

India's Vajpayee should "go for broke", rival says.By **Chaitanya Kalbag**

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NEW DELHI, Nov 29 (Reuters) - India's wounded Bharatiya Janata Party should ram through an agenda of bold economic reform in the aftermath of its humbling in three key provincial elections, a senior official of the rival Congress party said on Sunday.

Voters spoke with their wallets and delivered a stinging rebuff to Prime Minister Atal Behari Vajpayee's inflation policy as final results of the November 25 election came in.

It was the first time since 1980 that economic policy had been a fulcrum for popular discontent, said Jairam Ramesh, secretary of the Congress party's economic cell.

"This is not a pro-Congress vote, it is a very strong anti-BJP vote," Ramesh told a lunch audience at the opening of the World Economic Forum's India Economic Summit.

"If I were Vajpayee I would go for a reform blitzkrieg," Ramesh said. "Congress will not be able to oppose it. Vajpayee should go for broke."

Vajpayee was set to present two radical reform bills to parliament, which opens for its winter session on Monday - one on allowing foreign investment of up to 40 percent in the insurance sector, the other on a key patent law amendment.

Ramesh noted that both steps had been a brave move by Vajpayee to counter a ferocious nationalist drive from the BJP's own brothers-in-arms, the Swadeshi Jagaran Manch.

Congress itself had pledged 49 percent foreign investment in insurance in its manifesto for the February 1998 national elections, the party strategist said.

Analysing the Congress's comeback from two-and-a-half years of political decline, Ramesh said the party had won surprising endorsement from "lost" constituencies like the religious minorities of Moslems and Sikhs.

"There has also been the demise of the so-called 'third alternative' or the 'spoilers'," he said, referring to a raft of small regional groups that had seemed to be on the ascendant.

That reading was supported by M.J. Akbar, editor of the Asian Age newspaper, who wrote: "One of the most important shifts that has taken place is the arrival of clarity: Indian democracy is now, and at long last, bipolar."

Despite the euphoria, Congress was not now in a position to bring down the Vajpayee government, Ramesh said. "The arithmetic in the lower house of parliament does not add up."

Party leader Sonia Gandhi said earlier on Sunday: "My personal feeling is that we ought not to rush into certain situations, we have to consider the situation properly."

Ramesh said he foresaw a fresh national election between April and September 1999, after a second round of state legislature elections that could deliver fresh blows to the BJP.

"There will be a period of prolonged political uncertainty, prolonged bloodletting in the BJP coalition."

The biggest bonus for Congress had been the endorsement for Sonia Gandhi, who stepped from reclusive widowhood to control of India's oldest political machine last April.

"Mrs Gandhi's biggest contribution has been to keep Congress out of power for the past eight months," Ramesh said.

But he warned the smell of power could revive old plutocracies and a cry for a return to the socialist populism

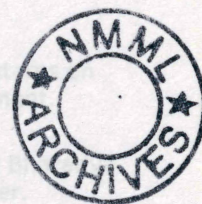


that had given Congress control of India for most of the past half-century.

"Itchiness and brinksmanship is bound to increase. You will hear a lot of old rhetoric," he said, adding that Congress was not likely to be bolder in its economic agenda than the BJP had been.

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NEW DELHI, Nov 29 (Reuters) - India's Congress party swept to electoral victory in three key Sunday, raising the prospect of a power struggle with the Hindu nationalist-led central government.

Congress leader Sonia Gandhi said she was in no hurry to oust the coalition government of the Hindu Nationalist Party (BJP), which lost control of two bastion states and failed to wrest control of another.

With most of the ballots from last Wednesday's polls in four states counted, Congress had won three-quarters of the assembly seats in Delhi and the western state of Rajasthan and clinched a majority in the central state of Madhya Pradesh.

Although the elections in four states have no direct bearing on the central government, speculation mounted that some of the eight-month-old coalition's partners could lose confidence in the BJP and jump ship.

The BJP's parliamentary leaders began a convocation at 3:30 p.m. (1900 GMT) and were due to meet their allies later.

The Congress Working Committee planned to pick its next moves later in the day, but Gandhi made it clear the party would tread carefully.

"My personal feeling is that we ought not to rush into certain situations, we have to consider the situation properly," she told New Delhi Television. "We don't need to boast about this, I think we have to get down to work now."

Talwar Ramash, secretary of the Congress economic group, said the polls had brought a "very strong anti-BJP vote" because of the soaring prices of essential commodities.

Anger over prices of staples like onions and potatoes overshadowed last May's nuclear tests, earlier thought to be a powerful political card for the BJP.

Ramash told a World Economic Forum luncheon meeting that Congress was in no position to form an alternative government from the fragmented ranks of the lower house of parliament.

"We don't believe Congress party is now in a position to bring down the government. Our political reading is that we should come to power in a clean manner," Ramash said.

Congress won 51 of the 60 seats in the 20-member Delhi assembly for which voting took place, with the BJP at 13. In Rajasthan, it won 150 of the 193 seats and the BJP took just 33. In Madhya Pradesh, Congress took 163 of 220 seats at stake.

In Mizoram, the fourth state where elections were held last Wednesday, the Congress lost to the regional parties. But the state is not considered crucial in national politics.

Parliament's winter session opens on Monday and the Congress is sending strong signals from the commonsense, who also bitterly oppose the Hindu nationalist BJP, for a coordinated move to turn the heat up on the fragile coalition.

Home (Interior) Minister Lal Krishna Advani told reporters in the southern city of Madras that voters had voted against the state governments, not the centre.

"The verdict is certainly a matter which needs attention and corrective action," he said. "The BJP government at the centre has performed well but because of various factors, the exorbitant rise in prices of essential commodities, it has affected the mood of the people." (Additional reporting by Suresh Sethi in Madras and Chaitanya Kalbag in New Delhi.)

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