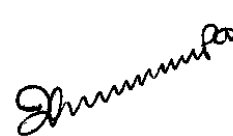
12.8.2008 (Tuesday) and

19.8.2008 (the day before the strike)

**Make the 20<sup>th</sup> August Strike a thumping success. Prepare for a bigger struggle against the government's move to increase FDI in insurance sector.**

With greetings,

Comradely yours,



General Secretary.