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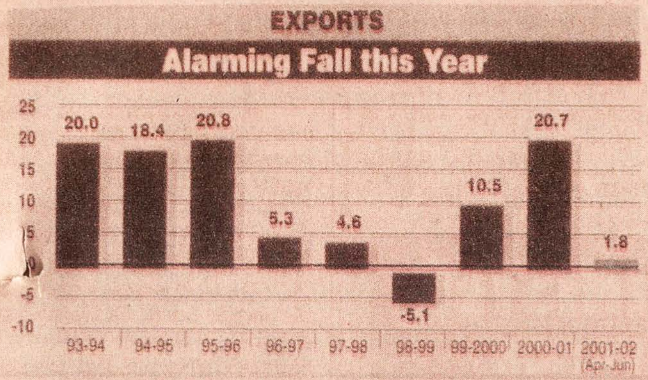
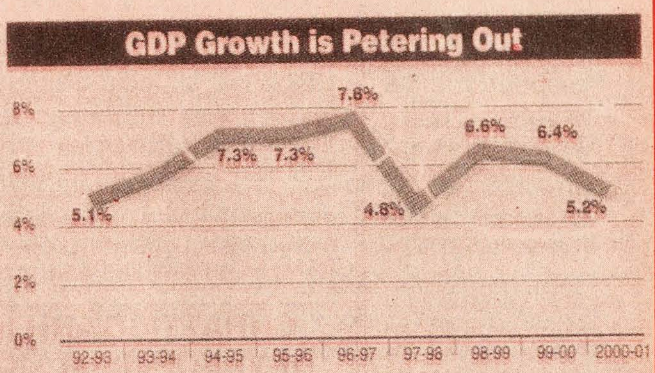
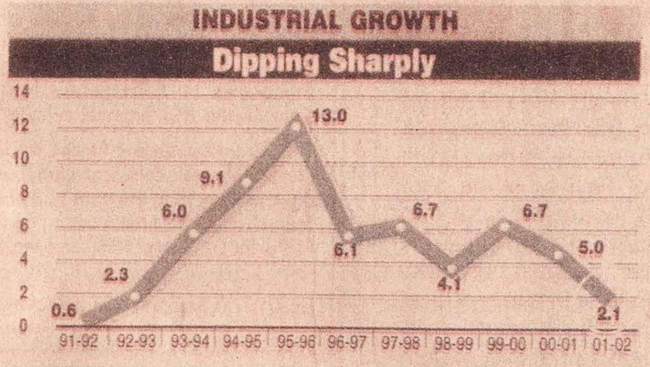
THE WORKING CLASS

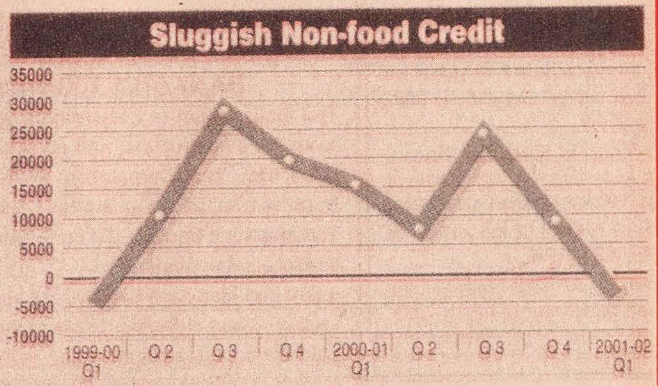
MONTHLY JOURNAL OF THE CITU

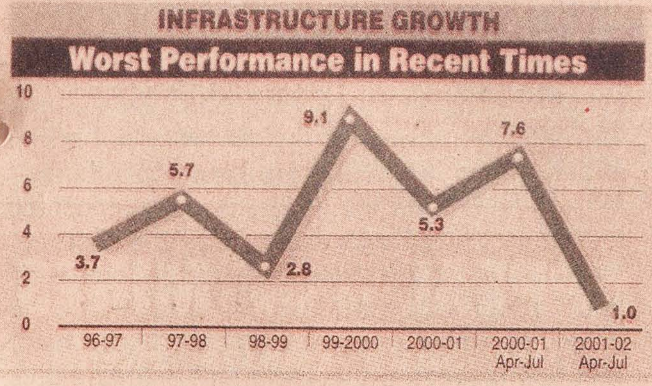
economy in slow motion











(per cent)

Sector-wise growth rates in Index of Industrial Production

	General (100.00)	Manufacturing (79.36)	Mining (10.47)	Electricity (10.17)
Apr	2.62	2.66	3.38	1.46
May	1.69	1.76	-0.47	3.02
Jun	2.71	3.44	-3.74	2.10
Jul	2.62	2.85	-1.97	4.75
Aug	2.92	3.27	0.16	2.73
Sep	1.64	1.04	3.99	4.64
Oct	2.60	2.80	3.50	-0.19
Nov	0.92	0.47	4.44	1.68
Apr-Nov	**2.21**	**2.27**	**1.18**	**2.48**

Note: Figures in brackets represent individual weights to the General IIP.

attacks on fast track?

VIZAG EXPORT PROCESSING ZONE : ATTROCIOUS ATTACK ON WORKERS

The Israeli management of the World Wide Diamond Manufacturing Ltd., in Visakhapatnam Export Processing Zone (VEPZ) has mounted a virulent attack on their 350 and odd workers, with the active patronage of the Andhra Pradesh Government and the Development Commissioner of the VEPZ. (See report on page 23)

On 22 Jan. 2002, the Andhra Police forcibly escorted the car in which the all India Secretary of the CITU, K. Hemalata was returning, after addressing the workers to the Police Station and arrested her, along with the local leaders of the CITU and activists of the union of VEPZ workers. Only after the workers staged powerful demonstrations before the Police Station, those arrested were released late last evening. The Police have clamped down prohibitory orders extending to a radius of twenty kilometers around the Zone, to prevent any form of democratic protest. The local administration/police force has converted itself into a fleet of private security guards operating under close supervision of the VEPZ Development Commissioner, for the multinational company. The workers of the company are being arrested even for coming to the union office outside the EPZ after their duty hours, even anybody seen to loiter in the local Gajuwaka market area have not been spared from such vindictive arrest. More than 50% workers (numbering about 1150) have already been terminated by the Israeli management by this time. The Israeli management had been adopting a totally vindictive attitude towards the workers, even to the extent of hurting their religious and social sentiments. Punitive actions including termination had been resorted to against Christian workers for taking leave on the Christmas day; against devotees of Lord Ayyappa for their taking to 'Deeksha'; weekly holidays are allowed only on Saturdays and not on Sundays; annually the Israeli management officials close the factory for two weeks and go back to their country during their festive occasion and except that shut down period, no personal leave is allowed to any of the workers. The workers in the two units of the World Wide Diamond Manufacturing Ltd., had been forced to go on a spontaneous strike against these anti-social and anti-worker atrocities of the management, in which the authorities are acting in a brazenly partisan manner.

M.K.Pandhe, General Secretary, CITU, in a statement issued on 22.1.02, has condemned the vindictive actions of the management of the Israeli unit in the VEPZ. He has also recorded strong protest over the arrests and undemocratic measures of the Police and the VEPZ authorities. The CITU urged the Union Ministers of Commerce and Labour and the Chief Minister of A.P. to immediately intervene to bring about a settlement, with due respect to the social and human rights of the workers.

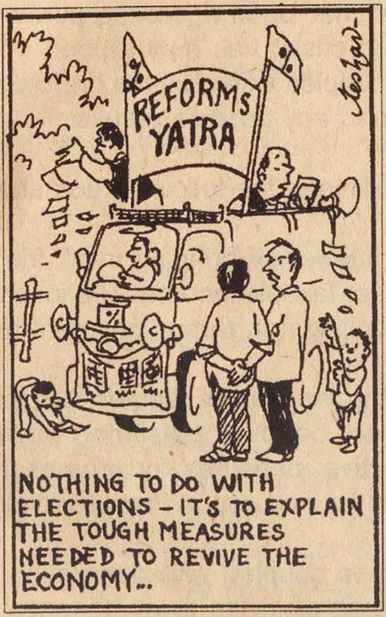
ON OTHER PAGES ....

THE WORKING CLASS

CITU MONTHLY

FEBRUARY 2002

All in the game



Courtesy: The Hindu

EDITORIAL

ATTACKS IN THE OFFING ...

There was a feverish war mongering rhetoric indulged in by the Prime Minister Vajpayee downwards, after the terrorist attack on Parliament on December 13th last year. But, General Musharaff's speech on 12th January, 2002, led, perhaps, to a mild toning down of the rhetoric. Yet, there is no stopping of the jibes indulged in by the Sangh Parivar, who ventured even to suggest a nuclear warfare against Pakistan.

The Vajpayee Government has made it a point not to listen to sane voices coming from within the country, either from the Left-Secular forces or from within the NDA camp itself. But, NDA Government had inextricably linked up their domestic and international policies with the line advocated by the USA. As a result, they have been prevailed upon by the Bush administration, at least for now, from escalating the conflict at the borders with Pakistan.

But, the impending elections to the State Assemblies of UP, Uttaranchal, Punjab and Manipur, pose a daunting task to the BJP and its allies. After the NDA tasted victory in the Lok Sabha elections in 1999, riding the Kargil War euphoria, the option to utilise "war against terrorism" for partisan ends is a temptation, hard to overcome for the saffron brigade. So, the double talk is on—a sober one for their international masters and another frenzied second to address the gullible voters, in the States where elections are on.

Already, the VHP had started fanning up communal fires, with their 'Dharmacharyas Chetavani yatra' on the Ram Mandir issue. It had declared that the temple construction could begin even before their own March 12th deadline!

The Budget session of the Parliament is scheduled to commence on 25th February, 2002. By that time, the State elections would be over. Hence, the NDA Government will have no restraining factor, in mounting further offensives against the people.

The Prime Minister in his musings on the occasion of the New Year had hinted 'heaping hardships' on the people, though then in the context of an eventual war.

But, the Finance Minister is determined to go ahead with further fierce attacks on the people, war or no war. Despite the all round slow down of the economy sliding into downright recession, the Finance Minister boastfully declared to 'take the plunge', by lowering import duties further towards 20% peak rate. Carrying out the unfulfilled promises to the employers' lobby on the amendments to labour legislations will be high on his agenda.

Foreseeing the attacks in the offing, the Central Trade Unions have taken a united stand on the immediate challenges ahead. The resistance will begin with the observance of a National Protest Day on 14th March 2002. But, the need of the hour is to move beyond protest to the real arena of strike struggle. Let us prepare!

Against anti-people, anti-worker policies
TRADE UNIONS CALL FOR COUNTRYWIDE UNITED STRUGGLE
NATIONAL PROTEST DAY ON 14TH MARCH

All the central trade unions in the country have unanimously opposed:

- Thoughtless privatisation
- Changing the labour laws in favour of the employers,
- Removal of quantitative restrictions on import, much to the detriment of industry, agriculture and the national interest as a whole,
- Policies leading to severe aggravation of job losses and unemployment and
- Scuttling the enactment of comprehensive legislation for agricultural workers

Despite united opposition by the trade union movement, the Government had been vigorously pursuing the above policies. As a result, the economy, which had been in deep crisis, has now slipped from slow-down into a downright recession. The strategy of jobless growth coupled with reliance on foreign direct investment and incentives to domestic investment has not yielded any positive results.

The central trade unions have already presented before the Finance Minister the following demands:

1) The Government should scrap the notification enlarging the tax-net by bringing in all fringe benefits/perquisites of workers, extending even upto unskilled level, under taxable income. The income tax exemption limit should be raised to minimum Rs. One lakh. And ceilings on Bonus payment and eligibility should be withdrawn.
2) The Government should drop the proposed amendments to the Industrial Disputes Act, and other industrial legislations in favour of the employers. The Contract Labour Legislation should appropriately be amended to remove the lacuna in absorption. Effective measures for progressive improvements and strict enforcement of the existing labour laws should be ensured. All issues related to labour laws should be left to be dealt with by the tripartite body.
3) The emphasis should be on mobilisation of domestic resources coupled with generation of employment and increasing the purchasing power of the people, instead of giving away bonanza to business and landlord lobby both domestic and foreign. The Government should resort to massive investment in social sector, generating employment.
4) The Government should enact a comprehensive legislation for the unorganised workers including the agricultural labourers without any further delay.
5) The Government should give up the policies of reckless privatisation and all-out downsizing and halt the rampant closures in both the public and private sectors.
6) The Government should restore the rate of interest on Provident Fund, Small Savings etc. to 1998-99 levels. The retrograde moves to undermine the existing social security schemes, including the Employees Provident Fund, should be abandoned and steps taken to strengthen social security measures.
7) The Government should take stringent measures to realise the Non Performing Assets of the banking sector and all the tax-outstandings, running into several thousands of crores of rupees.
8) The Government should withdraw the recently announced move to increase the excise duty. The import duty should be revised upwards, as the imports and dumping are harming the domestic industries and agriculture. The mismatch between the import and excise duty structure detrimental to the domestic industries and must be rectified.

The central trade unions have decided to carry on countrywide united campaign and struggle on these issues. In the first phase the following programmes have been decided:

- ☐ Massive joint conventions in the metropolis and industrial centres during February 2002.
- ☐ National Protest Day against the anti-people anti-worker policies on 14th March 2002, to be observed through massive joint demonstrations all over the country.

The central trade unions call upon all workers to join the above programmes en-masse and prepare for further countrywide struggle, including strike.

The central trade unions welcom the joint decision of the Port and Dock Workers Federations to go for countrywide strike on 22Nd January 2002 and also the joint initiative of the coal workers for a bigger action - all against privatisation policies.

H.Mahadevan
AITUC

K.Lakshma Reddy
BMS

W.R.Varada Rajan
CITU

R.A.Mital
HMS

D.DShastri
TUCC

Naren Sen
UTUC

Ashuthosh Banerjee
UTUC-LS

(Text of Joint Press release issued at New Delhi on 12th January, 2002)

COMMITTEE OF PUBLIC SECTOR TRADE UNIONS

All India Convention of Public Sector workers on 5th March 2002
Dharna before Parliament on 6th March

As decided in the Extended meeting of CPSTU held on 17-18 November 2001 at Bangalore, the All India Convention of Public Sector Workers will be held on 5th March 2002 at Sapru House Auditorium, Barakhamba Road (Near Mandi House crossing) New Delhi 110 001 to decide on the future course of struggle against privatisation and attack on workers' right. (The dates of 18th & 19th February, communicated by the notice dated 12th January 2002, have to be changed because of the change of dates of Parliament session. Inconvenience is sincerely regretted.)

The Convention will commence at 10 am on 5th March 2002. Delegate fee for the convention will be Rs 10/- per delegate to cover up part of the expenses involved.

As per decision of CPSTU, a massive day-long dharna will be staged by the public sector workers on the next day, on 6th March before Parliament from 11 am.

All public sector unions all over the country are requested to send representatives in good number to attend the convention on 5th and also to take part in the daylong Dharna on 6th.

Communication confirming participation in the convention including the number of participants from the PSU may please be sent to any of the following numbers by fax.

AITUC: 011- 3386427 CITU: 011-3221284 HMS: 011-3411037

H Mahadevan
AITUC

Tapan Sen
CITU

R A Mital
HMS

Michael B Fernendes
Joint Action Front, Bangalore

Y Adinarayana
PSU TU Coordination Committee, Hyderabad

(Attention: Note the change in dates)

CITU MEMORANDUM TO THE FINANCE MINISTER

The Pre-budget discussion with the trade unions in particular has become a ritual as none of the suggestions placed by the trade unions before the successive Finance Ministers in the process of last ten years or more have received even remotest consideration by the Finance Ministers while preparing the budget. The absolute reliance on the wisdom of the business/ industry lobby and also on the foreign advisors in budget preparation have become the standard practice of the successive governments at the Centre and pre-budget discussion with the trade unions by the Finance Minister is basically for being heard and not to be acted upon. May be for that, the promise given by the Finance Minister in the pre-budget meeting last year for a full-day discussion with the trade unions on the economic reforms was not implemented. It would be useful if the Ministry of Finance places a document compiling all suggestions that emanate during the pre-budget consultations from various interest groups along with the status report on treatment meted out to them.

However, we seek again to draw the pointed attention of the Government to the horrifying impact of the ongoing economic governance of the country.

Since 1996 onwards in particular, almost all the economic indicators of development have been showing a declining trend. And almost all the projections regarding the economy made in the successive budgets since last half a decade or so did not materialize. The 'investor-friendly' and 'growth oriented' budget of 2001-02 have ultimately ended in deteriorating investment perception, declining/stagnating domestic savings, and sliding growth rates in all the basic sectors of the economy, and contributing to negative growth in certain sector like capital-goods. Despite all pro-active measures to woo foreign direct investments, it continued to remain lukewarm. Whatever FDI is said to be coming in, they have been mostly for take-overs and/or for increasing the equity-hold of the existing foreign collaborator companies in their joint-ventures in India and rarely for green-field ventures, thereby adding nothing at all either to country's wealth, or the productive capacity or to employment generation. All liberalizing measures for the financial sector have ended in failure to contain the rising NPA and also depressed credit-off-take from banks and financial institutions. The performance indicators of the banking sector, as reflected by the Reserve Bank of India Report on 'Trends and Progress of Banking in India' do not lend any credence to the oft-repeated rhetoric on the low interest regime spurning growth and investment. And further, it is learnt from the press that the Govt has decided to offer the private corporate sector, who are mainly the creators of NPA, a lead role in addressing the problems and clearing the burdens of Non-Performing Assets of the nationalised banks through their leading-participation in the going-to-be-formed 'Asset Reconstruction Companies', conceived by the last budget.

Scams and scandal have become a regular affair in the stock market and every incident of scams is followed by more concessions to the manipulators in the camouflage of corrective regulatory measures.

Removal of all restrictions on imports to Indian soil have not at all delivered the promised result of a bigger share for Indian exports abroad, rather the otherwise has happened with the export performance dipping down to mere 0.6% in dollar terms in the current fiscal compared to 20% last year, as projected by NCAER. On the other hand, domestic industries have been put to immense sufferings with the comparatively medium and smaller ones and the agro-industries being thrown into closure again leading to huge job-losses.

Sickness and closure of industries including many in the vital sectors of the economy, got aggravated manifold. The employees of sick PSUs, have not been getting salary and statutory dues for a period up to 16 months in many cases. In case of sick private sector units situation is more precarious. In this background the Govt decided to close down many sick but potentially viable PSUs.

Reckless pursuit of privatization of the profit-making PSUs are going on, yielding some money for the exchequer which is much less than the opportunity and replacement costs and also than the sacrificed inflows from those PSUs in the form of dividend and taxes. It is futile to expect that the PSUs after privatization will continue to pay taxes to the Govt at the same level, given the dubious track record of the private sector in the matter of tax evasion and default. On the other hand, the PSUs already privatized, have all demonstrated decline in production, lower capacity utilization, deteriorating efficiency and huge loss of employment which are all matters of record. None of the justifications pleaded by the Govt in support of their policy of privatization could stand the test of reality in terms of the concrete experiences of the PSUs already privatized, besides generating corruption and loss to Govt exchequer, but still the crown jewels of the Indian industries are being put on distress sale.

The public investment in developmental and infrastructural activities have gone down in real terms and huge concessions granted to private sector for attracting investments in infrastructure met with futility. And despite such pruning in public investment, cut in subsidies for public distribution system and massive downsizing in Govt employment, i.e., after all cuts at the cost of common people, the fiscal deficit has crossed the targeted ceiling in a most obscene manner. On the other hand, all concessions granted to capitalist lobby have not resulted in higher investment in the least, rather those concessions have been manipulated by the capitalist lobby to maintain their profit line without any additional contribution either to economy or employment generation or to public exchequer.

In fine, the so-called second generation 'reforms' despite tall claims of prosperity, have actually been acting in destroying the productive capacity of both industrial and agrarian economy as well as the employment potential. A manufacturing economy is being pushed towards conversion into a marketplace or service centre, much to the delights of the rich countries in the west. Hence the remedy lies only in the reversal of these retrograde policies.

In such a crisis ridden situation only the workers, the peasants and common-folk are getting a raw deal. Despite declining agricultural production during last two successive years, the bulging stockpile of foodgrains along with several hundreds of people dying of hunger in various parts of the country are pointers to the complete failure of the policies of the Govt which remained basically biased for the capitalist/kulak lobby. In this context, the statement made in the budget speech(2001-02) that the 'the problems of the food economy is one of managing the surplus' warrants an apology to the people.

All talks of employment generation through the so called 'investor-friendly budget'(2001-02) have ended in loss of jobs in terms of several lakhs in a span of last one year or so in the Govt sector itself. During last three years more than six lakh jobs were lost in public sector units alone. The track record of employment generation in private sector is even worse. The private corporate sector merrily continued to enjoy the concessions along with drastically downsizing the workforce with active patronage of the Govt machinery in violation of all statutes in respect of even retrenchment compensation.

The richer class and the big corporate houses are evading tax-obligation with official patronage, the tax outstandings mostly from the private corporate sector having increased every year in geometric progression(Rs 42000 crore 1997-98, Rs 52000 crore in 1998-99 and Rs 62000 crore in 1999-00). This is despite the fact that all concessions, both in terms of reduced rates for the upper classes and in coverage, granted in the post liberalization tax regime have flown to corporate and big-business lobby and the much touted theory that 'lower tax will ensure better compliance' turned out to be a hoax. On the other hand, the Govt of the day has become hell-bent to squeeze the workers, the salaried community to compensate for the losses resultant to official and unofficial bonanza to the big-business lobby. Added to this is the perpetual tax holiday to big landlords reigning on rural India.

That is why the unanimous demands from the entire trade union movement for upward revision of income tax exemption limit has fallen on deaf ears of the authority and almost all the workers of the organized sector including the unskilled level have been squeezed by income-tax net. Not only that all the fringe and welfare benefits enjoyed by the workers like education, LTC, free-railway pass, company quarters, house-rent allowance, etc are being made taxable by the recent move of the Govt. The reduction of interest payable on the provident fund of the workers and also on small savings is another method to squeeze the workers besides being the tricks to use or abuse the workers' hard-earned savings at cheaper rate. Added to that, the YV Reddy Committees recommendation to reduce those interest rates further and impose tax on all withdrawals from Provident Fund, if accepted by the Govt, is going to be a severe blow to the workers' community at large. All these moves are also disincentives to domestic savings in the background of stagnating/ falling domestic savings and investment rates.

In this context, we are also constrained to point out to the uncalled for announcement made in the last budget speech regarding Govt's plan to make retrograde change in labour laws to introduce a system of hire and fire for the 90% of the workforce and legalise deployment of contract labour in all kinds of work through amendments in the Industrial Disputes Act and Contract Labour(Regulation& Abolition) Act. We strongly feel that such announcement had been beyond the brief of the budget speech and you are aware, the entire trade union movement had voiced their opposition to such retrograde move. We reiterate, any such move will be resisted by the trade unions.

In view of the foregoing, we urge upon the Finance Minister to consider the following suggestions of ours while preparing the budget for 2002-03.

1.Concrete steps are to be taken for augmenting demands in the economy for which policies must be focused to employment generation and improving the earning level of the workers and the people, which can only generate proper climate and inducement for investment.

2.Employment generation cannot be an automatic result of giving more incentives to the employers for investments. Such incentives should be reoriented and linked with the stipulated employment level.

3.Provisions should be made for widest coverage of the "Food for Work" programme with special focus on the starvation-prone areas instead of allowing the surplus foodgrains stock to rot.

4.The privatization exercise of the profit-making PSUs must be stopped forthwith and the Disinvestment Manual published by the Disinvestment Ministry providing for inbuilt mechanism for undervaluation/distress sale of the PSUs must be scrapped outright.

5.Concrete expeditious steps are to be taken for revival of the sick units through pro-active policy support by the Govt. In respect of sick PSUs, Govt must invest as promoter. The repeal of SICA and provisions for liquidation oriented measures in the Companies Act should be scrapped.

6.Stringent punitive measures must be taken against the corporate tax-defaulters and urgent steps for the recovery of the tax-outstanding; in case of any disputes regarding the tax payable, the incumbent must be made to pay the stipulated amount assessed by the authority first for the dispute to be entertained, as in the case of electricity, telephone bills and other user charges.

7.Custom duties should be revised upwards in general. Any reduction in custom duty in case of any particular product must be matched by suitable reduction in excise duty of the similar product domestically produced and also on the customs duty on its imported inputs. Import duty on coal must be restored to 1998 level.

8.Big agricultural landlords should be brought under tax-net.

9. There should not be any increase in the burden of indirect tax on essential commodities.

10. Provisions must be made to clear the unpaid salary and statutory dues of the employees of the sick PSUs along with concrete steps for revival.

11.The exemption limit for the income tax payment should be revised upwards to Rs 1,00,000 and the house rent allowance, availing of company quarters and other basic welfare-related fringe benefits of the workers should not be made taxable.

12.The interest payable on Provident Fund should be restored to 12% and the interest payable on the accumulation of erstwhile family pension fund should be raised at par with PF. Any withdrawal from PF should not be subjected to tax.

13.All ceilings on payment of and eligibility for bonus payment should be removed by suitable amendment of Payment of Bonus Act.

14. The recommendation of the Y V Reddy Committee should not be implemented in the forthcoming budget.

PF: CBT SAYS NO TO FURTHER INTEREST RATE CUT

The Government of India, with Yashwant Sinha as Finance Minister,. has reduced the statutory arrangement for the administration of Employees Provident Fund (EPF) to a mockery. The EPF Act vests all powers of administering the Fund with the Central Board of Trustees (CBT). But, through the provisions in one of the Schedules to the Act and the Scheme formulated under the Act, the power to determine the rate of interest has been 'usurped' by the Central Government, reducing the role of the CBT to that of 'being consulted.'

FARCE OF CONSULTATION

During the last two years, the Government of India had grossly undermined even this process of 'consultation'. The CBT, while exercising due care that the interest rate recommended by it did not result in a over-drawal on the interest suspense account (interest earnings during the year), as per provisions in the EPF Scheme, had unanimously recommended rates of interest at 12% for the year 2000-2001, and at 10.25% for 2001-2002. But, the Government of India, without holding any consultation with the CBT, (as required under the Act), simply overruled its recommendations and reduced the rate of interest to 11% for 2000-2001 (from July 2000) and further down to 9.5% for 2001-2002.

This issue was taken by the CITU to the Rajya Sabha Committee of Subordinate Legislation, which after a thorough going consideration, made certain recommendations in its 130th Report, presented to the Parliament of India during November 2000. The same Committee in their 134th Report, presented during April 2001, had further commented upon the issue. The Government of India is yet to take any concrete action on the recommendations of the Parliamentary Committee even.

In this background, the CBT met on 22nd January 2002, to decide on its recommendation on the rate of interest to be declared for the forthcoming year (2002-2003). Even before the meeting took place, the media was full of stories predicting an impending further fall in the interest rates on Provident Fund. Moreover, news was floated that this reduction would set the trend for similar downward revision of interest rates on small savings and other long-term bank deposits, etc.

The meeting of the CBT was, however, preceded by a meeting of the Finance and Investment Committee (a sub-committee of the CBT), which customarily examines the interest-rate issue in depth and makes its own recommendations to the CBT.

EPFO ASSUMTIONS

The EPF Organisation is their estimates, presented to this Committee and the CBT, had brought out the following facts:

"Expected interest earning during the Year 2002-2003 Rs 5978.50 crore

Expected outflow on payment of Interest to PF members @ 9.5% during the year 2002-2003 Rs 5630.69 crore

"Yield on bonds and securities continued to fall during the year 2000 and 2001 due to easy liquidity, poor credit off take, cut in CRR by Reserve Bank of India, etc.

"In the backdrop of recommendations of Y V Reddy Committee, interest rates are likely to go down further in the year 2002-2003. In that event, interest rates on small saving schemes and Special Deposit Scheme (SDS) will also fall further. Exact financial implications about reduction of interest rates will be known only after presentation of the general Budget of Govt of India for the year 2002-03 in the Parliament by the end of February 2002. However a reduction of 1% in special deposit interest rate will cause reduction in total interest receivable in the provident Fund to the tune of Rs 476.84 crores (1% of amount in SDS)".

Based on these assumptions, the EPF Organisation had suggested as follows:

"With the probable earnings we may be able to manage to service the members with payment of interest equivalent to SDS interest rates on monthly running balance for 2002-03".

'NO FURTHER REDUCTION'

Thankfully, the CBT meeting, chaired by Sharad Yadav, Union Labour Minister, unanimously decided against recommending any further reduction in the interest rate on PF for the year 2002-2003. The CBT had decided to take up certain issues with the Government of India, at the Finance Minister's level, and with the Reserve Bank of India. The CBT also decided to meet again before 31st March 2002, to deliberate further on the matter. However, visualising certain technical difficulties that could arise if the interest-rate notification was not issued in due time, the CBT also decided on an interim recommendation. It recommended continuation of the interest rate of 9.5% till the outcome of the efforts at Government of India level is finally known. (The CBT, thus, firmly expressed its opposition to further reduction of interest rate).

It must be noted here that this decision is the result of the combined effort and thrust put up by the trade union representatives in the CBT. This has, of course, been presented as a temporary relief for the PF subscribers in particular and the community of small savers in general. But now, the media speculations are focussed on what would be the Finance Minister's announcement on interest rate related issues in his budget speech, slated for 28th February, 2002.

There are certain basic postulates that need contemplation in this connection.

'RESTORE 12 % INTEREST'

The CBT deciding against making any concrete recommendation at its meeting on 22nd Jan, 2002, might perhaps be the result of the bitter experience of the previous two years. If there is no guarantee that the Central Government is going to pay any heed to the recommendation of the CBT, why then make one at all?

The investment holdings of the Employees Provident Fund, in respect of the EPFO administered Unexempted Establishments alone, are around Rs 60000 crore as at the end of the year 2001. Of this, 80% is invested in the Special Deposit Scheme (SDS), which has been closed for further deposits. Even then, the interest accumulations, presently @ 9.5 % will be credited in the SDS only. This huge corpus will be hit by any decision that the Central Government may take on the administered rates of interest.

Apart from this, the present guidelines for investment of PF accumulations stipulate a minimum of 25% to be invested in Central Government Securities. The Government of India had drastically cut down the interest on Government Bonds, as a result of which even a Central loan with a 19-year maturity period will fetch a yield of only 8.48% (as on 30.11.2001).

The Government of India had been sitting silent on several recommendations made by the CBT for liberalising the investment guidelines. Perhaps, this is the only arena where the Reformer-in-a hurry, Yashwant Sinha, is against liberalisation!

The CBT had also, unanimously again, requested the Government of India to restore the interest rate of 12% on SDS deposits. The Government of India, while imposing reduction of interest rates on small savings instruments during 2000 and 2001, had made the reductions only prospective on future deposits. On the same analogy, the CBT had made a strong plea that the 12% interest rate should be continued on the balance in the SDS as at 31.3.2000 and should apply the reduction in rates only to the accumulations (by way of interest credit) from 1.4.2000 onwards. This is one main issue, which the CBT would like the Ministry of Labour to take up with the Finance Ministry.

'HOLD TRIPARTITE DIALOGUE'

There has been much hype in the media, especially in the financial and business columns, over the Reddy Committee Report. There are enough indications that the Budget 2002-2003 would see implementation of its recommendations. Several members of the CBT had drawn the attention of the Government, both during the CBT meeting as well as outside, to a singular suggestion made by Y V Reddy Committee Report itself. While submitting the Report, the Committee had stated:

"We, considering the stakeholders' interest, the implications for fiscal management and the Centre-State relations, in all humility, suggest that this report be placed in the public domain and deliberated widely before taking a view on the recommendations."

The CBT represents a substantial chunk of the stakeholders and the total sum of money locked up in the investments, to which the administered rates of interest apply, is huge, if the funds of not only the EPF but also of the Exempted Establishments, Pension Fund etc., are reckoned. Hence, an important suggestion that had emanated is for the Government of India to convene a tripartite meeting consisting of Employers, Employees and representatives of Finance Ministry to discuss the whole gamut of issue comprising (a) Administered interest rate structure in the economy, (b) Investment pattern/guidelines for the CBT/ EPF and (c) Rate of interest being declared for EPF subscribers.

CENTRE - STATE ISSUE

Holding a such a wide-ranging discussion before the Government of India decides on the recommendations of the Reddy Committee Report is all the more important from yet another angle. The resources generated out of small savings schemes collected from within the States are transferred to the respective States by way of non-plan loans. There have been misgivings voiced by some State Governments that the benchmarking of interest-rates, suggested by the Reddy Committee, could adversely impact mobilisation of small savings and thus deprive the State governments of presently available resources to a large extent. Moreover, there had been a complaint that the Central Government, which had embarked on interest rate reduction on small savings from 1998-99 onwards, had maintained the interest rate on non-plan loans to the States at its original level, without any corresponding reduction. This is an issue, which will have implications for Centre-State relations, a point made out by the Reddy Committee itself. Hence, in all fairness, the Finance Minister should initiate such a dialogue process before he sets in motion any recommendation of the Reddy Committee.

INTEREST RATE & RBI

Investments in the Special Deposit Scheme are held by the Reserve Bank of India, which applies the interest rate decided by the Central Government. A point, time and again raised in the CBT meetings, is that the Reserve Bank of India, which is holding the Provident Fund money of its own officers and employees, had all along been paying a rate of interest, which is at least 1.5% above the EPF interest. The interest earned by the RBI employees, even when the RBI was paying a 13.5% interest, had not been subjected to income tax. In this context, a suggestion has been made that the Reserve Bank of India may be requested to take over the total investments of the EPF, paying a real rate of interest of minimum 6% over inflation, at an inflation-indexed rate.

Thus, the decision of the CBT, not to opt for the suggested floating rate of interest linked to the interest on SDS deposits and its refusal to consider any further reduction of interest rate on PF, has raised many substantive issues. It is incumbent on the part of the Central Government to give due consideration to the issues raised, if it has any commitment for transparency and accountability.

BENEFITING WHOM?

One larger question that needs to be answered, is: whom does the softer interest regime benefits - the economy, the saving public, the borrowers from banks or the Central Government alone in its fiscal management exercise? It is has obvious that the economy has not benefited, as investments had recorded only a negative growth. The public, particularly the senior citizens and the small savers, had suffered huge losses by way of reduced returns on their investments. Banks have reported reduced credit off-take, forcing them to lock up their investible surpluses in Government securities. But then, the Central Government has immensely benefited as it has robbed the workers and the public of thousands of crores of rupees and utilised the same for its fiscal management.

The political and democratic opinion in the country must demand the Government of India to reverse its anti-worker and anti-people policies on the interest rate issue, as also take on the larger economic mismanagement by the NDA Government.

(In the pre budget discussion held on 10th January 2001, M.K.Pandhe had raised the issue for a review of the income tax rules, which is heavily biased against the workers and the salaried class in particular. He pointed out that the exemption limit is too low and the trend is to spread the tax-net downwards, while sparing liberally those in the top. In a follow up letter dated the 11th January, 2002, addressed to the Finance Minister, Yashwant Sinha, Pandhe elaborated the related issues and made a powerful plea for consideration thereof, while finalising your proposals for the Budget 2002-03. We reproduce extracts of the letter for information of our readers. - Editor.)

TAXATION POLICIES: CITU WRITES TO FINANCE MINISTER "CHANGE THE ANTI-EMPLOYEE MINDSET"

"It is clearly visible from the gradual changes in the income-tax provisions in the successive years that while the tax evasion by the upper echelon of the society, the corporate lobby in particular, has been on the increase year after year, the income-tax net is meticulously being spread downwards, not sparing even the unskilled workers, particularly in the organised sector. And also various welfare benefits earned by the workers through struggle like children's education benefits, leave travel concessions, travel-pass by railways and air-transport by the airlines employees, medical facilities etc. are being made taxable more aggressively bringing the greater part of those facilities into tax net.

One example can be cited. As per amended Income tax rules (valuation of perquisites), notified on 25th September 2001, notional rent on the residential accommodation provided by the employers, calculated at 10% of the salary minus the actual rent levied, will be considered as income and liable to be taxed. This is despite the fact that the concerned employee staying in the said accommodation is also denied the payment of usual house rent allowance in vogue (to the tune of 25 to 30 per cent of pay in the metropolis and not less than 10 to 15 per cent in other places) besides being made to pay a rent stipulated by the employers. This is nothing but a clear case of double taxation on the workers and the employees.

Further, by the said notification, the workers staying in the employer's township will be subjected to tax for almost all the civic amenities like electricity, gas, water etc. calculated notionally as income of the concerned workers. In a similar manner, the aforesaid amendment of income tax rules has brought into the tax net the greater part of all other benefits like education, medical, canteen, transport etc. more rigorously than earlier. Even the house-building loan at concessional rate of interest has not been spared from the tax net in utter violation of the Supreme Court judgment in V M Salgaonkar vs. CIT (AIR 2000 SC 1623), wherein it was held that concessional housing loan should not be construed as perquisites.

The CBDT, in its notification dated 25-9-2001 on amendment of income tax rules for valuation of perquisites, has overstepped its brief and jurisdiction, rendering itself legally questionable. It may please be noted that the power to prescribe the method of valuation conferred on the Board under the relevant clauses of the Act does not necessarily include the power to prescribe 'perquisites' so long non-taxable to be brought under tax-net.

Besides the above, the recommendation of the Y V Reddy Committee (Expert Committee to review the system of Administered Interest Rates and Other Related Issues) constituted by the Govt. comprise ominous portents to the workers, in respect of their long term compulsory savings. The interest rates on Provident Fund have already been slashed down drastically from 12% to 9.5%, ignoring the unanimous recommendation of the tripartite "Central Board of Trustees" of the Employees Provident Fund. This move has inflicted a heavy loss on the workers and employees and enabling the Govt. to have cheaper flow of funds from the compulsory savings accounts of the workers. In this context, the Reddy Committee's recommendation paving the way for further reduction in the interest rates and making all withdrawals from PF taxable will be a further blow to the salaried class.

You will appreciate that it is only this salaried class, who do not and cannot either evade tax or keep the tax payment pending on the plea of any dispute, as the tax is deducted at source from their salary. But, is it fair to target them for further squeezing?

The rich in our society, the landlords and corporate lobby in particular, despite being given various concessions, have already set the dubious distinction of tax evasion and defalcating public money. As per figures furnished to the Parliament, the arrears outstanding on account of income tax, corporate tax, custom and excise duties were around Rs 47888 crore as on 31-3-98, Rs 52617 crore as on 31-3-99 and Rs 62392 crore on 31-3-2000. This clearly reveals the increase in wilful tax-default by the richer classes in geometric progression with the patronage and indulgence of the authorities.

It is the same corporate and big business lobby that is responsible for the ever increasing 'non performing assets' of the nationalised banks. They are being offered opportunity to settle their dues with high rebate on One Time Settlement basis and through the mechanism of 'Asset Reconstruction Company,' announced in the previous budget. Now, the same private corporate sector is to be allowed the stewardship of such Asset Reconstruction Company for settling the NPAs.

I wish to emphasise the rank impropriety of the treatment meted out to several millions of workers and employees, while being too indulgent and liberal to those responsible for all defaults in the system and slippage of targets. I request you to please see that those who are law-obedient are not penalised perpetually.

In view of the above, I urge you to please see that in the forthcoming budget the exemption limit for income tax is raised to at least Rs. 1,00,000/-, the basic welfare related perquisites like education, medical benefits, leave travel concessions, housing and housing loans at concessional interest, transport, canteen facility, quarters and related amenities etc. are not made taxable. I also urge that the recommendations of the Reddy Committee in the matter of interest rate and tax incentives on small savings instruments and taxing PF withdrawals are rejected outright. You may also consider making full-payment of the assessed tax obligatory for any dispute on the assessment to be entertained and examined, in order to tackle wilful default."

COM. K.T. K. THANGAMANI

Comrade K.T.K. Thangamani, a veteran trade union leader and former Secretary AITUC, passed away at Chennai on 25th December 2001. He was 90. Com. KTK, as he was called affectionately by the workers and friends, was educated in England and returned to India as a Barrister. But, he gave up his profession to work for the trade union movement. He was also elected to Lok Sabha as a candidate of the undivided Communist Party of India in 1957 and played an effective role, earning a place of importance.

M.K. Pandhe, General Secretary, CITU had in a message of condolence sent to the AITUC, recalled his simple life and dedicated service in the cause of working class for nearly five decades. He recalled that during the days of his leading role in the trade union movement he contributed a lot for the cause of the working class movement of the country.

"The Working Class" and the CITU express of our grief at the passing away of Com. KTK Thangamani, pay respectful homage to his revered memory of the comrade and convey our deep condolence to the members of the bereaved family.

ECONOMY DERAILED

EVERYTHING ON DOWNSLIDE...

Not surprisingly, the rate of growth of industrial output has fallen to its lowest level in 20 years (excluding 1991-92):... New jobs are hard to come by. What is worse, even those who were employed are not sure how long they would be able to hold on to their jobs.

The ministry of labour estimated that one million jobs were lost in the organised sector during 2000. No eyebrows would be raised if this number goes up considerably this year.... The Planning Commission has estimated that in the decade after liberalisation, the annual rate of growth of employment has been around 1.5 per cent - this is lower than the rate of growth of population, currently around 1.7 per cent per year.

(Pranjoy Guha Thakurta in Business Line)

MNCs DRIVE AWAY DOMESTIC UNITS...

It was thought that the MNCs entering India would be export-oriented.

However, the evidence is contrary. They have chosen to concentrate on the domestic market and their success in grabbing a larger market share is evident in many products, placing greater pressures on the domestic companies.

The success of the MNCs in the FMCG sector is a clear indication that the turf of local companies has been invaded.

While a few domestic industries, pharmaceutical companies being in the forefront, may emerge winners, a large majority may lose the battle for survival, unable to protect their falling market share.

(Priya Mutalik Desai, Business Line, 16-01-2002)

ALL-ROUND SLOWDOWN....

The Reserve Bank of India has prescribed a combination of policy measurers to counter the current economic slowdown.

.....Explaining some of the factors that have contributed to the deepening economic slowdown and delay in revival in India, the report has said that infrastructural constraints, variability and shortfalls in agricultural output, erosion in quality of public services and gaps in technology and human development are "insidiously becoming binding constraints in growth."

....The report said capital formation has been slowing down across all three sectors of the economy - manufacturing, agriculture and services. Greater investment needs to be directed towards the manufacturing sector so as to revitalise growth. The report said that capital formation in agriculture has been declining which is a matter of concern....

(Business Line, 16-01-2002)

DOWNWARD DRIFT IN FINANCIAL SAVINGS

... The economic policy underwent a radical change after the Vajpayee-Sinha period. Ther began a concerted effort to move down the interest and yield rates. The pleas of the borrowers including the government, became stronger than the incentives for the savers in financial assets.....The downward drift in interest rates from 1998-99 onwards has adversely

affected the course of net financial savings ratio. The ratio has started moving down from generally from the high of 14.8% in 1994-95 to about 12.9% in 1999-2000 to 12.8% in 2000-01.....
How can Indian economy move up its growth rates if the savings ratio does not go up? And further, what price reforms in the financial sector if borrowers are pampered against savers?
It is true that to a minor extent, the interest burden of the Finance Minister comes down when interest rates are reduced. But at the same time, if the financial savings of the economy are adversely affected,the entire development process is vitiated at its very foundation.

(P R Brahmananda in Business Line, 19-01-2002)

INFRASTRUCTURE GROWTH DOWN TO 2% IN APRIL-DEC

Reflecting a general slowdown in the economy, the infrastructure index of the Ministry of Industry & Commerce has registered a dismal 2% growth during the first nine month of the current fiscal, as against 6.8% during April-December 2000.
Of the six industries that constitute the index, the crude petroleum production registered an absolute decline of 1.9% and steel by 0.3%. Growth rate of refined petro-products declined to 4.2% (compared to 5.9% in Apr-Dec 2000), and growth rate of coal production declined to 3.5% compared to 5.4% in the corresponding period, last year...

(Business Line, 19-01-2002)

THE FICTION & THE FACT

Business Line and The Hindu, dailies from the same group, had carried two reports - one on January 3rd and another on January 5th, 2002, within a gap of just Two days. We reproduce extracts from the two reports. Can any one tell, which is the fiction and which is the fact? Both have origin in the Governemnt of India!

Finance Ministry pegs GDP growth at 6pc

The Finance Ministry expects real gross domestic product (GDP) growth to be close to the six per cent mark in 2001-02 on the back of a robust growth in agriculture and financial services.
" Our estimation is that the GDP growth cannot be worse off than the growth rates achieved in the first and the second quarters. With a greater buoyancy in the agriculture sector which would show up in the next two quarters, the fiscal could end with a real GDP growth of five to six per cent, " Dr Rakesh Mohan, Advisor to the Finance Minister told Business Line.
Although the International Monetary Fund has projected a 4.5 per cent growth rate, the Finance ministry does not share this assessment. The Ministry has already conveyed its projections of a higher GDP growth than that pegged by the IMF.

GDP growth in 2001-02 set for 4-4.5 p.c.

Despite much brave talk of the economy growing by between 5 and 6 per cent in 2001-02, we will be lucky if the gross domestic product shows a growth of more than 5 per cent this year. The quarterly estimates of GDP released by the Central statistical Orgnaisation show that the economy expanded by 4.9 per cent in the first half (April-September) of the current financial year. This means that there will have to be a substantial acceleration in the second half of 2001-02 for GDP growth in the whole eyar to come anywhere near even 5.5 per cent.
The evidence from other indicators - industrial production and tax collections for example - does not show any acceleraiton in the third quarter (October-December). This effectively means all hopes are placed on the last quarter of the year. This sole window of opportunity is likely to remain shut since there are no signs of a major revival on the horizon.

(The NDA Government is expected to unleash fierce attacks on the people and the workers during the Budget session of the Parliament, commencing after the State Assembly elections in the crucial U.P. and a few other States will be over. Top on this agenda will be the so-called 'labour market reforms'. Reproduced here are extracts from an article by an ardent advocate of the very same reforms.

Note the illusory growth figures quoted by the author from the Ahluwalia Report, when the economy is limping for a "4 % plus" growth. Yet, is there anyone in the Govt. to even listen to the plea for 'safety nets'? - Editor)

Labour market reforms: Need for credible safety nets

After dithering for years, the Government appears to have finally made up its mind to push through much-needed labour market reforms. The Group of Ministers (GoM) on labour reforms has now finalised its recommendations and the same will be placed before the Cabinet for approval soon.

Even after the Cabinet approval, there is no guarantee that the passage of legislation to amend the Industrial Disputes Act and Payment of Wages Act will be smooth. For, the worsening employment scenario, growing social tensions and the absence of adequate social security have made the issue politically sensitive. Moreover, the problem has been compounded by the spate of voluntary retirement schemes (VRS) being implemented across sectors and the growing 'pink slip' culture in the New Economy sectors in the wake of the prolonged economic slowdown.

The Government, on its part, should make all possible efforts to dispel the fears of trade unions by enlarging the scope and coverage of the social security net. It must develop labour market institutions to assist workers in upgrading skills and make available alternative job opportunities. For this purpose, the Government should also consider setting up a skill development fund on the lines of the mechanism prevailing in Malaysia, Singapore and South Korea.

It must be recognised, however, that labour market reforms are not going to be easy in a situation where employment opportunities have been shrinking. The forces of globalisation are having a far-reaching impact on the employment situation the world over and India is no exception. The country is already experiencing the pains of structural changes in which there is a downsizing of workforce in the manufacturing sector as also in government, banks and financial institutions.

On a conservative estimate, over a million jobs have been lost in the organised sector since 1992-93. To make matters worse, the unemployment in the economy is on the rise with the economy witnessing the phenomenon of jobless growth as firms are trying to cut flab and improve productivity to improve their competitive strength in a globalising economy.

The Working Group on Employment Planning and Policy for the Tenth Plan has estimated that the country's labour force will grow at around 1.71 per cent per annum. This would mean in absolute terms an addition of 7-8 million persons to the country's labour force every year. As against this, employment is projected to grow at 1.43 per cent per annum if real GDP grows at 6.5 per cent per annum. At this rate 5-7 million jobs would be created every year. In the coming years, we cannot expect any job growth in the Government sector. The new jobs will be created in the private sector, but the rate of employment growth in this sector would be directly related to the rate of growth of the economy in the coming years.

If special efforts are not made to bridge the gap between the growth in labour force and employment opportunities, the number of unemployed persons would rise from an estimated 9.05 million persons in 1999-2000 to 25.94 million by 2007 and 32.42 million by 2012.

As per the estimates made by the Task Force on Employment Opportunities headed by Montek Singh Ahluwalia, even if the GDP growth rate is enhanced to 8 per cent per annum, as proposed by the Tenth Plan draft, the unemployed population is initially expected to rise to 19.72 million by 2007 before dropping marginally to 17.94 million in 2012.

And in the 'rapid growth' scenario of 9 per cent per annum, the number of unemployed would rise to 14.32 million by 2007 before declining to 10.05 million in 2012, says the Task Force. Against this backdrop, it would be necessary to evolve strategies for promoting employment and economic growth, and retraining and rehabilitating the labour force displaced in the course of restructuring and downsizing in different sectors of the economy.

As for the safety nets for the displaced labour force, much needs to be done. The Government had created the National Renewal Fund (NRF) in 1991-92 to provide a safety net to the workers affected by PSU restructuring. The fund was intended to finance compensation payments to employees opting for VRS and those made redundant by the closure of unviable units. It was also supposed to finance training programmes to help re-deploy such labour. The financing of the fund is being provided from the Central budget and World Bank assistance. Since its inception, the fund has disbursed about Rs 1,500 crore towards VRS payments to public sector employees.

The other objectives of the Fund, such as retraining and redeployment of displaced labour, were totally neglected. In fact, one does not know what the status of the NRF is today and what is the role assigned to it. There is an urgent need to revamp the NRF and expand its scope considerably to include retraining and redeployment of displaced persons not only from the PSUs but also from the private sector.

Also, there is a larger question of providing social security to the workers employed in the unorganised sector. The vast unorganised labour force, which constitutes over 90 per cent of the total, is denied fair wages and even modest levels of social security. Hence, labour market flexibility must be accompanied by some kind of insurance and social security to the vast unorganised labour force in the country.

While it may not yet be feasible to introduce unemployment insurance in this country on the lines prevailing in some developed countries, the employers in the unorganised sector could certainly be made to introduce contributory social welfare schemes and retirement plans on the lines prevailing in some countries.

(S. D. Naik in " Business Line", Jan 24, 2002)

Agriculture at Crossroads

Nearly three decades after the Green Revolution changed the country's ignominious ship-to-mouth existence, agriculture has again take the centre-stage. This time, not to tackle frightful food shortages, but for a host of reasons no less important—to manage foodgrain surpluses, ensure sustained rural income growth, contain the food subsidy burden and make farming cost-efficient so as to be able to withstand competition from imports. In a candid admission to this paper recently, the Finance Minister Mr Yashwant Sinha described agriculture as a major unfinished task in the reforms programme.

Over the ten years of economic liberalisation, agriculture—the largest private sector economic activity accounting for between a third and a fourth of GDP—has witnessed little dynamism. Despite the fact that nearly 70 per cent of the population derives its livelihood from agriculture and allied activities, the sector has received but little attention from the policy-makers both at the Centre and in the states. Agriculture continues to be dogged by all the problems experts have been talking about for years-lack of irrigation, absence of land reforms, poor input management, traditional farming practices and inadequate marketing infrastructure. Though somewhat belated, the realisation that accelerated agricultural growth has the potential to drive the country's GDP growth is heartening.

(Business Line, Editorial, 5 January 2002)

CITU Earthquake Relief Work in Gujarat

The construction work undertaken by the CITU in Gujarat has already commenced and is likely to be completed by the end of July this year.

A new township with over 150 houses is being constructed near Morvi in Rajkot District. The name of the township is given after Niruben Patel, a women social worker of Bhavnagar.

The CITU collected Rs ....lakhs for the Gujarat Earthquake Relief Fund. Zenroren from Japan sent a contribution of Rs... lakhs for the earthquake relief. The CITU has planned to construct a school and a community centre from these funds.

M.K. Pandhe, General Secretary, CITU and Subodh Mehta, President, Gujarat State CITU visited the site on 14th January 2002. The local people affected by earthquake devastation extended a warm welcome to them.

Engineer Gole, who is supervising the construction work, explained the plan of the township and the construction work to be completed on behalf of the CITU.

COAL WORKERS TO DECIDE ON STRIKE ACTIONS

Following the three-day successful strike by the coal workers on 3-5 December against the privatisation bill and other issues, the coal workers' unions have been planning to go in for a higher phase of struggle. On 10th January 2002, the Coal workers federations affiliated to the CITU, AITUC, BMS and HMS met at Nagpur to discuss on their future course of action.

The resolution adopted unanimously in the meeting emphasised the need for launching a massive industry wide agitation by the coal workers to make the Govt. and the coal management see reason and retrace their steps. The resolution further said: "It was decided that Coal Workers will go on direct action including indefinite strike in the month of March 2002. The date will be decided in the All India Convention of the Coal Miners, which will be held on 10th February 2002 at Dhanbad. The demands of the workers include, inter alia, withdrawal of the Coal Mines Privatisation Bill , making the Coal India Ltd a unitary company with full autonomy, restoration of customs duty on imported coal to previous level, prompt revival measures for ECL, BCCL and CCL and clearance of long pending dues of the workers etc.

KERALA: INDEFINITE STRIKE FROM 6TH FEBRUARY

The Congress (I) led UDF Government in Kerala recently decided to withdraw many benefits of the State Government employees and teachers, achieved through years of struggle, and also to cut down expenditure on many welfare measures.

The UDF Government will stop leave surrender, pension commutation, PF loan and protection of the employees and teachers. Loan for housing or purchase of vehicle will not be extended to employees. The new appointees will be extended only the basic pay and they will not have the benefit of Government Pension Scheme.

Government employees and teachers will get their salary only on the 15th of the month. The Government has decided to cut down staff strength on the plea that there is surplus staff in Government services. For such staff there will be a voluntary off duty scheme. Their salary and other benefits will be stopped. They will be paid only 60% and

50% of the salary in the first and second year. The Government has decided to close down those schools, which are not 'economically viable'. This will affect the rural, backward and tribal areas.

The Government argument is that all these measures are needed to save Rs. 500 crores. Within eight months of coming to power, this Government has forced an additional burden of Rs. 2000 crores on the people of Kerala by increasing the electricity charges, bus fares, hospital fees, school fees and fees for other services etc. on the pretext of the agricultural sector and financial crises. However, the tax recovery is only 47%. Instead of taking bold steps to recover the tax dues and reducing expenses by decreasing the number of extra higher officials and Ministers, the Government is taking away all the benefits of the employees and teachers. This will have an adverse effect on the economy of the state because small merchants, peasants and small-scale industries, etc. depend a lot on these employees' salaries.

In an unprecedented show of unity, all the employees and teachers, at the call of the Joint Action Council of all the organisations, irrespective of political affiliations, reacted strongly to this IMF-World Bank dictated move. On 10 -1-2002, there was a total 'bandh' in schools, Government offices and public sector undertakings. The employees and teachers took out processions in all the district capitals and towns in the state, shouting slogans against the UDF Government. But the Chief Minister Antony, was not ready to speak to the unions. He even declared: ' Nothing will happen even if all the Government offices remain closed for one month'. The Government and some sections of the media are also trying to confuse the public and turn them against the employees.

The Joint Action Council of all the organisations has decided to go on an indefinite strike from 6th February onwards.

AITUC 37TH CONFERENCE AT HYDERABAD

The 37th Conference of AITUC was held at Hyderabad in Indrajit Gupta Nagar and attended by about 2000 delegates. Alexander Zharikov, General Secretary, World Federation of Trade Unions inaugurated. Among the international delegates attending the conference were representatives from Iraq, Japan, Vietnam, Bengladesh, Nepal and Arab T.U. Federation.

K.L. Mahendra, General Secretary presented a Report on the activities of the AITUC.

M.K. Pandhe, General Secretary, CITU, while critisising the economic and political policies of the NDA Government, welcomed the growing unity of the working class all over the country.

Pandhe, while noting the achievements NPMO, Sponsoring Committee and the CPSTU, emphasised the need for strengthening of the struggle to defeat the policies of the NDA Government, which are ruining the country. The NDA Govt.'s communal policies and the servile attitude towards U.S. imperialism would adversely affect the unity, integrity and sovereignty of the country.

While emphasising the objective of one united national T.U. centre in the country, the General Secretary of CITU pointed out that immediate merger of TUs was not possible as recent experience had shown. Hence, some interim organisational consolidation would be necessary to achieve this objective. A nationwide dialogue among the trade unions should be organised to work out such an interim arrangement, Pandhe observed.

Pandhe appealed to the AITUC to contribute positively in a dialogue so that organisational consolidation of the trade union movement can be achieved.

Welcoming the growing unity in the international T.U. movement, Pandhe expressed confidence that the international working class movement would have the necessary strength to defeat the policies of privatisation, globalisation and liberalisation. The conference elected J.Chittarajan as President and Gurudas Dasgupta as General Secretary, besides the other office bearers and the General Council of the AITUC.

A SIGNIFICANT AGREEMENT IN JUTE INDUSTRY

After a prolonged negotiation, a Tripartite Agreement for the jute industry was signed in Kolkata on 5th January, 2002, which has been widely welcomed. The salient features are as follows.

1. Gratuity dues of retired workers amounting to about Rs.144 crores will be paid at the earliest.

2. The demand of the workers 90% permanent and 20% Special Badli will be examined in depth by the Labour Department and decision will be arrived at within a period of one year. For the time being 250 workers in each mill will be made permanent from the Special Badli category and the vacancy of 250 workers in special Badli category will be filled up by the registered badli. Therefore, in totality about 25,000 workers will be stabilised with job security. New entrants will be paid a minimum of Rs.100/- per day plus fringe benefit with a provision to provide Rs. 1.90 per point of rise of consumer price index. These workers will get nearly Rs.3500/- per month and all irregular workers working in the name of ZERO No. Bhagawala, contract labour, casual labour etc. will be abolished and the workers working will be treated as new contract. In 1963, the Wage Board after merging the basic wages and dearness allowance divided it equally in 50% in piece rate and daily rate that is fixed wage. In course of last 37 years this system has been substantially eroded because of the continuous price rise and increase in D.A. and therefore it had become a problem for both the employees and the workers causing intermittent disruption in work and leading to lock out and strike. In order to overcome the whole difficulties it has been agreed upon to link one third of the wages with production and two third as fixed wages. On the basis of existing production, norms will be fixed in a manner so that the workers are treated as human beings and will have to work to the reasonable extent providing industrial peace and uniformity. The working of the entire agreement will be reviewed after six months and the other issues will be looked into by a Tripartite Committee set up by the State Govt. consisting of five representatives from the Trade Unions and five from the Employers with Principal Secretary as Chairman, Labour Commissioner as Vice Chairman and Additional Labour Commissioner as Member Secretary. This Committee will be a permanent committee to look into each and every problem that comes up in the course of time.

3. On the basis of a letter issued by the State Govt. the employers have agreed to pay the enhanced D.A. to all the existing workers in accordance with the decisions of the Shimla Bureau which has compelled consumer price index to be enforced from 1st November, 2001 subject to adjustment with the final decision of the court. Under this clause all the workers will be benefited to the extent of Rs. 500/- per month including the fringe benefits. The State Govt. is making serious efforts to clear all the dues of gratuity so that the long waiting of the workers comes to an end. This will cause vacancies of more than 30,000 workers, paving the way for entry of new 30,000 hands in jute industry. The agreement does not cause any harm to any worker engaged at presen in the jute industry. Any worker who is getting more than what is stipulated in the agreement will continue to get that facility. The union and the employers have been assured by the State Govt. that if they face any difficulty in the course of implementation of the agreement the State Govt. will extend all possible cooperation to solve the problem through mutual negotiations. Peace, discipline and industrial security must be guaranteed. The health of each unit will be a basic factor to protect

the interest of the workers. The unique feature of this agreement is that perhaps this is for the first time that an agreement has been arrived at after the broad acceptance by both the parties without a strike. It is hoped that this agreement will help other industries also to come to a settlement with regard to the question of enhanced D.A. and other issues.

4. The employers will provide identity card and employment book to all categories of workmen within a period of two months.

5. Particularly at this point of time, when the entire trade union movement is fighting a defensive battle this agreement will encourage the working class to strengthen unity and enthuse them to carry out their struggle with a sense of responsibility. The effective implementation of the provisions of this agreement largely depends on the strength and unity of the workers in each and every unit and the supervision of the Central Trade Unions in West Bengal. *(Report from Md. Amin)*

Anganwadi Workers and Helpers On the Move

AIFAWH Working Committee Meeting

The Working Committee of AIFAWH met on 27-28 December 2001, at Kolkata. Neelima Moitra presided. Members from Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Orissa, Pondicherry, Punjab, Tamilnadu, West Bengal, Chattisgarh, Jharkhand and Tripura attended the meeting. Kanai Bannerjee, Secretary, CITU also participated in the meeting. Members from Assam, Karnataka, Kerala, Madhya Pradesh and Maharashtra could not attend.

Hemalata, General Secretary, placed a detailed work report of the period after the last meeting in July 2001.The report also dealt with the national situation and how the Government policies are affecting the ICDS scheme. Reports were presented from all the 12 states present. The Assam state committee had sent its report to the centre.

The meeting decided as under:

*Organisational Workshop: An all India Workshop on Organisation will be held on 9-10 March 2002. An extended Working Committee meeting will be held on 11th March 2002. This will be followed by State and District level workshops on organisation in April - May. An intensive Membership Campaign would be undertaken after the State/ District workshops.

*Simultaneous State level 'Assembly Chalo' with massive mobilisation in all the States on 8th April 2002.

*All India Conference to be held in Jun-July 2002, on the basis of the membership of 2001. Project, District and State level Conferences, wherever due, should be completed before the All India Conference.

*Membership: The states have taken a quota of 1,91,850 membership to be enrolled in the year 2002.

*Trade Union Classes: Union activists should be identified during the campaign for the State rallies and membership enrolment, and Trade Union Classes should be held for the selected activists in August- September 2002. The Centre will prepare notes for the classes.

Andhra Pradesh

During the last 1-2 years, by terrorising the Anganwadi employees, the State Government has diverted their honorarium for other purposes and delayed payment for months together. The State Government did not implement till now, the directions of the Central Government, for granting the Anganwadi employees certain benefits like Group Insurance, Welfare Fund, reservations in village based jobs like ANMs, Primary School Teachers etc. The Chief Minister Chandra Babu Naidu declared in the Assembly that his Government would implement all the directions of the Central Government, regarding Anganwadi employees. But nothing has been done till now. The Andhra Pradesh Anganwadi Workers' and Helpers' Union, has recently given a call for 'dharnas' and 'Rasta Roko' agitation at the district headquarters, on the 27th of December 2001.

The programme has shown that the Anganwadi employees in the State of Andhra Pradesh are slowly coming out of the terror created by the State Government by its brutal attack on them last year and started coming out in struggles on their demands. Around 4,500 anganwadi employees participated in the rasta roko in 12 districts and dharnas in another 8 districts. In Visakhapatnam district, 36 women were arrested and cases booked against them. They were released in the night only after the intervention of the district CITU leaders.

Uttaranchal

On 31st December 2001, hundreds of Anganwadi Workers and Helpers marched to the State Secretariat at Dehradun, shouting slogans, under the banner of the Anganwadi Workers and Helpers Union (CITU). They were demanding regularisation and implementation of the existing Government Orders regarding increase in maternity leave, allotment of money for contingency, health kit, pre school kit etc., reservation for the post of supervisors, and inclusion of union representatives in the grievance redressal committees. The leaders of the union, CITU and the State Government employees union, AIDWA, SFI and others addressed. Later a delegation met the special secretary to the CM and submitted a memorandum.

CITU-ILO CHILD LABOUR PROJECT

Tamil Nadu State Workshop

The Tamil Nadu State workshop of the CITU- ILO Child Labour' Project was held at Chennai on 8th January 2002. K. Hemalata, National Project Coordinator of the Programme and W.R. Varada Rajan, Secretary, CITU participated in the workshop.

16 State and District level leaders of the CITU and of the unions in the Handloom and Matches and Fireworks industries participated in the workshop. Indira and Malathi Chittibabu, both Secretaries, Tamil Nadu State Committee of CITU, participated. Malathi, who is also the State Project Coordinator, presented a written report.

The participants reported that a few schools were being run in the Virudhnagar area by some NGOs, but parents were not willing to send their children there, as they would lose their income. However, they were ready to send them to the NFE Centres under this programme, in the evening, after the children return from work. Muthu Mari, the teacher selected for the NFE Centre at Lakshmiyapur in Virudhnagar district, reported that she had enrolled 28 children working in the Matches industry.

The workshop discussed the possibility of forming Self Help Groups of the women family members of child labour in both the areas. The workshop decided to ask doctors in the districts, who are well wishers of CITU, to provide free medical check ups to the child labour and the workers in the areas.

Hemalata explained the various activities to be carried out under the programme. She said that the CITU District committees could continue the NFE Centres with community support, even after the present activities ended. She emphasised that parents should be convinced to send their children to regular schools and serious efforts be made to mainstream the children in the NFECs to regular schools.

The Workshop decided to start the NFEC at Virudhnagar on 12th January and that at Kancheepuram on 27th January, 2002.

Vizag Export Processing Zone Workers Struggle

Around 3000 workers of Visakhapatnam Export Processing Zone (VEPZ) have been in the midst of grim struggle, braving brutal repression of the Chandrababu Naidu Govt.

Around 350 workers of one unit of the World Wide Diamonds Manufacturing Ltd, mobilised to just submit a memorandum to management were brutally lathi-charged on 10th January 2002 by the police, injuring many. Some of the workers were arrested and kept in the lock up in chains. K M Srinivas, a local CITU leader and the divisional secretary of CPI(M) was beaten up brutally in the police lock-up. The police also threatened him with dire consequences in case he continued trade union activity in VEPZ. Braving all repression, the workers have gone on complete strike and around 850 workers of the second unit of World Wide Diamond in the EPZ have joined the strike from 17th January.

HIGH-TECH BARBARISM

The workers of EPZ at Vizag have started raising their voice against the most brutal atrocities meted out to them every day by the employers, with the active patronage of the administration of the ultra-civilised high-tech Chief Minister of Andhra Pradesh. The blood-sucking employers and their pet district administration have converted the EPZ at Vizag into a jungle-raj. In the name of attracting investors, the State Government announced boastfully that labour laws would not be made applicable to the VEPZ. The Labour Dept. was instructed by the State Government neither to inspect VEPZ nor entertain any dispute. The Government appointed a Development Commissioner, an IAS rank officer to oversee all the matters including labour problems. Smt. Ratna Prabha, the Development Commissioner, openly canvassed and campaigned among all workers that they should not form unions, should not entertain outsiders, especially CITU. The entire VEPZ is cordoned off. No outsider is allowed inside. It resembles a concentration camp.

Emboldened by the support from the State Govt., the employers flout all laws. Hire and fire is very much prevalent. Very low wages are paid - even much below the minimum wage stipulated. There is no grievance redressal mechanism. If any worker dares to represent a problem, he will immediately be removed from service. There is no subsidised canteen. Heavy fines are imposed on very flimsy grounds. For tilting a stool, the worker is fined Rs. 250-; for not taking tea Rs.500/; for taking an extra cup of tea Rs. 500/-; for not searching a diamond that has fallen on the floor Rs.250/-, and so on. If a lady worker spends five minutes in the toilet - the (male) manager enters the toilet complex and knocks the door. When workers tried to register a union, the signatories of the application were dismissed. Even though workers serve the establishment for more than 2/3 years, they are still treated as trainees. Workers are not allowed to talk to each other.

The repressive measures by the employers have gone beyond the boundaries of workplace, extending to their daily social life. Workers are dismissed - for availng leave to cast his vote in the local body elections, for not attending a picnic organised by the management, for celebrating Christmas etc. The CITU has been campaigning among the VEPZ workers for the last two years and could manage to register a 'VEPZ Units Union' affiliatied to the CITU.

STRUGGLES GOING ON

Unable to bear the harassments, workers of M/s Synergies Dooray in the EPZ went on a strike few months back. The management floated a parallel union through its touts. But, workers rejected to join it. After a prolonged spell of strike, the management ultimately relented and an agreement was signed in the presence of Labour Commissioner.

Subsequently, Madras Knit Wear workers under the leadership of a TDP leader went on a strike action. CITU actively intervened and tried to negotiate, after the TDP leader deserted them. The Development Commissioner called on the striking workers individually and canvassed against CITU. She wanted them not to entertain any outsider as their leader. Even though the workers and their union brought various instances of violation of Labour Laws by the managements to the notice of the Labour Commissioner and VEPZ Development Commissioner, no action was taken against them.

Meanwhile, the workers of the Israel Unit of World Wide Diamonds began their strike on 9th January, at the call of the CITU union. On 10th the workers were brutally lathicharged before the factory, while proceeding to submit a memorandum to the management and many were taken to custody.

In protest of the repression perpetrated by the employer-police nexus, a local area bundh call was given on 11-01-2002. Police went to each shop and threatened them that if they keep the shops closed, they would be arrested. They resorted to large-scale arrests of the workers who tried to organise the bundh. In Gajuwaka area, Section 144 was promulgated. Arrest warrants are pending against over a dozen of CITU leaders in that area.

But such inhuman atrocities could not deter the struggling workers of VEPZ. To cover-up the increasing isolation from the society, the employers and the district administration connived to declared holiday in the VEPZ for 3 days from 13th January in the name of Pongal Festival. This is the first time in the history of VEPZ that such holidays were declared.

The struggle of the EPZ workers at Vizag is still going on. And the entire working-class movement at Vizag has been preparing to develop solidarity movement in support of the struggling workers and against the brutalities of the administration.

The CITU General Secretary, M.K.Pandhe, had written to the A.P. Chief Minister and the Commerce and Labour Ministers of Government of India, condemning the repression and seeking their intervention to ensure that the minimum human and labour rights are enforced.

REPRESSION ON HOTEL WORKERS IN INDONESIA

The CITU has strongly condemned the brutal repression on the striking employees of Shangri-La Hotel Workers in Jakarta, Indonesia, by the management.

The employees of Shangri-La Hotel have been waging a relentless struggle for the last one-year, under the leadership of Shangri-La Workers' Union (SPMS) against the dismissal of union members and lock out of Shangri-La Hotel.

In September 2000, nearly 1000 employees of Jakarta's 5-star Shangri-La Hotel founded the Shangri-La Workers Union. Later, the Shangri-La union joined with other independent unions to found the Indonesian Federation of Hotel, Restaurant, Catering and Tourism Workers' Unions (FSPM), which is affiliated to IUF. The union represents majority of the employees of Shangri-La Hotel, owned by Hong Kong billionaire Robert Kuok, one of the wealthiest men in Asia.

After forming the union they had tried to negotiate the management for obtaining a pension plan for its employees and a more fair distribution of the service charge on which employees depend for a large part of their income. But the hotel management refused to allow the elected union leadership to take part in bargaining talks. The management on December 22, 2000, barred the distribution of union literature on the hotel premises and summarily dismissed the union president from service. The workers were agitated over this illegal dismissal and staged spontaneous protest against it. The management announced the immediate closure of the hotel and declared a lockout. On December 26, heavily armed police arrested several union members and workers were violently evicted from the hotel premises. About

30 trade union members were detained without charges.
Following the lockout, the management threatened hundreds of union members who were informed that they would lose their jobs unless they resigned from the union. While the union continued its efforts to engage the management in negotiations, the management opted out from negotiation.
Repression on workers continued. On March 17, police brutally assaulted demonstrating workers who had assembled peacefully. Twenty union members were hospitalised including a pregnant hotel restaurant worker who miscarried in hospital as a result of the beating.
The IUF complained to the ILO against the violation of basic trade union rights by the Indonesian Government. The Workers Group of the ILO in Geneva has severely indicted the hotel management for violation of the basic rights of union members. It adopted a resolution strongly condemning the government for its acquiescence in the use of violence against the workers and their union in the course of the illegal lockout. The resolution also called upon the Indonesian Government to use its authority to seek an end to the lockout and the illegal dismissal of union members and to facilitate a negotiated settlement. It also indicted the Indonesian Government for their lack of respect to the ILO conventions.
Despite the brutal repression and harassment SPMS members continue to struggle for their basic trade union rights. They are getting widespread international support to their struggle.
In a letter addressed to the Indonesian President, M K Pandhe, General Secretary, CITU, strongly condemned the Indonesian Government for its total apathy towards the issue. Pandhe has expressed CITU's solidarity with the striking hotel workers and urged the Indonesian Government to take immediate necessary steps to reinstate the dismissed workers and ensure the basic trade union rights and freedom to the workers.

M. P. CONGRESS GOVT. IMPOSES ESMA

A circular of two pages was given to the employees of N.T.P.C Vindya Nagar, Sidhi by the management. They were informed that Madhya Pradesh Government has imposed Essential Services Maintainence Act (ESMA) in this enterprise. Accordingly the employees were told that what they should do and what they should not do. It is interesting to note that the employees of N.T.P.C had not launched any movement now. Neither they have raised any demand.
Badal Saroj, Secretary, CITU, M.P. State Committee, while criticising the above move of the State Government, said that this had unmasked the real face of the Congress Government in M.P. As a matter of fact that the employees of the is enterprise had acheived record production. They were conferred "SHRAMVIR AWARD" by the President of India. The Government should withdraw this act immediately, he demanded.

Workshop on Child labour

A two-day workshop on was organised on 21st and 22nd January 2002 at New Delhi by the INTUC as an ILO-IPEC Action programme, to promote ratification of the ILO convention No.182. Trade Union leaders from different parts of the country from AITUC, CITU, HMS and INTUC, participated in the workshop. Apart from Ranjit Basu (Treasurer, CITU) A.R.Sindhu (Centre), Mohanlal (Delhi), Malati Chittibabu (Tamilnadu), Syed Mujeeb (Karnataka), Anna Sawant (Maharashtra) and Samar Chakraborty (Tripura) represented CITU. The workshop evolved various strategies to pressurise the Government on ratifying the convention and also other programmes towards the elimination of child labour.

CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS ON BASE 1982=100

State	Sr. No.	Centre	Oct'2001	Nov'2001	State	Sr. No.	Centre	Oct'2001	Nov'2001
Andhra	1	Gudur	446	455	Maharastra	38	Mumbai	536	539
Pradesh	2	Guntur	456	459		39	Nagpur	490	495
	3	Hyderabad	446	447		40	Nasik	505	505
	4	Visakhapatnam	454	458		41	Pune	520	526
	5	Warangal	479	486		42	Solapur	479	484
Assam	6	D.D.Tinsukia	389	391	Orissa	43	Barbil	428	430
	7	Guwahati	477	480		44	Rourkela	411	412
	8	Labac-Silchar	375	381	Punjab	45	Amritsar	411	410
	9	Mariani-Jorhat	413	416		46	Ludhiana	428	427
	10	Rangapara-Tezp	433	433	Rajasthan	47	Ajmer	458	464
Bihar	11	Monghyr	426	432		48	Jaipur	433	436
Chhattisga	12	Bhillai	413	414	Tamil Nad	49	Chennai	497	502
Gujarat	13	Ahmedabad	465	468		50	Coimbatore	446	452
	14	Bhavnagar	483	484		51	Coonoor	453	458
	15	Rajkot	427	444		52	Madurai	446	461
	16	Surat	486	486		53	Salem	450	457
	17	Vadodra	460	463		54	Tiruchirapally	511	515
Haryana	18	Faridabad	478	478	Uttar	55	Agra	427	432
	19	Yamunanagar	433	438	Pradesh	56	Ghaziabad	470	472
J & K	20	Srinagar	547	549		57	Kanpur	457	461
Jharkhand	21	Jamshedpur	424	426		58	Saharanpur	431	430
	22	Jharia	373	374		59	Varanasi	493	493
	23	Kodarma	388	390	West	60	Asansol	458	460
	24	Noamundi	416	418	Bengal	61	Darjeeling	404	410
	25	Ranchi-Hatia	435	439		62	Durgapur	540	536
Karnataka	26	Bangalore	443	448		63	Haldia	577	586
	27	Belgaum	499	502		64	Howrah	536	547
	28	Hubli-Dharwar	457	469		65	Jalpaiguri	421	418
	29	Mercara	459	456		66	Kolkata	531	540
Kerala	30	Alwaye	465	464		67	Raniganj	413	417
	31	Mundakayam	449	455	Chandigar	68	Chandigarh	496	498
	32	Quilon	456	460	Delhi	69	Delhi	540	541
	33	Thiruvananthap	509	507	Pondicher	70	Pondicherry	496	496
Madhya	34	Balaghat	422	422					
Pradesh	35	Bhopal	506	510					
	36	Indore	477	482	**ALL-INDIA**			**468**	**472**
	37	Jabalpur	471	471					

Additional Series of Labour Bureau

State		Centre	October 2001	November 2001
Andhra Pradesh	1	Kethgudem	491	476
Himachal Pradesh	2	Himachal Pradesh	451	454
Rajasthan	3	Bhilwara	462	469
Madhya Pradesh	4	Chhindwara	441	446
Tripura	5	Tripura	430	447
Goa	6	Goa	560	564

Belgian Airline Collapse: Bankruptcy of Privatisation policy

The sudden collapse of the Sabena airline provoked a new commotion in Belgium. In just one day 12,000 workers lost their jobs and 36,000 jobs in service-providing companies are now in jeopardy. This amounts to the biggest single bankruptcy since the Second World War. To this must be added the atmosphere of financial scandal and fraud surrounding the outgoing management.

Sabena workers were not informed by the management about their sudden fate but by the media. Many of them, ignorant of the situation, arrived at their workplace only to find closed doors and their magnetic access badges deactivated. The management and other leading staff had deserted their offices. None of them have been available since. Instead a strong police force tried to keep the shell-shocked workers calm. Sabena workers denounced this as "social and economic terrorism".

Sabena, until 1995 a public monopoly in the airline industry, was forced to open its capital to private shareholders. This privatisation was imposed on the company by the European Union, which did not authorise 100% publicly owned monopolies in the rail industry, transport, post office, telecom, water and electricity distribution and airlines. This became the death knell of Sabena. After a wedding with the French company Air France that ended rapidly, Swissair proposed to be its partner. The Belgian state maintained formally a majority share of a little more than 50% but had to offer the dowry. In reality the new private shareholder was running Sabena with the Government turning a blind eye to their practices. Swissair made a lot of promises of investment but ran away with the money. Successive transport ministers are at least passive accomplices of this plundering. Swissair has siphoned billions of Belgian francs out of the catering and ground-handling department. Some flight destinations of Sabena have been suppressed to the advantage of Swissair flights.

This process is called privatisation or more precisely piratisation and outright plunder. A group of workers and some shop stewards are taking the company to court. The government has even announced a parliamentary inquiry in an effort to stave off criticism. The scandal is even bigger if you consider that for more than 10 years Sabena workers have been pressurised into accepting wage cuts (up to 17%), increases in productivity through the intensification of work (up to 200%) and of course, sackings.

On December 13, different public service trade unions organised a 24-hour strike in Belgium, demanding renationalisation of Sabena under democratic workers' control. This demand challenges the European Union too, since they reject public monopolies and state handouts to industries.

COMRADE RAVI SINHA

We record with deep regret the passing away of Comrade Ravi Sinha, a front ranking leader of the CITU and a veteran leader of the democratic and Left movement in Uttar Pradesh.

Comrade Ravi Sinha had been in the forefront of several struggles right from his student days and made an invaluable contribution to the growth of the trade union movement and Left forces in U.P. He had made immense contribution to the growth and development of CITU in U.P. in his capacity as President and General Secretary of the CITU State Committee. He was also a former member of the General Council and the Working Committee of CITU.

The CITU and 'The Working Class' pay respectful homage to the memory of late Comrade Ravi Sinha and conveys condolences to all those bereaved.

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SUGGESTIONS ON AMENDMENT TO EPF ACT

A workshop was held on the 21st January, 2002 at India Habitat Center, New Delhi where members of the Central Board of Trustees and other eminent persons were invited to share their experiences and make suggestions on the legislative changes required for extending the Employees' Provident Fund & Misc. Provisions Act, 1952 to greater number of persons including those in the informal sector. Secretary Labour, Government of India, chaired the workshop.

Talking into account the pressing need for extending social security benefits, in the changed environment, to those who are outside the purview of any social safety cent the delegates adopted the following consensus emerged:

- Extend the ambit of the Employees' Provident Fund & Misc. Provisions Act, 1952 to all establishments by removing the Schedule in the Statute. Reducing of the threshold limit for coverage from twenty to ten employees or even less on the understanding that benefits of only pension and EDLI would be extended to such employees in establishments that have employment strength below twenty.
- Introduce flexibility in offering one or more of the benefit packages particularly pensionary benefits for those sectors of the economy, which cannot bear the existing financial burden under the present law.
- For the informal sector and other low income groups formulate fourth scheme under the Act, which will be supported only by the employers' component of contribution.
- Extend the law as the first pillar of Social security to all employees but the contribution of higher income employees should be restricted to the monetary limit to be specified by the Central Government from time to time.
- Introduce simplified systems and procedures for easy understanding and compliance both by employers and beneficiaries in order to reduce the cost/burden of participation/compliance.
- Devise a simple method for collection of contributions at source from contractors and providers of services in order to extend statutory benefits to all contractors' workers and to reduce cost of compliance in different sectors of the economy.
- Introduce a provision for unemployment insurance to members to tide over the difficulties as a result of the structural changes including involuntary unemployment in the economy.
- EPFO may explore the possibility of working in partnership with State Welfare Boards or other authorities constituted under other labour welfare legislations as the pilot project in one State.
- There is strong case of Government to contribute to social security needs as it is one of prime objectives of the State.

(This was placed by the EPF Organisation before the meeting of the CBT held on 22.1.2002. The meeting decided that these suggestions and other proposals for amending the EPF Act, should be first examined by the Executive Committee of the CBT. The CBT will take these for consideration at a later date.)

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