



Vol. 34

No. 12

August 2004

Price: Rupees Four

THE WORKING CLASS

MONTHLY JOURNAL OF THE CITU

CENTRE OF INDIAN TRADE UNIONS

C.I.T.U.

**ALL INDIA GENERAL
COUNCIL MEET**

17- JULY 2004

COM. NARENDRA MALUSARJI NASHIK - MAHARASHTRA



ALL INDIA COORDINATION COMMITTEE MEETING

A meeting of the All India Coordination Committee of Working Women (CITU) was held at Narendra Malusare Bhawan, the office of the District Committee of CITU in Nasik, on July 16, 2004. 29 members and invitees from 11 States and 2 industrial federations - Insurance and Steel-participated in the meeting.

Hemalata, Secretary of AICCWW (CITU), placed the report. Representatives from the States and industries reported the activities in the States after the last meeting in December 2003 at Chennai. The AICCWW unanimously adopted the tasks and decided to place it before the General Council of CITU for endorsement (which was done). Kanai Banerjee, Secretary of CITU made concluding remarks.

The meeting decided to organise a massive National Convention on the demands of working women in Delhi, on 17th November 2004. This National Convention will be preceded by a wide campaign on the Charter of Demands of working

women adopted at the 7th Conference of working women in Mumbai, particularly focussing the major demands of Equal Remuneration, Maternity Benefit and crèches, Law against sexual harassment, Comprehensive legislation for Home Based Workers and restoration of the ban on night shift work.

The State level campaigns will consist of distribution of leaflets, holding of group, gate and lunch hour meetings, district and State level conventions and collection of signatures on a massive scale from workingwomen from all sectors, both organised and unorganised.

A workshop will be held on 18-19 November 2004 in Delhi to strengthen the functioning of the AICCWW (CITU). All the AICCWW members and selected activists of the State CCWWs will participate in the workshop.

The AICCWW (CITU) also reiterated its decision to organise the home-based workers. It has noted that some State Coordination Committees of Working Women have conducted surveys of home-based workers. It was decided that all the State Coordination Committees should discuss the issue and decide the priorities for organising the home based workers, preferably in the manufacturing activities.

AICCWW also recommended that State level separate trade union classes should be held for workingwomen activists.

The General Council of CITU, which was held in Nasik on 17- 20 July 2004, endorsed the decisions of the AICCWW (CITU) and called upon all the State Committees and industrial federations of CITU to implement these tasks and particularly take all measures to make the campaign on the issues of working women including the National Convention in November, a grand success.

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THE WORKING CLASS

CITU MONTHLY

AUGUST 2004

BUSINESS AS USUAL

by UNNY



Courtesy: The Indian Express

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EDITORIAL

MESSING UP MANDATE 2004?

The first half of the budget session of the Parliament is just over. The NDA, more particularly the BJP, it appears, is yet to reconcile itself to sitting in the opposition. The negative approach they adopted in blocking business in Parliament - commencing from the issue of 'tainted' Ministers and closing with that of the arrest warrant against Shibu Soren, together with the boycott of rail budget debate - all indicate that the hangover of the verdict 2004 trouncing the NDA regime still lingers on.

This has resulted in people's issues getting blocked out in the session of the Parliament, though the Left parties managed to raise issues like enquiry into the irregular sale of the Centaur Hotel in Mumbai, privatisation of airports in Delhi and Mumbai, raising of the FDI cap in telecom, civil aviation and insurance sectors etc. On the other hand, the budget session also manifested a wrong perception, on the part of the UPA regime, of the real meaning of the 'Mandate 2004'. They seem to be in some sort of a bind trying to balance their commitment to 'reforms' with the National Common Minimum Programme commitments to the **people**.

The two stances adopted by the Finance Minister in the wake of his announcements in the budget speech speak eloquently of the attempt to mess up the mandate 2004. The first one is his persisting reluctance to consider a roll back on the FDI proposals and also stubborn resistance to consider the demand for upward revision of interest rate on Special Deposits Scheme (for the EPF subscribers). The second one is his visit to Mumbai to appease the share market bigwigs and the Foreign Institutional Investors, culminating in the revision of the transaction tax on share market deals from the proposed 0.15 per cent to 0.015 per cent. The contrast in these two approaches is revealing, to say the least.

It is useful to quote the prominent Economist, Prabhat Patnaik, who said: "There are two and only two possible trajectories of economic policy in the contemporary world: either to open up to global capital and commodity flows and let the domestic economy adjust to their consequences over which the government has little control; or to mould the domestic economy according to certain social objectives, in which case its openness to global capital and commodity flows must be restricted. This is why *"liberalisation with a human face"* is an impossibility. If the *"human face"* is to be preserved then restrictions have to be put on *"liberalisation"*. On the other hand if *"liberalisation"* is to be persisted with, then one has to forget about the *"human face"*."

We will wait and watch which trajectory the UPA regime is keen to adopt. That will decide the future turn of events and the path the working class movement will take! The call of the recent meeting of the CITU General Council is to be viewed and implemented in this backdrop!

CITU GENERAL COUNCIL CALL: UNITED COUNTRYWIDE MOBILISATION FOR PRO-PEOPLE POLICIES AND AGAINST ANTI-PEOPLE MEASURES

Tapan Sen

The four-day session of the General Council of CITU held at Nasik on 17-20 July 2004, had called for countrywide vigorous mobilisation of the working people demanding a pro-people re-orientation of the economic policy regime of the UPA government at the centre respecting the electoral mandate and withdrawal of the anti-people measures as reflected in the current budget.

TWIN TASKS

The General Council, while reviewing the developments since the 11th Conference of CITU held in December 2003 including the role of working class in the electoral battle leading to defeat of the anti-people NDA regime led by the communal forces and situation thereafter, laid down the tasks before the working class movement in clear terms. The meeting endorsed the formulation made in the General Secretary's Report: "The present situation enjoins a stupendous task on CITU. The defeat of the BJP Combine in the General Elections and its replacement by the UPA regime at the centre supported by the Left parties from outside has created high expectations among the working people. These expectations must be articulated loudly, through vigorous campaign and mobilisation, demanding pro-

people orientation of the economic policies and expansion of democratic rights; otherwise, demoralisation is likely to creep in, much to the advantage of the communal forces waiting on the wings. Given the class character and inclinations of the parties in the ruling combine to the continuity of liberalised policy regime, it is unlikely that much of the expectations of the people, as reflected in the electoral mandate will get positive response. The Union budget 2004-05 despite containing some positive measures brought home this reality. In this background, the working class movement has to shoulder the task of mobilising people demanding clear pro-people orientation of the economic policy measures and also against the negative measures, as an integral part of its political task to further isolate the communal forces and at the same time facilitate and strengthen interventions by the Left. Such intervention is crucial and essential to maintain the secular governance and isolate the communal forces."

COUNCIL PROCEEDINGS

The General Council session commenced on 17th July with a welcome address by Jayant Jaibhave, a leading advocate of Nasik and the Chairman of the Reception Committee. M K

Pandhe, President CITU delivered the presidential address. He dealt on the international developments which witnessed mounting organised opposition through strikes, demonstrations and various other actions worldwide to the neoliberal policies of imperialist globalisation and its utter failure to address the problems of poverty, starvation, joblessness and widening disparities not only in the developing countries but also in the advanced industrialised countries as well. The presidential address also noted that along with economic globalisation, the imperialist powers have been desperately carrying on aggression, military onslaughts and muscle-flexing interference on various developing countries on one pretext or the other, as being seen in Afganistan, Iraq, Cuba and practically the whole of Middle-east, Central Asia, Africa and Latin America. But during last few years, people all over the world have been increasingly vocal against the imperialist designs through massive anti-war demonstrations, and various other actions, Pandhe pointed out. In the national context, Pandhe pointed out that the change in the political situation in the country and defeat of the BJP regime is the reflection of

the peoples' mandate against the anti-people, anti-national policies pursued by the BJP regime against which the working class movement had been consistently carrying on united struggles. The policy of the new UPA Govt, thus, must mark a clear departure and change of direction towards pro-people measures and self-reliance, Pandhe asserted.

Chittabrata Majumdar, General Secretary CITU could not attend the session owing to the surgery he had to undergo following an accident. From the hospital, Majumdar sent a message to the General Council stressing on the issues to be dealt upon. While referring to the defeat of the BJP led Govt in the General Elections, Majumdar also pointed out that "It may also be noted that not only at the centre, the State Governments who had pursued the neoliberal policies in their respective states have also conceded decisive defeat in the recent elections.... This has proved once again that Fund-Bank dictated path of liberalisation, privatisation and globalisation, which is anti-people and reflects imperialist exploitation has been and will be resisted by the toiling masses." Majumdar stressed upon the need to continue the struggle against the neoliberal imperialist globalisation and the capitalist system as such in the context and background of which, the CITU has to draw its strategy in the present situation judiciously. We must strengthen working class unity, organise the unorganised sector with special attention, involve the broader

masses in the struggle, putting greater emphasis on cementing the workers-peasants solidarity. The working class movement must be directed to intertwine the class struggle and the democratic movement together, Majumdar reiterated in his message to General Council. Kanai Banerjee, Secretary CITU, placed the Report of the General Secretary. He hailed the remarkable resilience of the common people and the working class who fought with determination to defeat the anti-people and anti-national NDA combine in the general elections. The Report noted the crucial role played by the Left parties and the trade union movement in sensitising the people against the communal NDA regime and emphasised vigorous pursuit of their proactive and assertive role in further isolating the communal forces from the people on the one hand and force a pro-people orientation of the economic policies on the other. It noted the positive pro-people commitments in the National Common Minimum Programme (NCMP) of the UPA government and also the negative reflections of its maiden budget in the form of a steep hike in FDI cap in telecom, insurance and civil aviation sectors, de-reservation of 85 items listed for small scale industries, move to reduce further the interest rate on Provident Fund etc. In this background, the trade union movement has to take up the task of mobilising people for implementation of the pro-people commitments in the

NCMP and also to build up strong opposition to the negative measures reflected in the current budget and also for defence of the rights and livelihood of the working people. The working class movement has a challenging task of making the UPA government to fulfil its commitments to the people and at the same time take on the communal forces. In this direction, efforts are already on to move jointly identifying the issues of concern to the working people and plan for countrywide united mobilisation for a change in the policy-direction.

DEBATE AND SUMMING UP

In all, 53 Members participated in the debate on the report. They generally urged for intensive countrywide campaign among the broadest section of the working people regarding the implications of the changes in the situation and the twin task of isolating the communal forces and also defending the rights and interests of the toiling people through united struggles. They were unanimous that consistent opposition to the policies of neoliberal imperialist globalisation by the working class movement and vigorous united effort for change in the direction of the economic policy regime will be the bedrock of our activities. Leaders of fraternal industry-wise federations also addressed the session.

Kanai Banerjee summing up the debate said that the deliberations in general reflected the unity in understanding within the organisation on the changed situation and our tasks. He

underlined the crucial importance of carrying on the consistent campaign against the communal forces unfailingly at all levels of the organisation along with mobilising the working people in the struggle for defence of their rights and livelihood. There is urgent need for continuity of collective ideological and organised assertion against the neoliberal policies of globalisation by the working class movement.

M K Pandhe, in his concluding remarks called upon the working class to take on the challenge unitedly. He asserted that anti-

globalisation struggle is the life-line of the united working class movement, enabling the class to intervene politically for a regime change. He also cautioned against the reformist and class collaborationist ideas sought to be propagated among the working people and also the virulent pro-globalisation campaign by the bourgeois media and the protagonists of liberalisation. Latest of such ideological offensive has been in the form of posing the current form of globalisation as a universal, inevitable and irreversible phenomenon (which

should not be opposed) and also delinking liberalisation from globalisation projecting them as two different phenomena. Quoting Fidel Castro Pandhe said: "We are not opposed to globalisation per se, we are opposed to this neoliberal imperialist globalisation." Liberalisation can no way be delinked or projected differently or separately from the process of neoliberal imperialist globalisation; rather liberalisation of the domestic economies through so-called reckless open-door policies is the main instrument to promote

COUNTRYWIDE CAMPAIGN

Countrywide independent intensive campaign on the following issues:

- Scrap decision of enhancing the FDI cap in insurance, telecom and civil aviation sectors
- Expedite steps for revival of the sick PSUs which are potentially viable
- Scrap decision on dereservation of 85 items from the list for small scale sector
- Bring legislation to nullify the Supreme Court judgment on Right to Strike
- Restore 12% interest on EPF
- Ensure Employment of all urban and rural unemployed
- Enact legislation for unorganised sector workers ensuring social security; bring legislation for home-based workers
- Strict implemenataion of all the statutes for women workers
- Comprehensive legislation for agricultural workers
- Review of Electricity Act 2003 by repealing retrograde provisions
- 1. Observance of a Campaign Week from 9th to 14th August 2004 on the above issues through gate meetings in all workplaces, rallies, street-corner meetings etc.
- 2. Observance of "Anti-Imperialist Day" on 1st September 2004 through countrywide massive demonstration, rally, procession etc.

WORKING WOMEN

- Equal Remuneration
- Maternity Benefit to all working women
- Law against sexual harassment; strict implementation of the Supreme Court guidelines till then
- Comprehensive legislation for home-based workers
- Restoration on ban on night-work for women
- A massive National Convention on 17th November 2004 at New Delhi.
- Two-day workshop for the working women activists at New Delhi on 18-19 Nove4mber 2004.

the interests of imperialist globalisation to establish the hegemony of the imperialist powers over the economies of the developing countries through new forms of economic re-colonisation. Neoliberal imperialist globalisation is the most atrocious inhuman expression of the world capitalist order and it can be defeated through united struggle of toiling classes. It cannot be treated as the last word prescribing surrender to its so-called inevitability or irreversibility. In this context Pandhe pointed out the phenomenon of mounting organised opposition and resistance worldwide against the policies of neoliberal globalisation and also against imperialist aggression and machination and also referred to the report of the World Commission on Globalisation appointed by ILO which opens up saying, "current path of globalisation must change...there are deep seated imbalances in the current working of the world economy which are ethically unacceptable and politically unsustainable."

TASKS OUTLINED

The General Council adopted as immediate tasks independent campaigns on urgent issues of trade union movement, including those of the working women at the initial phase. (See page 310) The meeting also noted the interactions between the central trade unions for joint action programmes sometimes during the next session of Parliament (16th August onwards). CITU units should also be prepared for joining the same in a big way. We should also take initiative to involve the employees' federations in Bank, Insurance, Telecom, Aviation, Defence, State and Central government and other sectors in the above programmes. General Council also deliberated the programmes to be observed by CITU in the B T Ranadive Centenary year. Three Central Trade Union Schools are going to be organised in August and September in Delhi, Kolkata and Trivandrum. It was also decided to hold an All India Convention on Right to Work sometimes by the end of the year to launch a

movement on the issue of unemployment and right to work in association with other mass organisations. CITU centre has also started publishing a series of booklets on B T R's teachings on various issues. It was also decided that on the next birthday of B T R, on 19th December 2004 a massive seminar would be held in Mumbai. The General Council has also decided to establish a permanent trade union school and research centre in New Delhi with residential arrangement, named after Com P Ramamurthy, the founder General Secretary of CITU. For the purpose it was decided to collect a minimum of Re 1/- per member to meet the construction and other expenses, to be completed by December 2004. On 17th July 2004, a public meeting was held in a nearby hall-Kalidas Kalakendra. M K Pandhe, President, CITU, P Sanjgiri & K L Bajaj, President & General Secretary of Maharashtra State CITU and D L Karad, General Secretary, Nasik District CITU addressed.

CITU WELCOMES RAIL BUDGET

In a statement issued on July 6, the Centre of Indian Trade Unions (CITU) welcomed the pro-people tenor of the railway budget 2004 and specially the railway minister's proposal not to increase the railway fare and freight rates. It also welcomed several measures announced by the railway minister to provide better facilities to the passengers.

The CITU said, "The approach of improving the performance of the railways to meet the additional outlays and programmes in the railways is in conformity with the concept evolved in the Common Minimum Programme of the UPA."

However, the CITU also felt that the new programmes announced by the railway minister would not be fulfilled unless a drastic improvement in the performance of the railways is ensured by the government.

The CITU also underlined the need to pay more attention to passenger safety in the rail travel so that Indian Railways is able to play an important role in economic advance of the country.

NEW SITUATION AND FIGHT AGAINST GLOBALISATION

The period since the 11th Conference of CITU, had witnessed important developments in the political scenario in the country. The recently concluded parliamentary elections undoubtedly are the most important event of the period; simultaneously elections to State legislatures in AP, Karnataka and Orissa also took place. The election results reflected a decisive mandate against the NDA government and its policies. Further, this general election has elected highest number of 64 MPs from the Left parties to Lok Sabha.

The results also reflected the wrath of the mass of the populace against the grievous impact of the policies of neo-liberal globalisation vigorously pursued by the NDA Government. The essence of the poll outcome, particularly in Andhra Pradesh, Tamilnadu and Karnataka, was a profound rejection by the people of the Fund/Bank model of economic policies. It also manifested the growing opposition among the people to the communal forces.

The countrywide general strike of 24th February, in defence of right to strike, also played an important role in the election campaign.

POST ELECTION SCENE

Now, in the given post election scenario, we have to make an objective assessment of the situation and decide our future course of actions. The United Progressive Alliance (UPA), had drawn up a Common Minimum Programme drawn up, which has since been adopted by the new government. The basic direction of the economic policy regime remains unchanged, although there has been some apparently positive and pious statements like 'protection to agricultural workers', 'employment guarantee for rural households for 100 days in a year', 'comprehensive protective legislation for all agricultural workers and fullest implementation of the minimum wage laws for them', 'enhancement in public investment in

agriculture', 'rejection of the idea of automatic hire and fire' of labour, 'consideration of privatisation on a case to case basis' and 'retention of profit making CPSUs in public sector' etc.

Immediately after the election results were out, many of the Congress leaders were expressing their commitment to continue the so-called "reform process". All the constituents of the UPA are reforms savvy parties. We must also not lose sight of the ongoing move for privatisation of Delhi and Mumbai Airports, reneging the commitments made in the CMP. In such a situation, in the event of continuity of the liberalised policy regime, positive statements in the CMP are likely to remain mostly unimplemented.

In the prevailing situation, the working class movement has to decide its future course of action, keeping in mind the need to further isolate the communal forces led by the BJP, while at the same time mobilising the working class in defence of the rights and livelihood of the common people. The defeat of NDA government has generated high expectations among the mass of the working people. These expectations must be articulated loudly, through vigorous campaign and mobilisation, demanding pro-people re-orientation of the economic policies and expansion of democratic rights; otherwise demoralisation is likely to creep in, much to the advantage of the communal forces, waiting in the wings. The working class movement has to shoulder the task of mobilising people in that direction. It should strive to further isolate the communal forces and at the same time facilitate and strengthen interventions by the Left, to make the government at the centre work for the people. Side by side, we should carry on separate campaign against the communal forces and demanding concrete and corrective steps by the new Government for detoxification of the saffron virus that has infected the administration and various educational, social and cultural institutions.

TASKS BEFORE US

The defeat of the BJP led NDA is a major victory for the secular forces and for the secular principle enshrined in Indian Constitution. The CITU shares with all secular forces the satisfaction at the defeat of communal forces. However, the communal forces are down but not out. So, the fight against communalism remains as important as before.

We should take the lesson that while fight against communalism has its own specifics, the struggle on economic issues has very important role in fighting communalism. The major task of the trade unions is to eradicate communal ideas and feelings from the minds of the workers in all possible ways.

The present situation enjoins a stupendous task on the CITU. Given the class character and inclinations of the parties in the ruling combine headed by Congress to the continuity of the liberalised policy regime, it is unlikely that much of the expectations of the people, as reflected in the electoral mandate will get positive response. We have to watch how the new government goes about implementation of several of the pro-people commitments made in the National Common Minimum Programme (NCMP). The budget 2004-05 presented by the Finance Minister, P. Chidambaram, despite containing some positive measures, brought home this reality. In this background, the working class movement has to discharge the responsibility of articulating the expectations of the people through vigorous countrywide mobilisation, campaign and agitation demanding implementation of pro-people commitments, as well as reversing the direction of the thrust and direction of the economic policies.

In this backdrop, the CITU has to ensure that the trade union movement remains alert and vigilant against attempts by communal forces to usurp the space of opposition to the pursuit of disastrous liberalised economic policy regime.

In this context we have to effectively handle the vacillations of some of our allies in the trade union movement in the matter of taking a forthright

position on struggle programmes. Through the nationwide strike on February 24, the unity of the working class movement got a new dimension and reiterated the time-tested truth: "unity of the working class is meant for action and built through action only" and "such urge for action and unity at the grass root level can ensure and sustain tangible unity in the trade union movement" in the forthcoming struggle. It was a united working class action - but not an action of all in unity. While constantly striving for unifying our class as a whole, we can in no way compromise on struggles to uphold the credibility earned by the trade union movement all these years and play our destined role.

We have to continue our firm opposition to neoliberal economic policies, from wherever it comes, in a credible and visible way. In this direction, consolidating and reactivating the platforms of the anti-liberalisation struggle, the Sponsoring Committee of Indian Trade Unions and the National Platform of Mass Organisations (NPMO) is a priority task. Some of our allies are indifferent in this regard. We have to patiently resist such a trend and strive to centre-stage the Sponsoring Committee and NPMO as the nucleus of secular and united platform of struggle against policies of globalisation.

To this end, most important is to activate and ensure greater initiative and bigger mobilisation by the CITU unions and our fraternal trade unions and mass organisations with unified understanding of our task.

Despite many weaknesses, the working class movement in the country could successfully play its role in bringing about a change in governance at the Centre. The new situation does in no way undermine the need for vigorous pursuit of such anti-globalisation struggle; rather it only reiterates the urgency for intensification of united struggle. The present situation is pregnant with vast potential for the advancement of our struggle and building the capacity of the working class movement for effective political intervention. CITU committees and units at all levels must prepare themselves organisationally and ideologically and take swift initiatives in that direction.

(Excerpts from the General Secretary's report to the General Council)

INTEREST RATE ON EPF: WHY REPEATED DEFERMENT?

W R Varada Rajan

The meeting of the Central Board of Trustees (CBT) of the Employees Provident Fund (EPF) held on June 30, 2004 decided to defer its recommendation to the Government of India on the interest rate payable to the subscribers of EPF for the year 2004-05. This tripartite forum came to this unanimous conclusion, besides urging the government to continue the Special Deposits Scheme (SDS) for making fresh investment of EPF funds and also to clear the notifications in respect of the past two years viz. 2002-03 and 2003-04. The deferment was mainly in the context of the trade unions taking up with the government the issue of upward revision of the administered rate of interest (on small savings, GPF, PPF, SDS etc.), keeping in view the demand for restoration of the rate of 12 per cent prevailing up to June 2000.

The media was replete with stories terming the demand of the trade unions as 'untenable' and goading the government - particularly the finance minister - to ignore the plea for upward revision but rather effect a further downward revision of the EPF interest rate.

QUESTION MARK

The interest rates on the Employees Provident Fund (EPF), which had remained at a steady 12 per cent during the period from April 01, 1989 to June 30, 2000, have been

lowered in successive phases to 9.5 per cent. There is a big question mark over this now.

Clearly, for the EPF organisation, it is a challenging task to balance the interest rate it offers to its subscribers and the yield it earns on the investment of its corpus.

Who is responsible for creating this imbalance?

The Government of India had been considering the EPF and other social security funds as a potential source of securing additional funds for its fiscal management. Out of the total investments (of Rs 1,28,036.70 crore as on 31.3.2004) of the EPF, under its three schemes, 74.81 per cent (Rs 95,784.15 crore) is lying with the government. These are mandated investments covered by the government decision on administered rates of interest. Even now, the government guidelines to the EPF on its investment pattern are aimed at securing in government kitty bulk of the accretions to the EPF funds. And unlike other investments in the banking system or the capital market, the EPF investments do not offer any kind of ready liquidity, as the EPFO had been directed to 'Hold Till Maturity' all its investments.

The problem is that the government wants to continue to have the luxury of a captive source of funds in PF accretions and at the same time seeks to

deflate its interest burden.

ATTITUDE OF UPA GOVT

The NDA government was mulling options to implement the Reddy Committee recommendation to benchmark the interest rate on EPF to the secondary market rates on government securities. The benchmarking suggested by Reddy Committee can lead to the rate plummeting to below 7 per cent even for 2004-05. Thus, the option is wide open to UPA government to alter the interest rate in either direction. It is not known if the recent report submitted by the Committee headed by Rakesh Mohan, deputy governor, RBI, to the present finance minister, has revisited this recommendation. The CMP adopted by the UPA government had in this regard stated: "Interest rates will provide incentive both to investors and savers, particularly pensioners and senior citizens. The UPA government will never take decisions on the Employees' Provident Fund (EPF) without consultations and approval of the EPF board".

The trade unions had presented their case for revising upwards the administered rate of interest from the present 8 per cent to both the finance minister (during his pre-budget consultations) and the prime minister, when he interacted with the trade union representatives on June 23, 2004.

The finance ministry placed its view in writing before the CBT at its recent meeting that 'the current interest rate (9.5 per cent) is clearly unsustainable'. The representative of the ministry who attended the meeting even insisted that the interest rate for 2002-03 should be reduced to 9 per cent and for 2003-04 to 8 per cent, even though the CBT had recommended an interest rate of 9.5 per cent for both the years. The statutory notice on the interest rate had not been issued for these two years till now. While the EPF Organisation (EPFO) had implemented the 9.5 per cent interest rate for 2002-03 through an administrative circular, the interest rate for 2003-04 had not been given effect to by the EPFO. Despite being clarified that as per the scheme provisions the government has only to ensure that there was no overdrawal on the interest suspense account by the EPFO, which is the case even if the rate as recommended by the CBT were implemented for these two years, the finance ministry was unwilling to clear the notifications for past two years as well.

Hence, the attitude of the UPA government towards this crucial issue will have to be judged on what its maiden budget offers. With the finance minister deciding to stay with the reduction of interest rate on GPF, PPF and Special Deposits Scheme effected by the NDA regime (at 8 per cent) it has become imperative for the trade unions to assertively pursue

their demand in every possible way. That is why the CBT, even after three consecutive sittings, could not reach any decision but defer it to August 9, 2004.

STAND OF CENTRAL TUs

The repeated deferment is mainly due to the failure of the UPA government not coming forth with any proposal other than a further reduction of the rate to 8 per cent. While the INTUC leadership has openly expressed their favouring the reduction, the CITU, AITUC, HMS and UTUC-LS placed in writing their view before the CBT. The letter endorsed the joint statement of the Central trade Union Organisations that **'interest rate in SDS requires upwards revision keeping in view the united demand of the trade union movement since April, 2002 for restoration of the same to 12 per cent'**. The

representatives of the four unions in the CBT recorded their stand that 'any proposal on the interest rate on EPF for 2004-05, not in line with the above demand, is totally unacceptable'.

Interestingly, the BMS, which had went along with the successive NDA Ministers of Labour in reducing the interest rate from 12 per cent to 9.5 per cent in the previous years, is *now* for hiking it to 12 per cent!

It is unfortunate that the Prime Minister has not responded to the request of the Central Trade Unions for a meeting at his level to resolve this impasse. It is also a matter of serious concern that the Finance Minister found it possible to revisit the issue of

transaction tax after readily agreeing to meet the share brokers, who protested the budget proposal, but stays stubborn on the interest rate issue. It is not a question whether this UPA government will listen to the trade unions or not; it is a moot question as to what the UPA regime construes to be the meaning of the people's mandate in Elections 2004 - to continue to persist with the same disastrous policies of the NDA regime or to break from it? It is hoped that better sense will prevail and the government will come forward to meet the genuine aspirations of the workers, at least in the 9th August meeting of the CBT.

(Also see: Soft Interest Rate Regime:

'Soft' On Whom? - pages 318-319

A Real Rate Of Return For Social Security Funds - pages 324-325)

NEW AFFILIATIONS

The meeting of the CITU General Council also adopted the report of the Credentials Committee and granted affiliation to 21 new applicant unions with a total membership of 2351.

State wise break up: AP 24 (1), Assam 400 (1), Chhattisgarh 692 (2), Kerala 110 (1), Karnataka 104 (1), Maharashtra 120 (2), UP 255 (6), WB 646 (7). (Number of unions given in brackets)

WHY OPPOSE FDI HIKE IN INSURANCE?

N.M. Sundaram

The Union Finance Minister P. Chidambaram announced in his budget speech hike in foreign equity in three crucial sectors namely insurance, civil aviation and telecommunications.

It is not our contention that India does not require FDI at all. But it cannot be allowed indiscriminately and its entry must be strictly in the national interest and not at the whim and choice of foreign finance capital. The fact remains that 13 years of economic liberalisation did not attract FDI to the extent and in areas desired by the governments but in trickles at the choice and direction of the foreign investors. What was allowed free entry was speculative capital by the foreign institutional investors (FIIs) to indulge in market manipulations.

The national security aspect and other compulsions that kept civil aviation and telecommunications in the public sector need not be reiterated here excepting to feel shocked at the curious explanation that the Finance Minister gave in regard to telecommunications. He said that in this sector foreign equity already remained more than what was officially known and permitted and that he was only regularising it. If it were so, he ought to feel concerned about the illegality of its alleged presence over and above the permitted limit. But the Finance

Minister instead of seeking action against this gross violation of the law is seeking to compound the crime by regularising it. In the US, foreign equity in telecommunication is only 25 percent and in Europe between 30 to 35 per cent. The pressure for free entry into India in this field is because of the growth prospects, which is around 15 per cent as compared to around 3 per cent in those countries.

In civil aviation too, the growth potential in the US and countries of Europe is low and the airlines companies are in serious crisis. Another aspect is that open sky policy is not being followed in the domestic sector in the US and major countries of Europe and only domestic carriers enjoy monopoly there.

MISLEADING THE PUBLIC

The Finance Minister speaking in the forum of FICCI said that foreign equity was being increased from 26 per cent to 49 per cent only in the private insurance companies and that the LIC and GIC would remain in the public sector, as if this required clarification. He also wondered what was the material difference between 26 per cent and 49 per cent when the control would remain with the Indian promoter.

This is a typically clever attempt to confuse and mislead public opinion.

The private companies in India functioning in collaboration with

foreign companies simply cannot expand their business without injecting further capital. One option was for the Indian promoters to provide the required 74 per cent for capital expansion in order to attract additional capital from their foreign partners confined to 26 per cent of the total. This way though the percentage share of capital would remain 74:26 between Indian promoters and their foreign partners, the foreign equity would increase in quantum terms enabling the private companies to expand their business. This option is always open to them. But the Indian partners are unwilling or unable to foot the bill and therefore the risk of additional capital on their part. They just want to ride piggyback on their foreign partners and get the desired profits by getting increased the share of equity of the latter, without much burden on their part.

This exercise of increasing foreign equity would only enable these companies to gain control over the Indian people's savings without any tangible benefits for their or country's development. This would pave the way for control by foreign finance capital on the insurance industry and ultimately on the Indian economy.

SKIMMING CREAMY LAYERS

At the same time the public sector would be carrying the given task of providing insurance

cover and investment funds both in profitable and non-profitable areas of the economy. The private companies have been concentrating their operation only in the metropolitan and other big centres confining their attention on the richer sections and skimming creamy layers without giving anything to more needy areas of insurance cover and investment. They do not touch motor third party insurance and insurance of risky portfolios in the industries of their own promoters. Their presence is hardly felt in rural areas. Such situation would lead to weakening of public sector insurance and impair its capacity to serve national objectives. Both the IRDA and the Government have been turning the other side when these private companies dodge every one of their social mandates. There has been no worthwhile scrutiny of the ways of the private insurance companies do business, settle claims, build up reserves and invest their funds, by the regulator. At the same time the public sector LIC and GIC have been burdened with newer impositions besides having to bear the social cost of insurance and investment. The imposition of the service tax on which the private companies have little or no burden is a case in point. Also is the imposition of the solvency margin on the public sector when the values (historical as well as market) of equity as well as investments are much higher, the claims settlement experience is excellent and the best in the

world and all liabilities are fully secured.

It was claimed by the Malhotra Committee, which recommended opening up of insurance sector that new technology and products for which the Indian market was crying for would come with the induction of private and foreign players. What new technology and product has been introduced? What these private companies have done is rehash of the same products periodically introduced by LIC and public sector general insurance companies. Yes, one product they have introduced, that is a hybrid mutual fund that shifts the risk from the insurer to the insured forcing LIC also to follow suit!

It was loudly claimed that with opening up of insurance sector to private players, investment in infrastructure and social sector would increase tremendously. The Rakesh Mohan Committee waxed eloquence on the explosion of infrastructure investment through this process. What is the contribution of private insurance companies to infrastructure development let alone social development?

WHITHER NCMP COMMITMENT?

The National Common Minimum Programme enjoins as follows in relation to insurance: "LIC and GIC will continue to be in the public sector and will continue to play their social role. In addition, the social obligations imposed by regulatory bodies on private banks and private insurance companies will be monitored and enforced strictly."

Why is it the Finance Minister found no space or time to state in his budget speech how he proposed to "monitor and enforce" social obligations of private insurance companies (and private banks)?

The LIC and GIC too geared to fulfill the of massive investment of Rs.100, 000 crore in 2004-2005. "The entire investible resources of the life insurance behemoth will be deployed in different segments like G-Sec, infrastructure, equity, corporate bonds and social security plans." Confirming the plans, LIC MD R.N. Bhardwaj said, "We have been able to generate Rs. 1,00,000 crore of investible resources for the current fiscal."

(The Financial Express, July 13, 2004)

More will be possible in the future if only the Government refrains from impairing this proven potential in its wild goose chase. The private insurance companies and their foreign partners have been lobbying for hike in foreign equity for long and had been assured this by the NDA Government after they get reelected. The N.K Singh Committee (of NDA days) recommendations for enhancing the foreign equity was there to give 'legitimacy' to carry this out. But after the election results, they last no time in lobbying the new UPA Government.

Insurance employees, their trade unions and the general trade union movement cannot keep quite under the circumstances. They must mobilise themselves and mobilise the people in a much bigger way than they have done so far.

UPA GOVERNMENT'S MAIDEN BUDGET

Budget 2004-05:

"A MIXED BAG, REQUIRES REVISITING OF SEVERAL ISSUES

The CITU secretariat issued the following statement on July 8:

"The union budget 2004-05 of the UPA government, presented by the finance minister P Chidambaram, is practically a second interim budget for the remaining seven months of the fiscal year, which is a carry forward of the president's address to the joint session of parliament. It is a mixed bag comprising a modest beginning in the direction of implementing the Common Minimum Programme as also several ominous steps, which are of concern to the trade union movement and the working class.

The proposals for augmenting investment and welfare measures quite substantially for the agricultural and rural economy covering major section of populace are all welcome steps; but it falls short of addressing the real issues of the poorest of the rural populace. For this certain structural changes in the rural economy in the form of land reform and comprehensive legislation for the agricultural workers and rural poor are the essential requirements. The union budget is completely silent on that.

Proposed augmentation of allocations on education, financed by a cess of 2 per cent, health-care and water management will be beneficial, if properly implemented.

The CITU welcomes extension of additional equity support of Rs 14,194 crore and credit support of Rs 2,132 crore to PSUs, as also the constitution of the Board for Reconstruction of PSEs, ostensibly for considering, on a case to case basis, restructuring of PSEs.

However, the CITU expresses strong reservation over several of the budgetary steps, detrimental to the interests of the national economy and the working people, as under:

" Enhancement of the FDI cap to 74 per cent in telecom and to 49 per cent in civil aviation and insurance sectors, which will be detrimental to national interests and seriously hamper the

expansion and maintenance of the telecom, aviation and insurance network in backward areas of the country. The CITU also opposes the proposed divestment of 5 per cent shares of NTPC. Ample scope has been given to the FII's, thereby giving a fillip to their speculative role.

" De-reservation of 85 items from the list of Small Scale Units, which will contribute toward monopolisation of those sectors by big corporates and MNCs by proxy, wiping out the real small scale entrepreneurs, thereby imparting negative consequences in respect of employment generation and real investment growth and redistribution.

" The sharp reduction in customs duty on imported steel and simultaneous increase in excise duty on the domestic steel products will push the domestic steel industry in severe competitive disadvantage to the detriment of national interest.

The decision to raise, though marginally, the ceiling of income tax exemption to Rs 1 lakh is welcome. But it is deplorable that despite several appeals, the finance minister has not considered excluding from the tax net the perquisites and welfare benefits of the workers, although he himself argued the case in high court demanding such consideration prior to becoming the minister. The CITU strongly deplores the announcement to continue the interest rate of 8 per cent on PPF, GPF and Special Deposit Scheme, totally ignoring the demand of the trade unions for an upward revision thereof. This will result in further drastic reduction in the interest rate on the lifetime savings of the workers in provident fund - a situation the trade unions cannot accept lying down.

The CITU also takes exception to the move to bring under tax net the terminal benefits under the contributory pension scheme for the newly appointed central government employees. There is a danger of this concept being extended to those under EPF and Employees Pension

Scheme 1995.

The CITU urges the UPA government to seriously reconsider these negative aspects in the budget and review the proposals as demanded by the trade unions.

CENTRAL TUs ON BUDGET 2004-05

A joint meeting of the central trade union organisations - AITUC, AICCTU, CITU, HMS, INTUC, TUCC, UTUC and UTUC-LS was held on July 12, 2004 at New Delhi to discuss the union budget 2004-05 presented by the finance minister of the UPA government on July 8, 2004. Following is the statement issued by the CTUOs after the meeting:

WHILE we welcome the proposals in the budget for augmenting investment and welfare measures for the agricultural and rural economy covering major sections of our population, including commitment to implement at least 100 days employment guarantee scheme and employment through food for work, we however express serious concern over several of the ominous steps announced. We also take a serious view of certain shortcomings therein, which are against the interests of the common people and the national economy and in contravention of the basic spirit of the electoral mandate.

We, therefore, urge the UPA government to seriously reconsider its approach on the following issues of urgent importance and make appropriate changes in the budgetary proposals:

1. Re-examine the decision on maintaining 8 per cent interest rate on Special Deposit Scheme (SDS), GPF and PPF which was reduced from 12 per cent to 8 per cent by the NDA regime in successive years. Fixing the rate of interest at 8 per cent will push the rate of interest on Employees Provident Fund further down. Therefore interest rate on SDS requires upwards revision, keeping in view the united demand of the trade union movement since April, 2002 for restoration of the same to 12 per cent.

2. Make adequate budgetary allocations for extending social security for the workers in the unorganised and agricultural sectors, along with steps for early passage of requisite legislations for these sections on the lines suggested by the

The CITU also calls upon the working class movement to take these issues to the mass of the workers for unitedly pressing the government to revisit these aspects for appropriate changes".

CTUOs.

3. Scrap decision for enhancing FDI cap for telecom, civil aviation and insurance sectors which will result in foreign finance capital securing a total grip over these sectors of economy thereby jeopardising national security and economy.

4. Withdraw the taxation on perquisites/welfare benefits imposed during 2001-02 and the present proposal to subject the terminal benefits of social security scheme to taxation.

5. Expedite steps for revival of the sick public sector units which are potentially viable within the PSU framework and make adequate provisions therefor.

6. Clear all unpaid wages and statutory dues of the workers in all PSUs.

7. Scrap the decision on de-reservation of 8% items from the list earmarked for small-scale sector. Provide concessional credit to the small scale and tiny sector.

We have decided to seek an early meeting with the prime minister to press for the review of the budgetary proposals in respect of the above issues.

We also call upon all the trade unions irrespective of affiliations, to remain firm and remain prepared to move into action by unitedly rallying the working people throughout the country to realise these genuine and pressing demands. The signatories to the statement were: M K Pandhe (CITU), Gurudas Dasgupta (AITUC), Swapan Mukherjee (AICCTU), A D Nagpal (HMS), G Devarajan (TUCC), Abani Roy (UTUC), K Chakraborty (UTUC-LS)

* INTUC was represented by Chandidas Sinha at the meeting. Though he was in agreement with most of the demands, he said INTUC had differences over a couple of issues, which would require him to have consultation with his organisation. Other CTUOs requested the INTUC to favourably consider joining the united move by the CTUOs.

SOFT INTEREST REGIME: 'SOFT' FOR WHOM?

W.R. Varada Rajan

The reforms savvy academics and 'wise' men of the media have been advocating an end to administered interest rate regime suggesting to free the provident funds and other small saving schemes from the 'clutches' of the government and allowing market forces to have a free run in the matter of interest rates. Further there is a loud clamour for a soft interest rate regime advocated by the industrial houses and players in the financial markets. Yet another poser made is, if the salaried class seeks more return let it try its luck by opting to invest in the share market.

The government accepted this clamour for soft interest rate regime and had been resorting to interest rate reduction on all fronts. The administered rate of interest had been brought down from 13 per cent plus to 8 per cent over the recent years; the bank rate had been lowered from 11 per cent to 6 per cent over the reforms period (lowest since 1973). To facilitate free flow of bank credit, the liquidity position of the banks were sought to be improved by lowering the quantum of mandated investments by the banks viz. the statutory liquidity ratio (SLR) and cash reserve ratio (CRR); the SLR had been reduced to 25 per cent from a peak of 41 per cent in the late 80s and the CRR to 4.50 per cent from 15.00 per cent in 1990-91. Yet the Prime Lending

Rate, which was 12.00 - 12.50 in 1999-2000, had only come down to 10.25 - 11.00 per cent. (RBI Bulletin, June 2004)

WHO BENEFITS?

But, the questions remain: "Who is the beneficiary of the much lauded 'soft interest rate regime? Has this soft interest rate regime benefited the economy as a whole? Has it resulted in further investment? Has it increased employment opportunities?" The advocates of soft interest regime are yet to come out with any substantive answers to these questions.

On the other hand there are stark evidences to establish that the 'soft' interest regime had been beneficial to only a select few.

Emphasising the need to 'understand the politics underlying interest rates', A V Vedpuriswar, Dean, ICFAI Business School, Hyderabad, had candidly put: "Two powerful constituencies are the main beneficiaries of lower interest rates - large corporates and the government." The government had been unable to cope with the interest costs recording a 400 per cent increase between 1990-91 and 2000-01. This has weighed with the government to resort to reduction in the rate of interest, which has made government the real beneficiary. Despite efforts to help the banks to have more liquidity to accelerate their lending

operations, the banking system holds government securities to the extent of 41.5 per cent of its net demand and time liabilities (NDTL), as against the statutory minimum requirement of 25 per cent. In terms of volume, such holdings above the statutory liquidity ratio (SLR) amounted to Rs 2,69,777 crore which is much higher than the annual gross borrowings of the government. (Annual Policy Statement for 2004-05 by the Governor of the Reserve Bank of India - Para 22)

STARK REALITIES

In the same statement the RBI Governor notes "While there is intense competition among banks to lend to large top-rated borrowers, other borrowers with long standing relationship with banks and good credit record do not get the benefit of lower rates"(Para 78).

The other aspects manifest in the way our banking system is functioning, is also worrisome. Some of these have been noted in the Economic Surveys of 2002-03 and 2003-04 as under:

■ Trends in interest rates indicate that reduction in lending rates has not kept pace with the reduction in the deposit rates. (2002-03)

■ Between March 2002 and March 2004, deposit rates offered by major commercial banks on term deposits of more than one year maturity declined from a range of 7.50 - 8.50 per cent to a range of 5.00 - 5.50

per cent. In contrast the prime lending rates (PLR) of five major commercial banks witnessed a smaller decline from a range of 11.00 - 12.00 per cent to 10.25 - 11.00 per cent in the same period. (2003-04)

■ The interest spread (the difference between the interest charged to borrowers and interest paid to depositors) is still quite high in India. With the interest income higher than interest expenditure, interest spread increased by 6.8 per cent in 2001-02. (2002-03)

■ A notable development in 2002-03 was the increase in the net interest income or spread of scheduled commercial banks (SCBs) by 19.5 per cent. (2003-04)

■ While the interest earned during 2002-03 by all SCBs was Rs 1,40,718 crore, the interest expended was only Rs 93,607 crore for the same period. (2003-04) (A differential of Rs 47,111 crore!)

■ The lending rates of banks by and large remained steady as compared with the sharp fall in deposit rates. (2003-04)

■ While corporate houses with good track record are able to access bank loans at below PLR, majority of borrowers are denied the benefit of falling deposit rates and the resultant lower cost of funds to banks. (2003-04)

■ The banks have now been lending at sub-PLR to large corporate borrowers (the sub-PLR lending by commercial banks constitutes over one-third of their total lending); but

the lending rates, charged to small and medium-scale industries as also to agriculture, continues to remain high, much above the PLR. (2002-03)

■ For PSBs, advances to agriculture constituted 15.9 per cent, falling short of the sub-target of 18 per cent at the end of September 2003. At the end of March 2003, outstanding advances to agriculture by private sector banks constituted 10.8 per cent. (2003-04)

■ The declining share of the SSI sector in the outstanding priority sector advances of public and private sector banks since 1999-2000 is a cause for concern. The share of advances in the NBC (net bank credit) declined from 16.1 per cent at end-March 1999 to 11.1 per cent as at the end of March, 2003 in respect of the PSBs. (It was 12.5 per cent as at end-March 2002.) For the private sector banks the share declined from 18.8 per cent to 8.3 per cent for the same period. (2003-04) (It was 13.7 per cent as at end-March 2002.) (Needless to add that for the poor households in rural India, which are driven to suicide by the unbearable burden of usurious interest rate charged by the moneylenders, the availability of bank credit is more important than the interest rate charged.)

■ The credit-deposit ratio of the banking sector is still way below the desirable level. (2002-03)

■ Even today the interest chargeable by the government from the income tax assesseees is (after reduction) 12 per cent, while interest payable on

refunds is 6 per cent. (2003-04) Further, the players in the financial markets luring the middle-income groups with credit card offers, charge almost 24 per cent, plus the annual fees, penalties and other charges. While an individual banking public does not get a 6 per cent rate even on a five-year term deposit, he is required to cough up nearly 13 per cent interest for an educational loan for his ward!

A Reserve Bank study on the performance of private corporate business sector for the year 2002-03, which covered 1,267 non-financial non-government public limited companies, revealed that interest payments declined by 11.7 per cent from Rs 16,726 crore in 2001-02 to Rs 14,765 crore. Even in this, 76 companies with the paid up capital of less than Rs 1 crore had a higher incidence of interest burden by 1.3 per cent, while those with Rs 25 crore and above (190 companies) had benefited with the decline in interest burden by 13.1 per cent. (RBI Bulletin - October 2003)

It is, therefore clearly evident that the interest rate regime had been 'soft' only on the creamy layer of borrowers in the banking system, and getting much harder on small-scale industries, farmers and households.

In this backdrop, the trade unions cannot be faulted in rejecting the concept that social security funds also should be subservient to this 'soft interest regime'.

REAL RATE OF RETURN FOR SOCIAL SECURITY FUNDS

The debate on EPF interest rate is often drowned in arguments that it can not be different from market related rates; it is a suggestion to align it with that of interest rates in the banking system.

The banking system raises its finances through term deposits ranging from seven days to five years. The social security funds are not deposits of any fixed tenure; for the government they are non-terminable funds. There has been no outflow from the Special Deposit Scheme commenced in June 1975 or from the public account into which funds have been poured since 1971, when the Family Pension Scheme commenced.

The Employees Provident Fund is a social security scheme. The accumulations in the EPF are not comparable with any of the other deposits or investments, either in the banking system or even the saving schemes operated by the government. While the latter have a pre-determined periodicity and a definite date of maturity, the EPF accumulations are almost a life time deposit, spanning the entire work life of over 30 years, from the individual subscriber to the EPF. But, the government holds these accumulations for still longer period and in the case of Special Deposit Scheme, there has been no outflow, ever since the scheme was launched during 1975, nor is likely to be in future. While the depositors in banks and the government schemes for small savers have the option to move freely across the different avenues open to them, the EPF subscriber has no such freedom to decide on where to place his money. The EPF accumulations are a mandated savings and offer no scope for premature withdrawals or for use as a cover to obtain even a short-term loan. Hence, the interest payable on EPF bears no comparison with the other time liabilities of either the banking system or the government.

DIFFERENTIATION NEEDED

The Government of India introduced the Special Deposits Scheme (SDS) for non-government provident, superannuation and gratuity funds on June 30, 1975 with a 10 per cent rate of interest;

at that time the EPF subscribers were getting only 6.5 to 7 per cent as interest. The government notification on SDS specified that it was "intended to enable the subscribers to these funds to get the benefit of higher interest rates on their subscription to these funds." Thus, the Government of India move to reduce the rate of interest on SDS, as had been done successively since April 01, 2000, runs counter to this basic objective.

The government had been insisting that the interest rate on EPF should be 'aligned' with that of the GPF (of government servants), PPF, small savings etc. Historically, these rates had never been 'aligned' before. Up to the year 1989-90 the interest rates on EPF was below that on GPF. The Government of India cannot as a matter of parity bring down the rate of interest on SDS equal to the interest on GPF. While the government servants are entitled to pension payments, with dearness relief, on a Pay As You Go (PAYG) basis from out of the Consolidated Fund of India, the EPF subscribers are granted pension at far less a rate, under the EPS, 1995, which is funded by diverting 8.33 per cent of the employers' contribution to the EPF, without any dearness relief portion.

Therefore, it is essential that the administered rate of interest on social security and small savings investments should be treated as social security expenditure by the government. That is the only way the interests of those who forego current conspicuous consumption and place their moneys at the disposal of the government to be deployed for long-term economic development of the country, are protected.

Hence it is necessary that the social security funds should be accorded a differential treatment in the sphere of interest rate and not forced to mechanically toe the banking system.

REAL RATE OF RETURN

By seeking a higher rate of interest on EPF, the trade unions are not asking for any undue reward or favour; they only seek from the government an adequate real rate of return to the members

of the salaried class for the compulsory impounding of their hard-earned savings. At a time when the consumer price inflation is accelerating, and even the wholesale price based inflation rate has zoomed over 6 per cent, what should be that real rate of interest and can a rate of mere 8 per cent be considered real rate for what are almost non-terminable deposits, are questions that beg answers.

In answering these questions, the international experience also needs to be kept in view. In the OECD countries as well as some of the developing countries, the fixed income funds under the provident funds and social security schemes, earn a real rate of return of over 4 to 4.5 per cent. Why then parry the question of 'real' rate of return on our soil?

If the government does not want this EPF interest rate burden to punch holes in its fiscal management, a simple way will be to entrust the RBI to administer these funds, as it does in respect of the Special Deposit Scheme, and evolve a transparent mechanism to decide an inflation-indexed real rate of return to the salaried class and saving community, with the trade unions kept in picture in evolving as well as monitoring such mechanism.

The basis for determining such a real rate of return could be the annual GDP growth, hedged against inflation, as it can be safely assumed that the subscribers to the social security schemes can have a rightful claim to the same incremental value, as that of the economy, to their long term

savings deployed for its development. Restoration of the 12 per cent interest rate, demanded by the trade unions, cannot be faulted, if such a reasonable norm is adopted.

This is not an impracticable suggestion.

The Reserve Bank of India operates its own scheme for administering the Provident Fund of RBI employees. Though the provisions of the RBI Act, 1934 stipulate that investment of these funds also should be as per direction of the government, the RBI had been maintaining these funds without any specific investment portfolio. The provident fund of the RBI staff is in a proforma account with the RBI itself and the funds are invested in day-to-day operation of RBI. Yield is calculated on the return that the RBI lendings fetch and when the EPF rate of interest was sealed at 12 per cent, the RBI was paying its staff an interest of 13.25 per cent up to 1997-98, without any tax deduction even beyond the 12 per cent limit prescribed by the Income Tax regulations. (The only difference was that the RBI was crediting interest calculated on half yearly balances, while the EPF credits the same on monthly running balances.)

When such is the case with the provident funds administered by the RBI, why the same RBI, with which the SDS amounts are deposited, should not be required to take care of the social security funds and work out a mechanism of inflation-indexed real rate of return?

Will the UPA government - and particularly its finance minister - care to give this a consideration?

RESTRUCTURING OF PSES

Answering a question in Lok Sabha on July 22, 2004, Santosh Mohan Dev, Minister of Heavy Industries and Public Enterprises stated, "An exercise has been initiated to identify the possibilities of and to prepare a roadmap for the revival as also restructuring of some of the PSEs under the administrative control of this ministry in the light of the National Common Minimum Programme (NCMP). While profit making PSEs would generally not be privatized, loss making PSEs are to be considered for revival and those chronically sick for closure or sell off after settling all legitimate dues of the workers. Government propose to set up a Board for Reconstruction of Public Sector Enterprises which is envisaged to consider the proposal in respect of restructuring and revival of PSEs and advise the government before final approval.

Public Sector's Performance Once Again Nails The Lie

The non-stop vilification campaign launched by the votaries of the so-called "reforms" and the clouds of uncertainty hovering over its head notwithstanding, the public sector has again emerged as the star performer and proved the prophets of doom wrong.

Despite the constant bashing and allegations of inefficiency, mismanagement and unproductivity, the public sector has shown that it is alive to the nation's expectations and committed to play, even in the most adverse circumstances, the role assigned to it.

The public sector workers and managers have achieved the feat despite the general demoralisation arising from the fear that there is no certainty as to when a public enterprise will be put on the chopping block to benefit the domestic or international private capital. The former have scaled new highs despite obstacles being created in their way to prevent them from competing with their rivals. An instance of it is the case of the Bharat Heavy Electricals Limited (BHEL).

The latest Public Enterprises Survey 2002-2003, conducted by the Department of Public Enterprises (DPE), reveals that the central public sector enterprises have declared a dividend of Rs 13,735 crore in 2002-03 as against Rs 8,068 crore in the previous

fiscal (2001-02), an increase of 70.24 per cent. The dividend payout ratio has gone up to 42.73 per cent as against 31.06 per cent in the previous year.

The contribution to the central exchequer by way of excise and customs duties, corporate tax, interest on central government loans, dividend and other direct taxes has gone up by Rs 19,060 crore — from Rs 62,866 crore in 2001-02 to Rs 81,926 crore in 2002-03, an increase of 30.32 per cent.

The central enterprises' contribution to the central exchequer during the last three years - from 2000-01 to 2002-03 - comes to a staggering amount of Rs 2,05,829.40 crore. This far exceeded the cumulative central government investment of Rs 1,46,102 crore, by way of equity and loan, as on March 31, 2003. It clearly demonstrates how imprudent it is to disinvest the government's equity in public enterprises in order to bridge the fiscal deficit.

According to the survey, the net profit of public enterprises has increased to Rs 32,141 crore in the year - an increase of 23.72 per cent over Rs 25,978 in the previous year. Return on equity share capital (net profit to paid-up capital + share application) was 28.64 per cent for 2002-03, which means earning per share (EPS) was Rs 2.86 as against the EPS of Rs 2.45

in the previous year. Here, one share has been valued at Rs 10.

The public enterprises' net profit before tax (PBT) rose to Rs 49,571 crore, compared to Rs 38,233 crore in 2001-02, registering an increase of 29.65 per cent. Profit before tax to net worth for the year worked out to 19.69 per cent, the survey says. Profit before interest, depreciation and tax has risen to Rs 1,00,918 crore in the year as against Rs 89,550 crore in the previous year, registering a growth of 12.69 per cent. The enterprises as a whole earned a return on investment (profit before interest and tax to capital employed) of 17.45 per cent.

In fact, since the introduction of the liberalisation process, the public enterprises have geared themselves to effectively meet the new challenges. This is evident from the survey that says the net profit of these enterprises has registered an increase of 607.17 per cent since 1993-94. The net profit has risen from Rs 4,545 crore a decade back to Rs 32,141 crore now. The return on investment has gone up to 17.45 per cent in 2002-03 as against 16.20 per cent last year and 11.6 per cent in 1993-94.

With the UPA government, in power, having committed to the Common Minimum Programme (CMP) which accords due importance to the public sector, it

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is hoped that the latter's performance will further improve. As the director general of the SCOPE (Standing Conference of Public Enterprises), the apex body of public undertakings, Dr S M Dewan says, "The phase of policy uncertainty vis-à-vis the public

sector enterprises has now been resolved in the best interests of the country." He added that "the thrust now would be on increasing competition and monitoring monopoly situations that may restrict it."

"With managerial autonomy and

empowerment of boards, the public sector enterprises would be fully geared to face up to global competition and would emerge as strong global players," Dewan says.

(Report from Dinesh Chandra)

JAMMU & KASHMIR

Sewa Hydel Workers Fight Back Repression

Keeping in mind the importance of launching struggles of the masses against class exploitation, consolidating them and ensuring their politicisation, the Himachal Pradesh and Jammu & Kashmir state units of the CITU and other mass organisations recently took initiative to organise the workers of the 120 MW Sewa hydel project and the affected peasants in nearby areas on their immediate demands. For the purpose, they first made a concrete study of the issues involved and then worked out a plan for the next six months. The said hydel project is being constructed by the National Hydel Power Corporation (NHPC) on the Sewa river, a tributary of the Ravi in Jammu & Kashmir. The maximum discharge of this snow fed river is 369 cubic metres per second. The project is located in the interior of Kathua district, in a mountainous region. It is at a distance of 200 km from the district headquarters and it takes 12 hours to reach the last site of the project by bus.

The project is designed with a run

of the river dam, disilting chambers and a headrace tunnel of 10 km length with a small diameter of 3.5 metres. The powerhouse will be at Hut Mashka, adjacent to the 560 MW Chamera-I hydel project in Chamba district of Himachal Pradesh. However, the road distance between the powerhouse and dam site at Gatti village is 40 km and it takes two hours and a half to reach one site from the other.

The construction works were allotted to two construction companies — Gammon India Ltd and Patel Engineering Ltd — in September 2003. The dam, disilting chambers and headrace tunnel were allotted to Gammon India and the powerhouse to Patel Engineering. They, however, further sublet the work to numerous smaller contractors. The total workforce at the different sites is approximately one thousand.

This subletting style of construction is a new phenomenon, introduced in the last 5 or 6 years. It is highly exploitative in nature, as the main

contractor keeps a profit of 10 to 15 per cent of the contract bid, deploys very little staff (out of which, more is of managerial nature), and provides the big construction machines to subcontractors. After ensuring his share of profit, a subcontractor then sublets the work to some other contractor and he, in turn, sublets the work to yet another firm. Thus, at every turn, the firms ensure their respective shares of profit by progressively reducing the workers' wages and facilities. This is the reason that, despite their mutual contradictions, the company and the contractors are found united against the workers, taking the formation of a workers' union as their biggest enemy. They are even prepared to spend lakhs to do away with a union.

The peasants of the area are small, poor landholders. They cultivate traditional crops for self-consumption. The area has a mixed population — 70 per cent Hindus and 30 per cent Muslims — who have close relations, without any communal divide. The

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area people had welcomed the hydel project with the hope of finding livelihood, but their hopes stand belied. Not all the villages here are electrified or have telecommunication facilities. The project management communicates with different work sites on wireless sets.

A large section of the workers in the Sewa Projects have gone from the nearby Nathpa Jhakri Project of Himachal Pradesh. The NJJV Workers' Union (Himachal Pradesh) affiliated to CITU deputed com Om Prakash to work among the workers of Sewa Project in Jammu. While working among the workers, he also worked among the villagers in the adjoining areas to organise them in Kisan Sabha.

It was this place that witnessed state repression from June 11 to 19. On June 11, two leading comrades — Om Prakash and Munish — were severely beaten in police custody and sent to Kathua Jail in a concocted case under the Arms Act. When the workers learnt about the arrest of their leaders, they brought the entire work to a standstill.

After this solidarity strike, however, another 28 were taken in police custody on a false charge under section 307 IPC; 18 of them were workers belonging to the CITU and 10 were peasants associated with the Kisan Sabha. Another one dozen were illegally kept confined in Bani police station. The workers and other residents of Gatti village (site of the dam)

were forced to vacate their camps and residences when an army troop launched an undeclared combing operation on June 13 night in the name of flushing out terrorists. Shockingly, these operations were carried out only in night, so that the sins committed on women and the aged were blacked out.

Several women of Gatti village got their limbs broken and many were molested on June 14 night when they were sitting on a peaceful dharna, demanding the release of Om Prakash and Munish. Asha, a young Kisan Sabha activist studying in Class 12, received severe head injuries that required 12 stitches. Another activist woman, Shukantla's nose was broken in a combined attack by the police and the management's hoodlums.

The workers and peasants stood their ground under the red flag, despite the state repression that was too much for their nascent organisations. To help their struggle and to get halted the repression that has no legal sanction, the CPI(M)'s Lok Sabha members Sudhangshu Seal and Sunil Khan arrived in the area on June 18 night, along with CPI(M) state secretary Yousuf Tarigami, MLA.

On June 19, Sudhangshu Seal, Sunil Khan, Yousuf Tarigami, Rakesh Singha and Bakshi addressed the meetings of workers and peasants at Hut Maska and Gatti village. They warned the management that terrorising the

workers would not yield the desired results. It would be more appropriate for the management to concede the genuine demands of the workers and peasants, and recognise the workers' union, as a mark of their professional outlook. The speakers said the CITU affiliated unions do not harm an enterprise as it gives workers livelihood, but there can be no compromise on the workers' interests. Tarigami said it was astonishing that those who were defending the nation's integrity and unity, and were making sacrifices for it, were being branded as terrorists. It is dangerous that, under the garb of fighting terrorism, organs of the state are assisting the management in a labour-capital dispute. The area people told the leaders how they were terrorised and forced to leave their homes for fear of being beaten up.

The intervention by the CPI(M) MPs led to a meeting of the NHPC management, the DC and SP of Katuha, representatives of the workers' union and Kisan Sabha to resolve the issue. Babu Singh, a minister in the Mufti government, also played a positive role in resolving the dispute. It was decided that all those arrested would be unconditionally released by 8 a m on June 20, that criminal cases against them would be withdrawn, and that the NHPC would ensure that the contractors engaging workers implement the labour laws in letter and spirit. As per the decision, the leaders were

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released and workers on the project site welcomed them like war heroes. They also pledged to continue their fight for their genuine demands. It was only after their release that normal work could restart at the dam and powerhouse

sites.

In the meantime, minister Babu Singh convened a review meeting at Kathua on July 3. The workers' representatives, the J&K CITU's representatives, Yousuf Tarigami, the DC and SP of Kathua, the

SDM of Bani, the labour commissioner, representatives of the NHPC and those of the contractors attended the meeting that was to discuss the implementation of labour laws.

(Report by Tikender Singh Panwar)

Road Transport Workers To Launch Agitation

Meeting at Kolkata on July 3, the working committee of the All India Road Transport Workers Federation has decided to launch a united agitation, including a national strike, to get settled the issues facing four crore workers directly and indirectly involved in the road transport sector.

The federation's president and West Bengal labour minister, Mohd Amin, presided over the meeting. West Bengal surface transport minister Subash Chakraborty and the federation's working president Syamol Chakraborty also addressed the meeting. K K Divakaran, general secretary,

presented the report.

The working committee congratulated the road transport workers all over India for their active role in defeating the NDA government at the centre. The committee also appreciated motor transport workers of West Bengal, Kerala, Tripura, Tamilnadu and Andhra Pradesh for the landslide victories of secular forces in these states.

The meeting noted the lack of a national transport policy at present. It said the Motor Vehicle Act and other motor transport legislations needed to be so amended as to provide social security to

unorganised workers in the motor transport sector. Besides poor working conditions, there is police harassment. There are terrorist and anti-social attacks on transport workers. The federation's working committee noted that public sector transport needs to be protected by the provision of capital contribution by the central and state governments.

The federation will observe demands day some time in August to popularise the demands of light motor workers, including the auto and taxi drivers.

(Report from K.K.Divakaran)

National Convention Of Road Transport Workers

"The UPA government has been given support to prevent the communal BJP from returning to power. This does not mean that the working class movement has been compromised in any manner."

This was said by the president of the Bengal unit of the CITU,

Shyamal Chakraborti, while addressing the open session of the national convention of road transport workers that followed the working committee meeting of the All-India Road Transport Workers' Federation. Chakraborti said that if the UPA government went outside the purview of the

CMP and started taking anti-worker measures, a strong movement would be launched against it.

Labour minister of the Bengal Left Front government and senior CITU leader, Mohd Amin, said that in the new political situation, it was necessary to show the toilers

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masses the correct direction to stride forward by strengthening the all-India movement and organisation. The transport TU's must be run along democratic lines and the consciousness of the workers must be increased. Capitalism cannot solve the problems. The anti-worker recommendations of the ILO have been rejected in even capitalist countries.

State transport minister, Subhas .

Chakraborti was critical of the rise in the price of petroleum products. He saw no justification for the rise since the cost of refining crude oil did not justify the hike in any manner. The union government has imposed various taxes to the tune of Rs 18 per litre of petrol. The union government is in the business of making up deficit by increasing the price of petrol, he said. Lack of price stabilisation in the oil sector harms the economy

in the final analysis. Chakraborti also touched upon the various developmental schemes in the making in Bengal including small-sized truck terminals, which will create job opportunities.

Other speakers at the convention were K K Divakaran, Rajdeo Goala, Subhas Mukherjee, Sucha Singh, Bishu Saha, Manas Mukherjee, and Laxman Bhattacharya who presided over the open session of the convention

Convention Against Electricity Act 2003

In a joint convention of central trade unions and federations, held in Kolkata on July 5, a resolution was passed unanimously demanding changes to the Electricity Act 2003. The convention was conducted by a presidium comprising Kali Ghosh (CITU), Ranjit Guha (AITUC), Ashok Ghosh (UTUC), Atanu Chakravarty (AICCTU), Bibshankar Roy (central coordination committee), and K D Ghosh (mercantile federation).

Addressing the convention, president of the Bengal unit of the ITU, Shyamal Chakraborti said that in the struggle against the Electricity Act 2003, power workers as well as consumers must get to participate.

He said that the Act took away the power to control electricity rates away from the state governments. This has put to jeopardy the interests of the common people, including the

urban and rural poor, kisans, as well as the middle class. Also in peril are schools and colleges, hospitals, and small industries. Earlier, the cross subsidy in existence would lighten the load of the less well off. Now, under this Act, both the rich and the poor shall have to pay the same amount for the electricity.

Chakraborti noted that in the CESC area, those who consumed 60 units would have to shell out Rs 30, those consuming 100 units would have to pay Rs 151, and those who consumed 200 units shall pay Rs 352. There would be no social security in the power sector. The state electricity boards would be split up and privatised.

The CITU leader pointed out that the new central government could change and modify the Electricity Act. The Left would discuss with the prime minister as to how to make the Act pro-people. The state government's response to the

request to make the total package equipped with exemptions has been positive.

The resolution introduced by Himangsu Das of the AITUC contained the following points:

- The enhanced power tariff must be withdrawn immediately.

- Cross subsidy should be continued with

- The union government must take steps to make the Act pro-people

- Legislative steps must be initiated to protect the interests of small consumers and of the people in general.

- Widest sections of the people must be mobilised to build up a mass movement against the Electricity Act 2003

Other speakers at the convention included Basudeb Basu (AICCTU), Mihir Chandra (UTUC), Chunilal Dasgupta (12 July Committee).

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CITU KAMGAR BHAWAN INAUGURATED AT NASIK

The workers of Nasik district of CITU have contributed their mite to build a three story building as the district centre of CITU there. The building has been named after Com Narendra Malusare. On June 5, 2004 the CITU Kamgar Bhawan was inaugurated by M K Pandhe, President CITU. The grand

function started when M K Pandhe unveiled the marble plaque of Comrade Narendra Malusare Sankul. Ahilya Rangnekar unveiled the plaque of Lokshahir Annabhau Sathe open air theatre and Prabhakar Sanzgiri unveiled the plaque of D T Jaybhawe Sabhagriha & Marriage Hall. On this memorable occasion,

thousands of enthusiastic workers, peasants and tribals distributed sweets to one and all, burst crackers and raised loud slogans reverberating the entire premise. Leaders of the AITUC, SKP, SP, India Sec Press, NMKP, HAL and state government employees also attended the function and extended greetings.

ALL INDIA BANK STRIKE ON 24TH AUGUST, 2004

All the unions in the banking industry submitted a common charter of demands for revision of wages and service conditions for the bank employees and officers. Negotiations have been held with the Indian Banks Association (IBA) for the past 20 months. The IBA has been demonstrating a rigid and unreasonable attitude in the negotiations. Even though most of the issues raised the IBA have

also been discussed by the unions and agreed upon wherever necessary, IBA is creating a position where they would not agree for a fair and adequate wage revision. In respect of workmen, for example, even though the unions have given fair proposals on mobility of employees, the IBA is sticking to their own standpoints. Similarly, in respect of officers, even though all their issues have

been resolved by mutual discussion IBA is adopting a delaying tactics. In this background, the United Forum of Bank Unions (UFBU) met at Mumbai on July 13, 2004 and chalked out an action programme, which will culminate in an all India strike on 24th August 2004. The UFBU has also decided to observe July 19 as 'Bank Nationalisation Day' to preserve the public sector character of the nationalized banks.

FIXED TERM EMPLOYMENT WORKMAN NOTIFICATION TO BE RESCINDED

Dipankar Mukherjee, Secretary, CITU and MP, raised a question (No.435) in Rajya Sabha as follows: "Will the Minister of Labour and Employment be pleased to state: a) whether all Central Trade Unions had opposed the ratification dated the 10th December 2003 amending the Industrial Employment (Standing Orders) Central Rules, 1946 which inter-alia introduces a new classification of "Fixed Term Employment Workmen"; b) whether some MPs had urged the earlier government to rescind the notification which bypasses the Parliament; and c) whether government propose to withdraw the same, and if not, the reasons thereof?"

In a written answer the Labour Minister, Sis Ram Ola, informed Rajya Sabha on July 15, 2004 as "The Hon'ble Member of Parliament, who has raised this question, had urged the earlier government to rescind the notification. The matter has been reviewed and it has been decided to rescind the notification GSR No.936 (E) dt 10.12.2003.

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

State	Sr. No.	Centre	Month		State	Sr. No.	Centre	Month	
			Apr.' 04	May.' 04				Apr.' 04	May.' 04
Andhra Pradesh	1	Gudur	475	479	Maharastra	38	Mumbai	597	600
	2	Guntur	505	509		39	Nagpur	512	513
	3	Hyderabad	507	512		40	Nasik	542	544
	4	Visakhapatnam	494	499		41	Pune	566	569
	5	Warangal	517	528		42	Solapur	526	525
Assam	6	D.D.Tinsukia	418	425	Orissa	43	Barbil	442	447
	7	Guwahati	508	510		44	Rourkela	442	446
	8	Labac-Silchar	411	415	Punjab	45	Amritsar	446	443
	9	Mariani-Jorhat	435	435		46	Ludhiana	461	459
	10	Rangapara-Tezpur	421	426	Rajasthan	47	Ajmer	500	499
Bihar	11	Monghyr	467	462		48	Jaipur	457	456
Chhattisgar	12	Bhillai	447	451	Tamil Nadu	49	Chennai	534	544
Gujarat	13	Ahmedabad	496	500		50	Coimbatore	492	499
	14	Bhavnagar	509	508		51	Coonoor	493	504
	15	Rajkot	456	455		52	Madurai	483	497
	16	Surat	474	482		53	Salem	473	484
	17	Vadodra	472	486	54	Tiruchirapally	528	535	
Haryana	18	Faridabad	528	522	Uttar Pradesh	55	Agra	467	469
	19	Yamunanagar	479	476		56	Ghaziabad	507	511
J & K	20	Srinagar	588	589		57	Kanpur	474	479
Jharkhand	21	Jamshedpur	469	476		58	Saharanpur	464	464
	22	Jharia	402	404		59	Varanasi	516	519
	23	Kodarma	412	412	West Bengal	60	Asansol	488	488
	24	Noamundi	453	461		61	Darjeeling	417	424
	25	Ranchi-Hatia	454	459		62	Durgapur	574	574
Karnataka	26	Bangalore	492	498		63	Haldia	601	602
	27	Belgaum	554	557		64	Howrah	568	571
	28	Hubli-Dharwar	508	516		65	Jalpaiguri	428	431
	29	Mercara	484	489		66	Kolkata	558	560
Kerala	30	Alwaye	506	515		67	Raniganj	440	447
	31	Mundakayam	494	498	Chandigarh	68	Chandigarh	543	549
	32	Quilon	530	530	Delhi	69	Delhi	584	585
	33	Thiruvananthapuram	559	570	Pondicherry	70	Pondicherry	538	543
Madhya Pradesh	34	Balaghat	451	453					
	35	Bhopal	532	532					
	36	Indore	512	512					
	37	Jabalpur	495	488					
							ALL-INDIA	504	508

Additional Series of Labour Bureau

State	Centre	April 2004	May 2004
Andhra Pradesh	1 Kethgudem	490	501
Himachal Pradesh	2 Himachal Pradesh	481	481
Rajasthan	3 Bhilwara	493	501
Madhya Pradesh	4 Chhindwara	448	451
Tripura	5 Tripura	460	463
Goa	6 Goa	604	610

THE MYSTERY AROUND PETROLEUM PRICING

A DAKSHI

This is not the first time that international crude oil price has settled near 40 US dollars per barrel. But never before the price of Petrol, Diesel, Kerosene, Cooking Gas was so high as it is today. And to one who closely watches the price movement in international market has reasons to be baffled why the domestic prices of petroleum products always go up. We have occasionally seen drop in prices of petrol or diesel but during NDA regime petrol and diesel prices had doubled, kerosene price increased four times, LPG price also rose sharply. During the six year period crude price fluctuated between 25 to 35 dollars barrel and for a long time it hovered round 28-30 dollars per barrel. Nobody knows why the domestic price is rising so steeply because the pricing mechanism is not transparent. The people are being forced to pay as the government is in the hands of international and domestic oil cartels who are reaping huge profits in the process. In a poor country like India petroleum products particularly diesel and kerosene and now LPG should be affordable to common people. A price mechanism can be worked out with this in mind and with some elements of cross subsidization.

That was the practice going on till 1997. Then came P. Chidambaram as Finance Minister of the UF govt. at centre. Despite objection from the left parties he abolished the Administrative Price Mechanism (APM) under pressure from the international oil cartel who wanted to take over Indian oil industry. They wanted to make entry directly or through the Indian agents and by privatisation of IOC, ONGC, BPCL, HPCL, etc. with the help of Govt. of India. Their first step was to dismantle APM to get a free hand in dictating the prices and make huge profit. P. Chidambaram obliged them and after fall of UF govt. NDA govt. made the best use of it, though the privatisation process could not go on because of the united resistance by the workers.

Nevertheless, the International MNC's are already in India, either directly or through collaborations. Big Indian petrochemical industries also want APM to go so as to get the full benefit of international

price rise. So the crushing burden has been thrust upon the people of India.

Even if the crude price is 35 dollars a barrel, the price comes to barely Rs. 10 to Rs. 11 per litre, if the barrel size is taken to be of 150 litres. The cost of production in India by ONGC or Reliance is much below than the international price, may be half of that. If all other costs are compounded, like freight and refining charges, insurance, customs duty, wharfage and so on, can the price of petrol be Rs.37.00 upwards? People of India has a right to know how and why, the price of petrol, diesel, kerosene, LPG is so high.

A mystery surrounds the whole process. Cannot the heavy cushions already available absorb the shocks of international price rise? Frequent rise in prices cause a hell of a problem to transport operators, Railways, and to domestic budget. Is it impossible to ensure a stable price to avoid vagaries of market? Furthermore, all those taxes, levies, which are calculated as a percentage of crude/oil prices, become higher every time the international crude price goes up. This is a windfall benefit to everybody in the trade and the government except the hapless 80% poor and lower middle class Indians. Will the government come out with facts, figures and the principles on which the prices are decided?

No, they will not. This is the essence of "Reforms". The Government must ensure huge profits to big capitalists and multi-national oil cartels. Welfare of people is secondary; govt. is not concerned about them. "Buy if you can, buy not if you cannot", reforms and free market economy does not care for them who have fallen behind.

This is not the end of the story. Some day somebody blasts a pipe line in Saudi Arabia or speculators raise the crude price anticipating an economic recovery in America, Karia Munda, Raju Dome and Nathuni Pasi will have to spend their nights without a lamp, may be millions of housewives will have to invent ways to reduce LPG consumption, after all this is the era of Globalization. Who can deny you the 'benefits' of globalisation?

BALCO STARTS BOILING AGAIN

BALCO workers went for a 24-hour protest strike on 22nd July 2004. The strike was total - 100% successful. BALCO has become famous. One for the treachery of Arun Shourie and company the BJP Government who sold it damn cheap to the once blacklisted Sterlite company, secondly for the heroic 67 day-long strike by the workers to undo the sell-out which ultimately failed because of another treachery by the Ajit Jogi government and the INTUC leadership.

The workers, united under BALCO Bachao Sanyukt Abhiyan Samity, comprising CITU, AITUC, HMT and BMS units there, ran from pillar to post to highlight the huge corruption, the incapability of the Sterlite company, the bogus argument that Balco as a public sector unit was incapable of expansion and modernization and so on. They could not move the NDA government or the Supreme Court. Today everything is being proved right. The deep, dirty level of corruption of Arun Shourie is being exposed daily as in the cases of Centaur Hotel, Santacruz and now Centaur Hotel of Juhu. Sterlite's incompetency can easily be understood from the fact that they failed to run the Profiles and Extrusion unit, operation of cells has gone down and quality has fallen.

The workers and officers also suffered worst form of humiliation, attack, forced VR, loss of wages and earnings, withdrawal of medical, LTC and other facilities in the hands of Sterlite.

It is worth to mention that Shri Sunder Lal Patwa, the then Union Minister of State for Mines and Steel, assured the workers in writing that there would be

- a) No retrenchment/transfers
- b) No change in service conditions
- c) No closure of any establishment/unit of the company at their sweet will
- d) Offering of voluntary retirement from time to time on terms that are not in any manner, less favourable than the VR scheme offered by the company and
- e) The apex court was satisfied with the existing laws, which adequately protect workers' interests and no decision affecting a huge body of workers can be taken without prior consent of the State Government.

But in effect the workers have been reduced to slaves, even the contractor workers have been attacked and replaced by workers with less than half the wage and no benefits.

CITU union did not sign the agreement when the 67 days strike was withdrawn. Other unions have signed it. After 3 years, all the operating unions excepting INTUC again jointly went for the strike on 22nd July 2004 because the situation has become grave and unbearable.

Now Sterlite wants to buy the remaining 49% of shares from the Govt of India. The workers are scared that they have been reduced to slaves even when the Govt. of India representatives are on the board. If fully privatised then they will be simply thrown out.

Even the Vajpayee government knew about the goings on in the Balco after disinvestments and a committee (Chandramouli Committee) went for a study of the plight of the workers. The BJP government has deliberately suppressed Both the CAG report on valuation of BALCO before disinvestment and the Chandramouli Committee's report.

The arrogance of Sterlite Company has no limit. They violated the directives on service conditions of workers; they flout all labour laws, Factories act, environmental rules, and all canons of social justice. There is no other alternative but to strike back. So 22nd July token strike is the first step. The BALCO workers and the common people around Korba have decided resolutely to fight the atrocities of Sterlite company and stop the sale of 49% share held by the govt of India to M/s Sterlite & Co.

They also demand that a Parliamentary committee should investigate the whole matter of disinvestment of BALCO and the truth should be out about the huge corruption and the guilty should be punished immediately. The BALCO workers have given a clear call to the Govt of India through this strike.

"Stop selling 49% remaining share to Sterlite, rather re-nationalise Balco forthwith without delay."