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THE WORKING CLASS

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Haryana
Construction
Workers'
Conference

A
View
of
The
Rally



NDA ALLIES DEFEATED IN FIVE STATES

Though the Prime Minister claimed that the recent elections in the five states of Assam, Kerala, Pondicherry, Tamilnadu and West Bengal held on 10th May last was not a referendum on the performance of the NDA Government, it does reflect the opinion expressed by the people of these States that the popular wave is going against the present NDA Government,

The spectacular victory of the Left Front in West Bengal, contrary to the euphoria created by the media and opinion polls against the LF Government, has made a new record of consecutive popular vote in six assembly elections. The electoral opportunism of the Trinamool Congress leader Mamata Banerjee in shifting alliance from BJP to Congress received a fitting reply from the electorate of West Bengal. The Left Front got 48 per cent of the popular vote, despite anti-incumbency factor being talked about quite frequently by the election analysts. The BJP failed to get a single seat in the State. Mamata Banerjee's claim of rigging by the Left Front had no takers even among the media, which virulently campaigned during the elections against the Left Front.

The new Left Front Ministry headed by the Chief Minister, Buddhadev Bhattacharya, comprises many veteran leaders of the CITU, who are dedicated to the task of fulfilling the aspirations of the people.

The convincing victory of the AIADMK led secular forces in Tamilnadu and an all round defeat of the NDA partners in the State was a clearcut verdict against their misrule. Atal Behari Vajpaee's rallies both in West Bengal and Tamilnadu were poorly attended, which indicated his image got a dubbing after the Tehelka scam. The DMK led front could not get even one fourth of the seats both in the State and at the Centre which indicated the popular hatred against, DMK's support to the anti-national economic policies.

In Pondicherry too, DMK led front got defeated, while the Congress-TMC combine emerged as the largest group, which could form the Government with the support of the AIADMK.

In Assam BJP's electoral opportunism of joining hands with the AGP at the eleventh hour created division in the ranks of BJP as well as AGP. This helped the Congress, which got majority single handedly. The Left could not show good performance due to the role of AGP and terror tactics of Bodos and ULFA.

In Kerala, the ganging together by all communal and casteist forces in the State resulted in the defeat of the LDF. The BJP openly transferred its votes in favour of UDF to defeat the LDF. The serious economic crisis in Kerala due to import policies of the NDA Government created serious resource crunch in the State, which affected the treasury of the State. The opposition UDF utilised these difficulties by putting the blame on the LDF. In this State also BJP could not get elected in a single seat despite its best efforts. The LDF, despite defeat, received over 40 per cent votes, showing a minor erosion in its vote bank.

The elections have shown that every party which joined hands with BJP in the elections had to face electoral defeat. The NDA allies utilised the Central Government machinery to influence voters and most of the leading Central Ministers participated in the election campaign but could not succeed.

The elections have brought out of instability the inherent of the NDA alliance. Everyday, some party in NDA is threatening to withdraw support and Prime Minister had to do the job of keeping the NDA flock together and try to win new alliances by resorting to dubious means.

With elections in UP around the corner, the NDA allies are awaiting another electoral defeat in this major State. This had openly been admitted by the three BJP General Secretaries in charge of the organisation, at the introspection meetings held by the BJP leaders at Mussorie and Jhunjoli. Their game plan to prop up their sagging morale, on the crutches of roping in Ajit Singh, is opposed by Chautala of Haryana.

In fine the outcome of these elections point to the glaring fact that the days of the NDA Government are getting numbered in the political horizon.

THE WORKING CLASS

CITU MONTHLY

JUNE 2001

YOU SAID IT by Laxman



Let them remove poverty and usher in prosperity, but I hope they won't prevent us from begging!

Courtesy: The Times of India

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EDITORIAL

THE WORKING CLASS WILL TAKE IT !

Atal Behari Vajpayee has chosen to throw an affront to the working class of the country at the recently held tripartite Indian Labour Conference.

He, however, lamented over tens of millions of Indians having to go to bed with a hungry stomach, being without a roof over their head and deprived of basic amenities and the youth among them being tormented by the worry of unemployment. He had to admit that this is the result of the failure to build an economy that harnesses the full potential of our natural and human resources.

The PM also chose the occasion to 'underscore the necessity and urgency of speeding up reforms', stating that 'the world is not going to wait for us, if we choose to be slow and half-hearted in our reform march'. His assertion to go ahead with the proposed amendments to the labour laws was welcomed with glee by the employers' class. Our national Press, without exception, had been the ardent advocates of the economic reforms. But, this is what 'The Hindu' in its editorial on May 23, 2001, had, perhaps grudgingly pointed out: "Given the hard consequences that will accompany the proposed changes to the Industrial Disputes Act and the Contract Labour Act, the Government will have to take on board the important players in the sensitive issue of reforming labour laws. Time has come for a thorough debate involving all the important participants - the Government, the various political parties, the employers as well as the labour organisations - who have to move towards reaching a collective decision on the direction that the labour reforms have to take. ... The state will be ill-advised to abdicate its responsibility to provide a minimum level of protection to workers"

But, the PM is in a man in a hurry. He cannot wait. Because his masters in the World Bank, IMF and the WTO, are calling the shots. He will not even pause to ponder over what his own colleague in the Cabinet, the Labour Minister, had to admit in his presence that: "A rising trend towards casualisation and contractualisation of labour is another perceived threat. While the proportion of safe and secure jobs has declined, there has been an increase in less secure jobs in the informal sector. The problem is relatively more serious in the rural sector where there is a large number of unorganised workforce and there is uncertainty of regular employment. ... Our workforce face some of the most trying conditions in the world."

The PMO and Labour Minister have issued denials to the claim of the BMS that the PM had assured to keep in abeyance the labour law amendments and wait for the report of the 2nd labour Commission.

No less a person than the Prime Minister has thrown the challenge. Let us declare: **"The Working Class will take it!"** Let us prepare for the imminent struggle.

PM'S BID TO SELL GLOBALISATION FOILED

M K PANDHE

Thirty-Seventh session of the Indian Labour Conference was held in New Delhi on 18-19 May 2001. It witnessed the coming together of all the trade unions to oppose the Central Government policy of following the present path of globalisation, the programme of privatisation and attempts of the NDA Government to introduce anti-labour bills in the Parliament. The Conference concluded without any consensus on the draft conclusions concerning the policies of globalisation and its impact on the working class. The trade unions refused to accept the Government assertion to go ahead with the globalisation, even at the cost of the workers' well being and the country's security.

MEETING WITH THE PM

One week before the ILC the Prime Minister invited leadership of central trade unions to discuss the issues agitating the minds of the workers. All the trade unions opposed the economic policies of the Government of India and the unilateral attitude of the NDA Government to take major policy decisions without consulting the trade unions.

The central trade unions pointed out that the Prime Minister has been having regular dialogue with the employers' organisations but he had no time to meet the trade unions. They strongly objected to the announcement made by the Union Finance Minister in the Budget speech regarding amendments to the Industrial Disputes Act and the Contract Labour (Regulation & Abolition) Act, without any discussion with trade unions. These two bills taken together will reduce drastically regular jobs of workers and increase the number of low paid contract workers all over India.

The central trade unions also demanded adoption of a comprehensive legislation on agricultural workers, enlargement of social security measures including unemployment insurance, amendment to the payment of Bonus Act removing ceilings in the Act, restoration of 12 per cent rate of interest on PF and consultation with trade unions on all policy matters concerning national economy,

industry and labour. The Prime Minister gave an indication that would respond to these issues in his inaugural address to the ILC.

CONFRONTATIONIST APPROACH

However, the Prime Minister's inaugural address was marked by an approach of total confrontation with the trade union movement. Though he did not read out his speech, his oral presentation was worse than the written speech. Instead of acceding to the demand for a discussion on the proposed amendments to Labour Laws, he stated, "I urge all of you to view the proposed amendments to the labour laws in the broader perspective of how we can make our economy grow faster at a sustainable rate of 8 to 9 per cent. ... They seek to protect Indian industries and business by enabling them to become more competitive, more profitable, grow faster, and hence employ more people both directly and indirectly". He endorsed the views expressed by the employers' representative and claimed that employment has grown and poverty has been down in last 10 years. He pretended: "I do not know any worker has lost job because of globalisation".

He further asserted: "To term these labour reforms as anti-labour, as some people are doing, is misleading. They are pro-labour because they are pro-employment".

TUs REJECT THE CLAIM

The trade unions, however, were not prepared to accept these observations because the practical experience of 10 years of so called economic reforms have resulted in more unemployment and downsizing of manpower. VRS has become the key word for every undertaking both in public and private sectors. His claim that poverty had declined due to economic reforms had only takers from the employers side. All trade unions asserted that poverty has gone up due to globalisation and liberalisation.

Deviating from his printed speech, Vajpayee reiterated that privatisation would be carried

forward despite opposition by all the trade unions. He brushed aside all reasoning put forth by the trade unions.

WTO

The unions unanimously pointed out that India has not benefited by being in the WTO; our exports did not grow much; but India having been made a dumping ground, both our industry and agriculture are in serious crisis, bringing misery

to industrial and agricultural workers even to many owners. Some unions demanded that India should come out of WTO. Prime Minister defended India continuing in WTO and said that to woo foreign capital such hardships are to be tolerated.

The Prime Minister called upon the trade unions to reform themselves and accept economic reforms of the NDA Government. He categorically stated that the Government of India would

A MOCKERY OF TRIPARTISM

The CITU was represented in the Conference by M.K. Pandhe, General Secretary, T.K. Rengarajan, Vice-President and Chittabrata Majumdar, Secretary as delegates and S.K. Bakshi, Vice President, A. Dakshi, Secretary and Badal Saroj, General Secretary, M.P. State Committee of CITU as advisers.

The Conference had in its agenda the following important subjects for consideration:

1. Impact of globalisation on working class, industry and employment.
2. Social Security System for the workers.
3. Tripartite consultation with social partners.

The delegations were divided into 3 commissions to discuss these subjects.

After the general debate, the Conference divided into three groups to discuss the agenda items separately. From CITU Chittabrata Majumdar and Badal Saroj joined the group on Globalisation. T.K. Rengarajan and A. Dakshi were in the group on Social Security while M.K. Pandhe and S.K. Bakshi were in the group on Tripartite Consultation. A. Dakshi was a member of the drafting committee on Social Security.

The conclusions in the drafting committee were drawn hastily. The participants were not given copies of the draft conclusions and they could not give their detailed comments. It appeared as though by the officials had drawn up the conclusions in advance and only made some minor changes at the eleventh hour in the light of discussion.

When the draft conclusions were presented in the plenary session at the end of the session, there was utter confusion. A number of suggestions given by the trade unions in the meeting of the groups were not incorporated in the drafts. The workers and employers' representatives expressed sharp differences over the draft and practically no agreement could be arrived at on any of the issues. Delegates were asked by the Union Labour Minister to give their dissent notes or suggestions in writing, which would be considered later on. This non-serious approach of drawing conclusions was opposed by the trade unions. But the Chairman of the Conference was in a hurry to conclude the conference somehow or the other, just in a day and a half. As there was not sufficient time to draw definite conclusions, the Conference tamely ended as a debating forum.

There was no discussion on the Action Taken Report on the decisions of the last Conference, since practically no worthwhile action was taken by the Labour Ministry on any of the issues which had made mockery of tripartism in India.

On the plea of arriving at consensus, vague conclusions were drawn which do not carry any specific meaning. Naturally such conclusions do not get implemented and the situation remains unchanged. The ILC thus becomes a fruitless exercise without any perceptible change in the situation. Even though the trade unions pointed out these facts, the attitude of the Union Labour Ministry remains unchanged. The Union Labour Ministry thus has reduced the ILC to a mere ritual.

implement all international commitments under the WTO regime, and there will be no review whatsoever.

Prime Minister was visibly annoyed with the speech of General Secretary of BMS Hasmukhbhai Dave who, while speaking in the conference, pointed out that working class of India was a victim of economic policies of the Government. He noted large-scale closure of units and growing unemployment and termed the policies of the Government as anti-labour, anti-industry and anti-nation. He described the arbitrary reduction in the rate of PF interest by the Government as 'a loot of workers money'. In the end he demanded complete review of the policies of the Government to ensure growth of employment and elimination of poverty in the country. In his speech the Prime Minister ignored all these observations.

COUNTER ATTACK BY TUs

M.K. Pandhe while participating the General Debate criticised the Prime Minister's approach as anti-working class. He noted that 10 years have elapsed after the commencement of economic reforms; the Government of India had not made any objective review of the impact of globalisation on India. Multinational Corporations from Western advanced countries are capturing Indian market, gobbling up of our Industrial base.

The huge accumulation of outstanding Bank loans, termed as Non Performing Assets (NPA) of the banking sector, by the private companies are used by them to purchase the public undertakings put on sale at throwaway prices by the NDA Govt. The scandalous Balco and Modern Food deals had harmed the national interests. After withdrawal of quantitative restrictions from 1st April 2001 our agriculture was facing a serious crisis while foreign goods are flooding Indian market.

The decision of the NDA Government to privatize Defence industries is a threat to our national security. The Union labour Ministry is making tripartite machinery defunct by not convening the meetings of these committees for several years. Unity among the trade unions is growing, as reflected during the Maharashtra bandh on 25th April, when even the constituents of the NDA like BMS and Shiv Sena joined the strike against the policies of the Central Government. This unity will culminate in nationwide unity of all the trade

unions and big protest actions will soon emerge all over the country against the policies of globalisation.

UNPRECEDENTED UNITY

Representatives of BMS, INTUC, HMS, AITUC, UTUC, UTUC(LS) criticised the policies of privatisation and economic reforms and condemned the unilateral step of the NDA Government to amend the labour laws detrimental to the interest of the working class. The employers' representatives, however, welcomed the policies of the Government and demanded immediate amendments of the labour laws.

Reacting to the draft on the impact of globalisation, the CITU rejected the basic approach which upheld globalisation and sought to pass on some paltry relief to workers within the framework of globalisation. The CITU viewpoint was supported by the other trade unions who stated that the draft in the present form could not be amended, and that it should be totally withdrawn. The employers' however fully endorsed the draft since it was in essence strengthened their point of view.

The Union Labour Minister concluded the ILC without even making any concluding remarks. It marked the failure of the Government and the employers to force the unions to submission. The opposite has happened. The trade unions foiled their bid to force globalisation down their neck.

Trade Unions have to seriously ponder whether such ritualistic exercises serve the purpose of developing genuine tripartite machinery in India. The Union Labour Ministry has made most of the tripartite committees defunct, while those which meet do not transact any meaningful business to suit the interests of the working class.

REPLY BY STRUGGLE

The Prime Minister has openly advocated a confrontationist attitude in his speech in the ILC. The trade union movement in India must give a fitting reply to the challenge posed by the NDA Government's anti-national, anti-people policies. A countrywide united industrial action by all the trade unions can alone give a correct message to the those who seek to surrender the sovereignty of the country at the dictates of the World bank-IMF and the WTO. The working class of India will certainly respond magnificently, to a clarion call by the TUs in India.

CENTRAL TUs CALL FOR JOINT AGITATION

All the Central Trade Unions, Viz., AITUC, BMS, CITU, HMS, INTUC, UTUC, UTUC-LS and AICCTU, expressed concern and dismay over the attitude of the Central Govt. towards the issues pertaining to labour and common people. In a joint Statement issued on 20th May 2001, the Central Trade Unions denounced the Govt's economic policy of liberalisation and privatisation and decided to go in for joint countrywide agitation against those policies.

The Central Trade Unions met on 20th May 2001 at the office of AITUC and it was decided to carry on a countrywide joint campaign particularly on the following issues:

- * Against thoughtless privatisation of profit-making and potentially viable PSUs including defence sector industries.
- * Against the move of changing the labour laws in favour of the employers.
- * For immediate enactment of comprehensive legislation for agricultural workers.
- * Against removal of quantitative restriction on imports much to the detriment of industry, agriculture and national interest as a whole.
- * Against the policies leading to severe

aggravation of joblessness and unemployment. The Central trade unions again met on 24th May at the office of the BMS to decide on further course of actions. In this meeting, all the Central Trade Unions decided to hold joint conventions, rallies and other campaign programmes in all the State capitals and industrial centres on the above issues till 10th July 2001. It was also decided to hold massive joint demonstrations before the Parliament on the second day of the monsoon session in mid July.

The Trade Unions also decided to intensify the joint struggle throughout the country including countrywide strike action, details of which will be finalised at a later date.

The Central trade unions also welcomed the move by the BMS unions in defence sector for indefinite strike action in July against privatisation. The Central Trade Unions also appealed to all the Unions, federations and associations in defence sector to jointly finalise the indefinite strike programme against privatisation. The Central Trade Unions called for countrywide solidarity demonstration in support of the defence sector employees' struggle during the strike days.

Without Comments

3 LAKH COMPANIES NOT FILING RETRUNS

With nearly three lakh companies not filing their returns, the Union Law Minister, Arun Jaitley, today lambasted the corporate sector for their failure to meet even the statutory requirement. Inaugurating a workshop on 'directors liability', organised by the PHD Chamber of Commerce and Industry, Jaitley said that out of 5.72 lakh companies, more than half the number failed to file their returns even under the amnesty scheme while others just did not bother. "Should not the directors be hauled up for breach of law", he asked.

While justifying the enactment of the Companies (Amendment) Act, 2000, Jaitley said tightening of the law was necessary in the larger interest of society and in the light of harsh ground realities such as increased corporate frauds, siphoning of money, lockup of deposits, non-payment of dividend after declaration and other malpractices. He regretted that a situation had developed where directors continued to prosper though the companies had become sick.

(The Hindu, 22 May 2001)

ILO WORKSHOP ON HAZARDS OF SHIP-BREAKING

P.K. Ganguly

The International Labour Organisation in Cooperation with the Directorate General of Factory Advice Service and Labour Institutes (DGFASLI) organised a National Tripartite Workshop on Ship Breaking and Safe Work at Mumbai on May 14 and 15, 2001.

Senior executives of ILO, representatives from BASEL Action Network, Greenpeace, Ship Breakers Association, some NGO's working on environment and all major Central Trade Unions of India attended the workshop. P. K. Ganguly represented CITU in the workshop.

PREAMBLE

Ship Breaking has become a mega industry in various parts of the world, giving huge profits. The main purpose is to recover the valuable steel from it. Alang in Gujarat is the largest yard accounting for 70 per cent of the ship breaking in the world. It contributes to about 10 per cent of India's annual steel production, recovering about 2.5 million tonnes which is more than that produced in TISCO. But it is notorious for extreme hazards.

Ship laden with highly toxic and hazardous substances like Asbestos, Poly-Chlorinated Biphenyles (PCBs), Zinc, lead, lead compounds, explosives, inflammable oil products, etc are sent to Alang for breaking up. Basel convention on Control of

Transboundary Movements of Hazardous Wastes, held in 1989, under the auspices of the United Nations Environmental Programme (UNEP), has strictly banned such movement of hazardous wastes.

BASEL Convention was participated by all the 24 advanced capitalist countries and several developing countries including India. But the fact is that India has not ratified the convention, also USA who are colluding to break the ships in India because labour is cheap, life is cheap here. Over 400 million tonnes of hazardous wastes are generated per year out of which the USA alone generates about 300 million tonnes, and the amount is increasing every year. A number of highly toxic and hazardous substances are found in an inbuilt manner in the ships, which are sent to the ship breaking yards, mostly in India, Bangladesh, Pakistan, China, etc for breaking and recovery of steel and other materials, inspite of a ban by BASEL convention. The BASEL Convention unanimously prohibited the transboundary movements of the toxic and hazardous substances from the OECD countries to the non-OECD countries. It was further decided that the ships laden with the hazardous substances should be de-contaminated at the port of origin before they proceed to the non-OECD countries. It was

noted that technologies for de-contamination are available with the OECD countries. The Supreme Court of India in May, 1997 prohibited the import of hazardous wastes as defined by the Basel Convention. However, this decision is being violated with impunity, by the politician, ship-breakers nexus operating in Gujarat.

CONDITION IN ALANG

At Alang in a 10.5 km stretch, there are about 40,000 workers, all casual and contractual, working day in and day out under inhuman conditions, tearing apart the large ships practically manually. This fact was substantiated in the papers submitted by Green Peace, CEC and even by Gujarat Maritime Board (GMB) and DGFASLI. The other horrendous facts brought out by the CITU was that the reported fatal accidents were at least 40 annually, which was acknowledged by GMB also. Others pointed out that the reported and unreported fatal and maiming accidents numbered about 400 annually. According to ILO even, the fatal accidents at Alang were 3-4 times higher than the national average in India. Most accidents occur due to gas explosion, cylinder bursts, due to falling parts of molten and burning metals during torch cutting process, during dismantling of the engine,

cutting the topmost part of the ship, etc. It is a horrible sight.

Toxic Asbestos dusts are omnipresent everywhere. They even go inside the workers' make-shift accommodation places through their garments. They caused Asbestosis, cancer of the lung, pleura and the peritoneum. There is constant inhalation of fumes containing Arsenic, Lead, Tributyl Tin Oxide and Chloride, Mercury, Zinc Chromate, Strontium Chromate, PCBs, Polyvalent Hydrocarbons, Carbon Monoxide and so on. These toxic substances caused irreparable damages to the human immuno system, reproductive system, hormones, etc. Cases of cancer and TB were frequent as also HIV and leprosy. The Red Cross report testifies all these facts.

HOT DEBATE

In the debate the Ship Breakers' Association was, surprisingly supported by the Director of the Ministry of Environment. On the other side were the trade unions supported by the NGOs like Green Peace, CEC, Basel Action Network (BAN) etc. The two ILO representatives from Geneva supported the factual reports submitted by the CITU on the hazardous substances, the environmental damage and the fatal accidents. DGFASLI, had ultimately to admit that their report was an underestimation of the facts, and that the measures taken for safety were absolutely inadequate. The Union Ministry of Labour, as well as the Maharashtra State

Labour Department and the Gujarat Maritime Board also accepted the fact that the huge workforce was totally contractual, and there was no minimum wage, no social security measures, no job security, no health scheme, no medical facilities, no accident compensation, no housing facilities, no provision for safe drinking water, etc. The question of maternity benefit, etc was unknown. Even workers were threatened if they tried to form unions and outside union leaders were not allowed to enter the yard. In short, there was a jungle rule prevailing in these spheres for the forty thousand workers, mostly coming from Bihar, UP and Orissa.

However, despite stiff opposition from the Ship Breakers Association with ultimately tepid support given to them by the Union Ministry of Environment, all the details starting from the BASEL Convention decisions to environment, pollution, ecology, occupational health, safety, working and service conditions of the workers and the right to form unions were discussed. The Ship Breakers Association agreed to allow outside trade union leaders to enter the yard and also allow the workers to form unions. But in reality nothing has progressed so far. The workshop was tending to be over after discussions only without drawing any conclusion. Another heated debate ensued. The Ship Breakers Association expressed the apprehension that the trade unions wanted to

windup the Ship Breaking industry itself. This was however countered by all including ILO and DGFASLI. The CITU assured that while the industry has to continue, the main thing that was needed was that the decision of the Basel Convention that the ships for breaking should be decontaminated by the OECD countries themselves at the port of origin before sending them to the non-OECD countries, should be implemented. The rest of the matters like occupational health, pollution, environment, safety, union formation and working and service conditions of workers should be taken care by the employers. It was suggested that the ILO in all the international meets organised by it and participated by it should hammer this point to put pressure on America and other OECD countries. The UNEP and International Maritime Organisation (IMO) have also to carry forward this task.

It was also decided that the ILO and DGFASLI should organise a joint delegation of the participants to visit Alang for further study of the things. In future, the National Institute of Occupational Health, the National Safety Council, the V.V. Giri National Labour Institute etc. should also be involved. But the question remains who is to bell the cat? CITU has decided to take the initiative to end this ruthless exploitation of helpless workers and this blatant violation of environmental disciplines.

REPRESENTATION OF CTUOs: ILLOGICAL NORMS

The CITU had been protesting against the Ministry of Labour flouting all norms to grant favours to the Bharatiya Mazdoor Sangh (BMS) by way of undue representations in the tripartite committees, constituted by the Ministry.

The CITU had cited the large number of seats offered to the BMS in the Central Board of Trustees of the EPF and the ESI Corporation. Again in the matter of deciding the number of seats to be allocated to the different Central Trade Union Organisations (CTUOs) in the industrial tripartite committees, the Labour Ministry had continued its partisanship. The CITU had written to the Ministry in respect of the tripartite committees for the jute and road transport industries.

The Ministry of Labour, had after a long spell of silence, chosen to respond to the CITU communications.

Strangely, there are two different responses: one from the Secretary (Labour) reads as under:

"The proposal for reconstitution of the CBT, EPT and ESIC has been examined. Based on the past practice, 4 Seats were allotted on the CBT to INTUC, 2 to BMS and one each CITU, AITUC, HMS and UTUC(LS). Subsequently, on the basis being the largest trade union in the country, BMS claimed for allotment of 4 seats on the CBT as per the past practice of the Government. The matter was examined and it was decided to give 3 seats each to BMS and INTUC. As regards CITU, AITUC, HMS and UTUC(LS), a uniform policy has been followed and based upon the past practice, one seat each has been allotted to these organisations. Following the same practice, the ESIC too was reconstituted."

The second response is from the Director (IR) of the Ministry, who had replied thus:

".. the distribution of seats among CTUOs for all industrial committees was worked out on the basis of their total verified membership at the India level" Obviously, the Ministry had chosen to follow two different norms-one, past practice in the case of CBT, EPF and ESIC (which also is selective and discriminatory, as explained hereunder), and another, latest verification report in the case of Industrial Tripartite Committee.

The CITU, in a detailed reply to the Labour secretary, Vinod Vaish, had pointed out:

"Firstly, the question of representation in the case of CBT, EPF and ESIC also has not been decided based on the past practice as averred by you. In the past, the INTUC had been allotted 4 seats on the CBT, EPT. This had been reexamined by the Ministry at the behest of the BMS, which made a claim for allotment of 4 seats, on the basis of the latest verification report regarding the strength of the trade unions, as stated in your letter itself. "But, the BMS was allotted 3 seats on par with the INTUC in the CBT, EPT. Which the allocation of 3 seats to the BMS is on the basis of the latest verification report, the parity granted to INTUC is neither on the basis of latest verification report nor as per past practice. Here again your Ministry has followed one norm for the BMS and the INTUC and another for the CITU and others.

"If the BMS claim could be conceded on the basis of latest verification report, why our claim for two seats, based on the same latest verification report, cannot be considered? What is the logic in following the past practice as regards CITU,

PENSION CASE HEARING COMPLETED

After several adjournments for various reasons, the case against the Govt. Pension Scheme (EPS-95) finally came up for hearing on 17th April, 2001. The arguments were not completed on that day; so the hearing was continued on 24th and 25th April and 2nd May 2001.

Lengthy arguments were made and the Actuarial reports also came under close scrutiny.

The judgement has been reserved. Meanwhile, the Supreme Court has adjourned for summer vacation.

We can expect the judgement after the Court resumes.

AITUC, HMS and UTUC (LS) and restricting our representation to just one seat?", the CITU asked. The CITU letter also disputed the claim of the Ministry that "Following the same practice, the ESIC too was reconstituted", as being not true. BMS had been given 3 seats on par with the INTUC in the CBT, EPF but in the case of ESIC, the BMS has been given 4 seats and the INTUC 2 seats. This again has no bearing to either the latest verification report or the past practice.

The CITU also pointed out that even in respect of Industrial Tripartite Committees, 'the total verified membership at the all India level' had not been uniformly reckoned as the basis for distribution of seats, as averred in the letter of the Director (IR). For instance, in respect of the Tripartite Industrial Committee on Road Transport Industry,

the Ministry, had allotted only one seat to the CITU, as against 3 seats to the BMS and 2 to the INTUC. The CITU reiterated that for all general purposes, from representation in ILO delegation, ILC, SLC to the CBT, EPF and ESIC the total verified membership at the all India level must be reckoned for purposes of deciding the allocation of seats to the CTUOs. In respect of industrial tripartite committees, the verified strength in the industries concerned should be reckoned as the basis.

Without prejudice to the above stand, the CITU had urged the Ministry to re-examine the question of allocation of seats in the CBT, EPF and the ESIC, as there cannot be a dual stand adopted by your Ministry.

Will the Labour Ministry under Satya Narain Jatia see reason and respond positively ?

37th Indian Labour Conference

WHY AND WHERE DID WE DIFFER

1. The first resolution was on GLOBALISATION

The essence of the draft in clear form the few lines below:-

"But there was a consensus that the possible adverse effect of globalization had to be tackled with seriousness..." and "There was a consensus of opinion that India... should continue to be a member of W.T.O" The resolution also emphasized that Disinvestment must be there and workers will be "counselled" to accept separation or retrenchment. Again the workers have been advised to accept fall in the quality of employment, casualisation and loss of jobs "at least in the short run". The employers were, of course, assured that there would be no inspection to cause their discomfiture, they can go on exploiting the workers at their will.

The unions contemptuously rejected this draft, lock, stock and barrel.

2. The main theme of the resolution on SOCIAL SECURITY was to withdraw all enforcing measures on the employers to implement PF, ESI, gratuity and other social security benefits bit to "beg" to them to comply with the legal provisions. Even though there is threat of jail or punishment, there is default of Rs.1300 crores on PF and about Rs. 600 crores on ESI. We disagree that by begging to them things will not change for the better. The resolution wanted to privatise ESI hospitals which was totally rejected by TUs. The resolution is totally silent on non-payment of Gratuity to lakhs of workers in both running and closed industries. We could not agree to this resolution also.

3. The 3rd Resolution on TRIPARTITE DISCUSSION was also only expression of good wishes and having nothing concrete or substantive. Out of 36 Tripartite Committees 29 did never meet. Others meet only irregularly. The decisions are never implemented. In case of EPF organization the interest rates on PF money declared by CBT are shot down by Finance Minister as has been reduced this year also to 9.5%. The ILC or Standing Labour Committee meetings also have become just ritual. In such case the resolution without any firm commitment from the govt was not acceptable to the Trade Unions, particularly CITU.

PSU SETTLEMENTS: DISTURBING FEATURES

Swadesh Dev Roye

The Long Term Wage Settlements (LTS) under the on going sixth round of wage negotiations for the central public sector workers have been concluded in number of major PSUs. An in-depth analytical study of these agreements and the proceedings of the negotiations would provide revealing inputs for trade union movement.

JUSTICE MOHAN COMMITTEE

Almost on all the previous occasions, the wage revision in PSUs used to take place first for the workers followed by the Executives below the Board level and then for the Board level Executives. However, this time it has been totally in the reverse gear. It has been in the order of Board level Executives, below the Board level Executives and then the workers.

To recommend the pay and allowances for the Board and below Board level Executives, the Government appointed a Committee under the Chairmanship of S. Mohan, a retired Supreme Court Judge. The Government broadly accepted the recommendations, and circular for implementation was issued. However, the managements of PSUs in different sectors made further improvements and implemented the revised pay and allowances of both the categories of Executives.

A hefty rise in the revised compensation package (revised pay, allowances and benefits) has been achieved by the Executives at all levels. On account of pay alone, the revision benefits of the Executives below Board level has, on an average been, more than 80% and in some cases even 91% of the pre-revised pay, the allowances and other facilities apart. Prior to the wage revision, the percentage neutralisation for payment of Dearness Allowance was on graded basis. It was 60% and 50% neutralisation for the senior and top-level Executives respectively. But in the revised wage, DA has been made 100% for even the Chief Executives of the PSUs with compensation from 1.1.92 while fixing their new basic pay. With huge jump in Basic Pay of the Executives (the pre-revised basic pay of Rs.3700

at the initial grade of Executive has been revised to Rs.10750) and also very high rise in the annual increment (the pre-revised rise from Rs.175 to Rs.400 has been revised to Rs.430 to 1142) and D.A payment being on percentage of basic pay, the pay of the Executives shall continue to increase at a compound rate.

Moreover to remove bunching of basic pay between/amongst the juniors and seniors, one increment in the revised scale has been granted for every three increments drawn in the pre-revised scale. The Executives have been granted special pay up to a maximum of Rs.1208 per month in the revised scale of pay. Another eye-catching benefit for the PSU Executives is House Rent Allowance (HRA). The amount of HRA for a top level Executives ranges upto Rs.10000 per month.

GUIDE LINES FOR WORKERS

Compared to the PSU Executives, the wage revision benefit for the workmen in the PSUs has been much less, only a fringe of what has been granted to the officers. Cases of very low revision/fitment benefit, on account of pay alone, granted to the workers of some of the major PSUs can be noticed. Hindustan Aeronautics Ltd: 20%; Bharat Electronic Ltd.: 25%; Port and Dock: 27.5 %; Bharat Heavy Electrical Ltd: 36.5% (all percentages on the pre-revised basic pay). The same is the trend in other PSUs as well.

In the matter of minimum revised basic pay, while the Executives had been given an increase of 2.9 times of the pre-revised basic pay - or even more in some cases -, the workmen have been given less than 2 times. The workers have been discriminated in the case of annual increments also. The workers have been deprived of benefits like additional increment for removing bunching, special Pay on account of difference between the sum of increment drawn in the pre-revised scales and the amount admissible in the revised scales of pay. It needs to be emphasised that the TUs had not asked for the same amount of benefit in absolute term for the workers. They pleaded for

the same principle/parameter in the matter of fitment/revision benefit, increase in rate of annual increment, bunching removal and special pay.

One special feature of the 6th round of wage negotiations is that this is for the first time the Department of Public Enterprises has said, "The management of PSEs would be free to negotiate the wage structure for the employees not covered by the Justice Mohan Committee, keeping in view and consistent with the generation of resources/profits by the concerned enterprises." This "free hand" provided a leverage for the trade unions to be utilised for effectively bargaining in the negotiating forum of their respective PSUs.

THE WILD DISPARITY

In the previous rounds of wage negotiations, certain basic benefits, particularly pertaining to pay, used to be more or less common for all the PSU workers. Further, the parameters for wage revision/fitment benefit for both Executives and Workers did not have wild disparity as in the current round.

This time, out of the wage agreements so far concluded, the workers in the Oil sector have achieved the best benefits. Amongst the non-oil sector, Power Grid Corporation (Powergrid) is the highest followed by National Thermal Power Corporation (NTPC). The Power Sector workers demanded parity with the oil sector workers and other sector workers demanded parity with power sector. However, the power sector management took a stand that oil sector and power sector cannot be compared. Similarly the management of non-oil and non-power sector PSUs took the position that there can be no comparison with the oil/power sector.

The wild disparity between the Executives and Workers and again amongst the workers of different public sector industries is disturbing. Deeper analysis of this feature from the point of view of trade union movement is an imperative necessity. Without going deep into the matter, some argue that disparity amongst the workers in different PSUs depending on the financial health of the companies is unavoidable.

The advocates of such argument miserably fail to note that this argument has been completely ignored in the case of the executives. Except the

sick PSUs, the entire public sector executives have been granted by and large the same benefits in payscales, annual increment and fitment, without bothering about the performance parameters or for that matter the financial health of the PSUs concerned. Thus, when the CITU unions in NTPC asked for parity in fitment benefit with the ONGC workers, the management refused on a plea that ONGC and NTPC cannot be compared. But, when the CITU representatives argued that why the NTPC workers should not get like the ONGC workers, when the executives of NTPC have been granted wage revision exactly like ONGC executives, the management had no answer. The shocking point is that except the CITU other trade unions sided with the management. This weakness on the side of the trade union movement has resulted in wild disparity in wages.

RELATIVITY WIDENED

This disparity has reflected in widening relativity between the lowest paid worker and the highest paid executive. In the year 1970 it was 1:19. (At that time there was no centralised collective bargaining system in PSUs. Effective centralised collective bargaining in public sector in our country has started since the early 1970s). The serious distortion in relativity was brought to an appreciable level and at the expiry of the 5th round wage agreements it was 1:4.9 as on 31.12.1996. At the commencement of 6th round wage agreements the ratio has taken a reverse turn to reach 1:7. The Mohan Committee attributed the so called reducing gap in relativity to asymmetrical formula for payment of dearness allowance and the power of collective bargaining in the public sector. Now with the introduction of 100% neutralisation upto the level of Chief Executives, the gap has already widened and in the coming days it is poised to further widen.

It is this situation, the CITU unions were compelled to abstain from signing the wage settlements in PSUs like Coal India, BHEL, and NTPC. An exceptional example in Powergrid, where the dominating strength and bold stand of the CITU resulted in wage settlement, which is the best in non-oil sector PSUs. The reckonable strength of CITU in the negotiations is rather a pre-condition to realise the best result in the wage negotiations.

BUILD UNITED TU STRUGGLES

Surendra Mohan

The Right to Employment is provided in the chapter on Directive Principles of State Policy. However, successive Plans and annual Budgets have failed in generating significant employment in spite of a plethora of schemes. The freeze on recruitment in public employment, the provision of voluntary retirement schemes, retrenchments and lockouts in factories in the small scale sector and even medium sector and the hard blow sustained by the dairy industry and edible oils industry because of heavy imports after the withdrawals of quantitative restrictions on imports have, on the other hand, raised unemployment. Now that the new policy aims at depriving the weeks of job security by amending drastically several labour laws, unemployment would reach higher levels. So will the enhanced duties on the garments industry. The objective of these moves is to make it easy for industry to hire-and-fire workers and to enable it to exploit growing unemployment conditions to the maximum. Cheap and unprotected labour will attract investment from abroad much more. It will strengthen the government's invitation to the multinational companies, which are also offered full repatriations of their profits and purchase of shares up to 49 per cent in any industry. Disinvestments of public sector units in a manner that so far only profit-making

units have been put on the block, is another incentive to the MNCs. The direction of the government's policies is the ushering in of full-blown capitalism. Full convertibility of the rupee has also to be achieved, despite the unsettling experience of the South-East Asian countries with 'hot money'. It might play havoc with depositors, big and small. Thus when the government swears by poverty eradication, while pursuing these policies and abandoning the public distribution system progressively, it obviously seeks to mislead the poor.

The present Budget has not spared even the senior citizens who are pensioners or other small depositors. Reduction of interest rates on public provident fund and on small savings in general has hit these sections hard, at a time of rising prices. Reportedly, the government is also contemplating to deny the pension scheme to new entrants in its employment, excepting those who might be specialists. It is possibly being thought of as a disincentive in respect of these jobs; for, on the other hand, downsizing of its work force is also on the agenda, as the Finance Minister has announced. In fact, deprivation of job security would take away this and other benefits of security and welfare, which the workers, including government employees, had won after

prolonged struggles. The helplessness of the workers, including government employees, in the face of these grave challenges arises from the fact of deceleration in the economy which would only go down further because of the economic deceleration in the USA and Japan.

One cannot but recall how, in the absence of civil liberties and human rights which had been suspended by the government during the Internal Emergency, the Minimum Bonus Act was amended and the minimum bonus was reduced from 8.33 per cent to four per cent. Moreover Parliament, which had been deprived of the attendance of powerful figures in the opposition benches owing to their incarceration, was persuaded to annul a judgement of the Supreme Court in favour of the employees of the LIC in respect of payment of bonus. Unfortunately, some of those then in the Opposition but unable to attend Parliament are in power now, and have joined in all these hideous actions of the government. They include George Fernandes who had led the railwaymen's struggle for bonus a year earlier. Yet another parallel that comes to mind is the early period of the consolidation of capitalism in the West. Then, the employer was keen to maximize his profits by denying fair wage to the workers. What he gave was bread labour. Accumulation of

capital, even at the cost of the workers' health and nourishment or security in old age, was the primary drive. The mentality was that a pie spent on welfare was just lost to profit. It was understood much later that a healthy, educated and satisfied working class was an asset even for production. Workers fought many a battle then to secure an eight-hour day, security in employment, compensation on injury or death during work, maternity benefits, and, alter, security from cradle to grave in the welfare state. Working class parties, Socialist and Communist, and united trade union actions, achieved these rights; and the participation of these parties in government helped a great deal. This great lesson, learnt by industrialists

all the world over, of enabling the workers to be healthy, educated, skilled and satisfied with their jobs, has been forgotten by the present government and captains of industry.

Only a united trade union movement can fight against these onslaughts on the rights and the living standards of the workers. It is even more essential now when the government, in league with the Indian private sector and the MNCs, has bared its fangs. If such unity is achieved in organisation and action, the massive peasant force and the unemployed youth shall also rally round to defeat all those who hold these policies dear.

Yet, the Congress party is a mute spectator of these

developments; for, it is privy to the economic reforms agenda which had been thrust on the nation by its own government in 1991. Having been kept out of power for half a decade now, it is rethinking its policies or, at least, pretending to do so.

Hence, whatever twists and turns the Congress party might adopt, its credibility will only be restored if it joins in the people's struggles to reverse the present policies, despite its initial authorship of them. If it has the welfare of the poor at heart, then it must reorient itself. At the same time, other parties in the Opposition must also clarify their respective policies; and those opposed to the WTO-led reforms must join hands with mass organisations of workers to resist these policies.

(Courtesy: Mainstream, 19th May 2001)

EPF SCHEME AMENDED

Government of India has, by a notification, amended the Employees' Provident Fund Scheme, 1952, revising the income limit stipulated in the undernoted paragraphs, from Rs.5000 to Rs.6500 per months.

- * Para 2 (f) (ii)
- * Para 26 (6)
- * Proviso to Para 26-A (2)

The import of the amendment is:

- (I) Any employee who is otherwise entitled to become a member of the EPF will become an excluded employee, if his pay exceeds Rs.6500 p.m.;
 - (II) An employee may be enrolled as a member of the Fund or allowed to contribute on more than Rs.6500 of his pay per month, provided the employer undertakes to pay administrative charges payable in respect of such employee;
- And
- (iii) where the monthly pay of a member of the fund exceeds R.6500, the contribution payable by him and the employer shall be remitted to the monthly pay of Rs.6500.

(Ministry of Labour - Notification No.S-35012/2/96-SS II dated May 4, 2001)

BALCO: 67 DAYS LONG HEROIC STRIKE

M K PANDHE

The sixty-seven day long historic strike of 7000 workers of Bharat Aluminium Co. Ltd. effectively focussed the attention of the whole country to the fettering away of the valuable assets of the premier public sector undertakings for the benefit of the private sector undertaking blacklisted by SEBI. The entire workforce in Balco, Korba went on indefinite strike from 3rd March 2001, under the leadership of Balco Bachao Samyukta Samanvaya Samiti consisting of all the trade unions functioning in the plant.

SPONTANEOUS UNITY

Though the T.U. movement in Balco was badly divided in the past, the issue of privatisation brought all of them on a common platform.

The Sterlite Company after taking possession of the Balco undertaking adopted a policy of non-payment of the part of the earned wages of the regular employees and all the earned wages of the contract workers with a view to economically pressurise the workers to withdraw the direct action at an early date. Simultaneously, the Aggarwal management launched a campaign among the workers with the help a local BJP leader that the Sterlite management will not reduce any manpower and continue the existing working and living conditions of workers. The BJP leadership tried to campaign among the workers that the privatisation of Balco would not harm the interests of the workers. One of the BJP Member of Parliament tried to hold a meeting of all the T.U.s to persuade them to accept privatisation on the condition that their economic interests would be protected. However, the united determination of the workers boycotted such meetings. They also refused to have any negotiations with the Sterlite management.

The workers were holding daily meetings at the gate to express their determination to continue their struggle till the scrapping of the deal. A continuous Dharna at the gate was organised to boost the morale of the workers. The unity of the workers was so complete that no worker joined the duty. The officers of Balco were, however,

joining duties and in practice accepted the privatisation of the Balco.

POPULAR SUPPORT

The local population in the region expressed full support to the fighting workers. Several political parties and social organisations expressed their solidarity with the struggle against privatisation. The downtrodden tribal population enthusiastically joined the struggle.

The womenfolk of the township soon joined the struggle and held several meetings to oppose the privatisation of Balco. The Janawadi Mahila Samity (local branch of AIDWA) launched a sustained campaign among the residential areas of workers and hundreds of women participated in these meetings. Some wives of the Balco officers also joined the campaign. When Brinda Karat visited Balco a special largely attended meeting of women was held at the gate of Balco, which created good impact among the women in the township.

With a financial assistance of the local people Balco Bachao Samyukta Samanvaya Samiti was able to arrange a Kitchen near the factory gate to feed about 3000 persons every day.

The observation of one-day bandh by the people of Korba in support of Balco was a complete success. The local unit of Kisan sabha organised solidarity for the Balco workers. The local mine workers unions in South Eastern Coalfields offered one day's wages to express solidarity with the Balco workers.

Thirty-two workers from Vishakhapatnam came to Balco by a special bus to express their support to the Balco workers, which inspired the striking workers. The Vizag delegation contributed Rs.8 thousand on the spot and promised to send Rs. One lakh within two weeks.

Several national trade union leaders visited Balco to express support to the striking workers. A Convention held at Balco on 17th April condemned the Globalisation and privatisation policies of the NDA Government and demanded their reversal. It also appealed for a countrywide solidarity for the struggle of Balco workers.

INTUC, CITU, BMS, AITUC and HMS appealed for solidarity funds to Balco workers. About Rs.10 lakhs were received for States outside Chattisgarh. However, most of the contributions were made by the CITU and its friendly unions. CITU, BMS, AITUC and HMS gave a call for observation of 4th May as the All India Solidarity Day for the Balco workers. They also jointly wrote to the Prime Minister demanding a meeting with the central trade unions to consider the Balco issue. Later they called upon all the public sector workers in the country to go on one day strike on 18th May 2001 in support of Balco workers.

Sunderlal Patwa, Minister for Industries, called a meeting of representatives of Balco unions but he refused to reconsider the decision of the BJP Government and shamelessly endorsed the shady deal with the Sterlite Industries.

One of the depressing feature of the struggle was the non-participation of the workers of J.K. Nagar (West Bengal) Balco workers in the strike action. The workers in J.K. Nagar only resorted to Dharna and went on only for one day strike. When all the public sector workers were expressing full support to the heroic Balco workers, the J.K. Nagar unit of Balco was not joining the strike. This created resentment among the workers in Balco at Korba. Despite efforts by CITU Centre, it was not possible to bring J.K. Nagar Balco workers on strike. A serious view of this situation has to be taken.

The Supreme Court did not give any support to the striking workers. Despite scandalous character of the Balco deal, the Supreme Court called for a mutual settlement voluntarily between management and workers. Though the Court did not directly intervene in the issues of the dispute its opinion was wrongly reported in the Press, which created confusion among the workers.

CHHATTISGARH GOVT. ROLE

Initially Ajit Jogi Government of Chattisgarh supported the demands of the striking workers and opposed privatisation of Balco. But, it was using the dispute to get political advantage for the Congress party. Though it offered to purchase Balco's 51 per cent share for Rs. 552 crore, it did not pursue it seriously. At a later stage, the Government changed its attitude suddenly and through S.P. and District Collector attempted to bring pressure on the trade unions to call off the

strike.

After the change in the approach of Ajit Jogi Government cracks started developing in the joint movement. After 65 days of united struggle the capacity of resistance of workers started weakening. Due to pressure from the State Government, the INTUC union started vacillating and called for the settlement of strike. The INTUC union gave a charter of demands, which included economic demands though the first demand was about the scrapping of the Balco deal. The District Collector in his talks with Balco Bachao Samyukta Samanvya Samiti did not at all consider this major demand but proposed a settlement on the economic demands of the workers.

The Sterlite management arbitrarily terminated the services of Ansari, CITU leader of Balco, to browbeat the workers but all the unions demanded his reinstatement, which the Sterlite management had to accept. The Management agreed to advance two months wages to workers and protect their working and living conditions, but there was no settlement on the main demand of workers i.e. scrapping the deal of privatisation. The CITU and a section of HMS union did not sign the settlement. Thus, the strike, which commenced with the demand to oppose privatisation, ended with merely settling some economic demands of the workers.

It should also be taken note of in this regard that the solidarity action of the central trade unions' came too late. Had it been organised earlier, the atmosphere in Balco would, perhaps, have been different.

After withdrawal of the long drawn Balco strike, the NDA spokesmen have started trotting the idea that the workers have ultimately accepted privatisation. Though the struggle of the Balco workers could not achieve the objective of scrapping the deal, the workers declared that their struggle against privatisation would continue despite withdrawal of the strike.

The 67-day strike of Balco workers has no doubt awakened the working class of India for a determined struggle against privatisation. The central trade union organisations should prepare for a bigger united struggle against privatisation all over the country so that the NDA Government is ultimately forced to reverse its policies.

CHEATING INNOCENTS, SWINDLING THE COUNTRY

ARDHENDU DAKSHI

On 27 th February last a beaming Yeshwant Sinha had just placed the Budget for 2001-2002 and called it a "New Deal" comparing himself with Franklin. D. Roosevelt, President of United States. Sinha implied that a new era was in the offing bringing in prosperity to "people", he meant the big industrialists, multi-national corporations and the rich mill owners. He promised them not only cheap capital, cheap labour at their mercy after introduction of hire and fire policy, but also plenty of money at their disposal routed through the stock markets. Common people would be forced to invest their savings in stock market so that big industries could mop them up for their use (or

misuse).

Sinha claimed that all these steps would usher in an era of economic revival and India would take on the competitors worldwide. The steps were two pronged. He discouraged savings through provident fund or post office instruments or Bank schemes by drastically reducing interest from 12% to only 9.5% and curtailing tax reliefs but at the same time giving some incentives on income if somebody earned through stock-market share transactions, directly or through Mutual Funds. This is what he called financial market "reform".

ALLUREMENT AND THE SCAM

The next day the corporate sector was dancing in joy that finally the "God of Reforms" had

come. They gave Sinha 10 out of 10 marks hailing the budget as a "dream budget". The stock market became boisterous.

Prices shot up even when Sinha was delivering his budget speech. Ordinary gullible people rushed to the brokers, to become rich quickly because all the news papers (controlled by the big business), almost all the pundit - analysts on T.V. (hired by the corporate sector), a good number of the economists (on the pay-roll of World Bank) had forecast that stock market would rise phenomenally after the budget and the investors would make a "kill".

But reality was otherwise. It was barely three days that the share market started crashing almost endlessly. Those who went to become rich, came back totally bust. Those who had purchased shares at a very high price before the crash, say at the rate of Rs.8000/- per share, now find the price is below Rs.1000/- only. All the life's savings are virtually gone.

Millions and millions of people who were lured into stock market, to-day find themselves totally lost. Those who borrowed money to become rich are committing suicide. Yeshwant Sinha's dream has no takers now. Stock Market is a horrible place to-day, it has become a nightmare.

Suddenly the Govt. woke up, as if nothing was known to them,

HISTORY OF FRAUDS

Since the liberalisation and globalisation of Indian economy commenced in 1991, the country has witnessed at least a dozen major white-collar crimes and frauds in the financial sector. Despite the establishment of regulatory authorities such as the SEBI, financial frauds are recurring at regular intervals. On an average, India has witnessed major financial frauds every year throughout the nineties.

There is a whole history of frauds in the financial markets starting from the famous securities scam of 1992 courtesy Harshad Mehta. Then came the Preferential Allotment fraud in 1993, in which many Transnational corporations(TNCs) allotted shares to themselves at prices way below the prevailing market ones. It has been estimated that these TNCs profited to the tune of Rs.5000 crores. The credit for allowing this fraud should go to the then Finance Minister, Manmohan Singh.

and tried to find a scapegoat to pass on the responsibility. The NDA Govt. started shouting that there has been a 'SCAM' and a show was made that the Govt. was determined to end the SCAM and restore "Normalcy" in the stock-market. Some committees, regulatory bodies like SEBI were dissolved, a couple of brokers like Ketan Parikh were arrested, statements were made by Yeshwant Sinha that "stock markets are safe" to win back confidence of the people.

But the confidence did not come back. The market further crashed despite all efforts by Unit Trust or other institutions to boost up the market. The situation continues even to-day.

THE REAL SCAMSTERS

The present scam did not start in March 2001. It started long back in late 1999 and early 2000, when the price of shares of many companies, especially in Information Technology (IT) Sector zoomed to unbelievably high level. This is the real scam because it required a huge amount of money, thousands of crores, to rig the prices artificially when one hundred rupee worth share was bought or sold for more than 9000 rupees. Who gave the brokers so much of money? It is the Govt of India and Reserve Bank who have watched and allowed this price rigging to continue, allowed the brokers to use unlimited amount of Bank money through dubious means to make the stock market jingle. Yashwant Sinha and Bimal Jalan wanted to show this off as the health of Indian economy. Many ordinary people

failed to see through the game and rushed to the stock market and purchased shares of (say) WIPRO or Satyam or Infosys or zee telefilms at exorbitantly high prices. They did not know that all these riggings were planned to cheat them in the long run.

HOW THEY RIG?

The system of rigging is simple. A group of brokers (usually known as "Bulls"), some bank managers and some big company officials conspire together to raise the price of shares artificially by "circular trading" or "inside trading" between themselves. Suddenly a particular company's shares rise from Rs.200 per share to, say, Rs.1000 per share and simultaneously a rumour is spread that the price may soon go upto Rs.1500 per share. In this situation unsuspecting ordinary investors flock to the share market and start buying to make a huge profit in a matter of days. When there is a big demand, the group starts heavy selling of their shares to these ordinary investors at high price. At the end of the day, the group romps home with a huge profit and the people lose all their lives savings when the prices crash. They risked their money to become rich quickly but lost most of the money in the such market machinations.

In this current scam, the brokers Ketan Parikh, his brother and associates in collusion with some SEBI officials started cheating both the public and the banks at the same time. Most prominently the Global Trust Bank and Madhavpur Mercantile Co-op Bank and some other Co-op banks had opened their vaults to Ketan Parikh with thousands of crores of rupees to use for such speculative and rigging purposes. This practice was going on for quite a long time. One should remember what Harshad Mehta did in 1991. On the same pattern Ketan Parikh swindled the money of all these banks and to-day all the depositors in those banks have lost everything. They are bankrupt in real sense. Govt of India is silent about them. Ketan Parikh will again come back like Harshad Mehta but the money the people lost will never come back.

LOSS OF NATIONAL WEALTH

Some say that only in the month of March, 2001 an amount of one lakh eighty thousand crores of rupees was lost, others say it is more than two lakh crores, nobody knows for sure how much it is. This money could change the face of the country. Scores of roads could be beautifully metalled and

VANISHING COMPANIES

Between 1992 and 1996, the country witnessed the Primary Market fraud, also popularly known as Vanishing Companies fraud. In the absence of strict guidelines and regulations, fly-by-night operators floated as many as 4069 public issues and collected over Rs.45000 crores from the public on fictitious grounds. After raising the money, these operators vanished.

covered, villages provided with plenty of water and pucca school buildings, sick industries revived, by a fraction of that money.

What a great loss to the national wealth. Paid economic pundits say that it is a notional loss because those who hold on with their shares may (or may not) get higher price later on. But most of the buyers had purchased for speculative purpose, which means that they had to sell the shares after a specific period (forward trading) whatever might be the price. When the market started falling there was panic selling and prices crashed. That was the reason for the huge loss and the suicides.

But this is not the only scam in the stock-market. There was one big scam each year in last 10 years (see box) and the people and the country have been swindled of thousands of crores or rupees in each scam. But the Govt does not take any action. For a much lesser

offence in other countries, Harshad Mehta or Ketan Parikh would have been jailed for life. In India they are honourable "advisers" to the Govt. The Finance Minister, the RBI Governor are the real scamsters because they are in league with Mehtas and Parikhs.

Year after year hundreds of fictitious companies raise thousands of crores of rupees in stock market and then vanish - nobody cares to act. Even today there are hundreds of listed companies that have no addresses. The mutual funds do not pay assured dividends to ordinary helpless investors - no action is taken against them. Yeshwant Sinha says that people should not go to post offices but to stock market because this is part of "Reform"! Media reports say that the real beneficiaries after the present scam are the Foreign Institutional Investors. They have expatriated huge amount of money outside India in last the two years(See Box). SEBI report

says that the foreign corporate bodies have taken out Rs.3677 crores after investing only Rs. 777 crores through the Mauritius route. And these Mauritius companies do not pay income tax in India by an agreement with the NDA Govt. Everybody knows that Yashwant Sinha's daughter-in-law working in a Mauritius based fake company, got Rs. 13 crore as "commission" for "services rendered by her". They are looting the country at will. Ketan Parikh is their accomplice. The real scamsters are not difficult to understand. These thugs, these looters are ruling the country. The Govt is not stirred when there are starvation deaths, when there is no water around. The Govt remains unmoved.

Yashwant Sinha advocates that workers must accept the employers' right to retrench at will, must reconcile to all hardships. But the Govt is only concerned whether the stock market show is on or not. The ruling politicians know that there is money, huge money to loot and the scams go on.

The so called national Press will never bring the facts to the people. The working class has to take up the responsibility to expose the dangerous, nefarious games played by unscrupulous politicians who are selling the country in exchange of commissions. They must be defeated, thrown out, the sooner the better.

(Acknowledgement: Inputs have been drawn from an article by Kavaljit Singh titled "Financial Frauds and Market Crashes" in the May 2001 issue of the Cultural and Banking Solidarity)

REPATRIATION BY FOREIGN COMPANIES			
(Between 1999-2001 helped by RBI, Co-op banks and Ketan Parikh)			
Company	Paidup Capital(US\$)	Inflow (Rs. in Cr.)	Outflow (Rs. in Cr)
Brentfield Holding	5,000	109	663
Wakefield Holding	5,500	234	2,229
Kensington Investment	5,500	79	424
European\ Investment	10	277	245
Far East Investment	10	78	116
		777	3677

Source : SEBI interim report on stock scam

WITHOUT COMMENTS

PLAN PANEL ADMITS GRIM REALITIES

The Economy is currently in a decelerating phase and urgent steps are needed to arrest the deceleration and restore momentum. This reversal is all the more difficult because it has to take place in an environment where the world economy is slowing down. There are several aspects of development where our progress is clearly disappointing. Growth in the 1990s has generated less employment than was expected. The infant mortality rate has stagnated at 72 per 1000 for the last several years. As many as 60 per cent of rural households and about 20 per cent of urban households do not have a power connection. Only 60 per cent of urban households have taps within their homes, and far fewer have latrines inside the house. Land and forest degradation in the rural areas, and over-exploitation of groundwater is seriously threatening sustainability of food production. Pollution in the cities is on the increase".

"We must respond to the growing impatience in the country at the fact that large numbers of our population continue to live in abject poverty and there are alarming gaps in our social attainments even after five decades of planning".

"High rates of growth are essential if we want to provide a sufficient expansion of sustainable high quality employment opportunities to our expanding labour force and ensure a sufficient increase in incomes of the poor and the disadvantaged. However, the relationship is not just a one way relationship. It is also true that sustained high growth rates may not be sustainable if they are not accompanied by a dispersion of purchasing power which can provide the demand needed to support the increase in output without having to rely excessively on external markets. Evaluation of the programmes for wage employment also reveals serious weaknesses: inadequate employment and thin spread of resources; violation of material labour (60:40) norms; fudging of muster rolls; schemes implemented universally through contractors who sometimes hired outside labourers at lower wages. Central norms of earmarking, 40 per cent of funds for watershed development and 20 per cent for minor irrigation, have not been followed. Today 60 out of Rs.100 in wage schemes is reserved for wages, but in reality only Rs.10 to 15 actually goes to the poor worker, the rest is illegal income for bureaucracy, contractors and politicians".

In many states, we have

- * Engineers, but no fund for construction or maintenance
- * Doctors, but no medicine
- * Teachers, but no school building
- * A large army of class III and IV employees, with no productive work. Many class I and II officers, but little funds for travel, telephones, or POL, and thus no supervision or monitoring.
- * Very little capital expenditure and asset creation
- * Little funds for maintenance or repairs of assets

Highly paid employees, but no complementary investment or working expenditure. Salaries have crowded out high priority non-wage expenditure, thus vastly reducing the very purpose of employing staff.

(Excerpts from 'Draft Approach Paper to The Tenth Five Year Plan (2002-2007)', published by Planning Commission)

REPORTS & EVENTS

Uttar Pradesh:

UTTARANCHAL STATE CITU CONFERENCE

The Eighth Conference of the Uttar Pradesh State Committee of CITU was held at Hardwar on 22-24 April 2001. The Conference started with a mass rally at Subhash ghat attended by thousands of workers. The mass rally presided over by the State CITU President, Daulat Ram, was addressed by M K Pandhe, General Secretary, CITU, Tapan Sen, Secretary, Vijay Rawat, CITU State General Secretary, and Ambarish Kumar, the local MLA.

The delegates' conference was held in the Community Hall of the BHEL Township which was named after the departed leader

Comrade Harsahay Singh. Samar Mukherjee, Vice President, CITU hoisted the red flag.

MK Pandhe, General Secretary, CITU, while delivering the inaugural address, stressed the need for strengthening the organisation State-wide to effectively confront the challenges thrown by the disastrous policy of liberalisation and also the forces of communalism.

180 delegates from all over the State attended the Conference. N K Bhat, placed the report on behalf of the State Committee. 40 delegates took part in the deliberation on General

Secretary's report.

The delegates' session was also addressed by Samar Mukherjee, Vice President, Kanai Banerjee and Tapan Sen, both Secretaries of CITU. N.K. Bhat replied to the debate and the report was passed unanimously.

The Conference elected a 33 member State Committee for Uttar Pradesh CITU with N.K. Bhat as President and Daulat Ram as General Secretary. The conference also elected a 19 member State Committee for the newly formed Uttaranchal State CITU with Satyaprakash as President and Virendra Bhandari as General Secretary.

Haryana:

BUILDING CONSTRUCTION WORKERS CONFERENCE

The first State conference of the Bhawan Nirman Kamgarh Union was held at Hissar on May 14-15, 2001 with great enthusiasm.

The massive militant rally of more than five thousand building construction workers assembled from all over the State, ignoring the tremendous mid-day heat-wave on 14th May created sensation in the small town of Hissar.

The rally was addressed by Tapan Sen, Secretary, CITU, SB

Karmakar, Treasurer, Construction Workers Federation of India, Satbir Singh, and Prabhat Singh, General Secretary and Vice President, Haryana State CITU, besides Satbir Ranga, Subhas Jangra and other leaders of the Union.

The delegates session started in the afternoon of 14th May. 168 delegates from all over the state attended the conference. Tapan Sen, inaugurated the conference. Sen, while

stressing upon the tremendous potential of the building construction workers' movement in Haryana spreading over the entire state and covering the rural areas also, called upon the workers to build statewide united movement against the repressive regime of the Chautala Govt. He cautioned against the disruptive device of the ruling class to create divide between the migrant and local workers in the construction sector and stressed the urgent

REPORTS & EVENTS

need to build up and defend the all out unity of the workers.

The Secretary's report was placed by Prabhat Singh, convenor of the preparatory committee. The report reveals that organizational initiative taken by the union has already resulted in membership of around five thousand workers covering all the major districts. The report stressed upon the need to create awareness about the provisions of the central legislation on construction workers including constitution of labour welfare fund for the construction workers enacted during the United Front Govt's rule, which has not yet been implemented by the Chautala Govt in Haryana. A state wide militant united movement has to be built up for implementation of the said legislation, involving majority of the workers, the report asserted. The report also

pointed out to the negative fall out of the policies of liberalisation on the construction sector revealing sharp decline in construction and developmental activities all over the State. The struggle against the policy of liberalisation and globalisation must be carried on with full vigour along with the movement on economic demands of the construction workers, the report stressed upon categorically.

21 delegates took part in discussion on the report and also detailing their experience districtwise. The deliberation reflected various problems of the organisation including influence of casteism and regionalism among the common workers. They pointed out that a sizable section of building construction workers in Haryana are coming mainly from the landless agricultural workers

and at times many of the construction workers also work as agricultural labourer during a part of the year. It is most important that the trade union movement in this sector should also take interest and initiative on the issues confronting agricultural workers as well. The speakers also suggested for a struggle programme on the demand for constitution of a labour welfare fund by the State Govt for the construction workers on Tamilnadu pattern. The conference adopted a charter of demands for the construction workers and a phased movement programme to press for the demands. The conference also elected a 31 member State Committee with Subhas Jangra as President, Satvir Ranga as General Secretary, Pratap Singh Dagra as Senior Vice President and Desh Raj as Treasurer.

INTERNATIONAL TU EVENTS

A number of CITU delegates participated in several TU events, organised by fraternal organisations during April-May, 2001.

W.R Varada Rajan, Secretary, CITU participated in an ILO workshop for evaluation of Workers' Education under the ILO/DANIDA Projects, held at Copenhagen, Denmark from 2nd to 5th April, 2001.

Ranjana Nirula from the All India Coordination Committee of Working Women (CITU) and

Working Editor of "The Voice of the Working Woman" participated in an Inter Country Meeting on Environmentally Sustainable Development, sponsored by the ILO and held in Bangkok on 3-5 April, 2001.

Two comrades from the Air Corporation Employees Union - Ram Chandra Deb Barma from Tripura and Samiran De from Kolkata - represented CITU in the XVIII CTC Congress held in Havana, Cuba from April 28 to May 2, 2001. They also

attended the May Day Rally in Havana, which was addressed by the legendary Cuban leader Fidel Castro.

Bishnu Mohanty, General Secretary, Orissa State Committee of CITU, took part in the "South Asian Consultation on Forced Labour" held in Kathmandu on 16-17 May 2001 at the initiative of the General Federation of Nepalese Trade Unions (GEFONT).

Sudhir Kumar, President, Federation of Medical and Sales

REPORTS & EVENTS

Representatives Associations of India, attended the 35th Congress of Chemical Federation -CGT held in Nautes, France from 14-18 May, 2001 as a delegate from CITU.

Pranab Kishore Chakraborty, Treasurer, Steel Workers' Federation of India, took part in

the First International Assembly of the International League of Peoples' struggle at Zutphen, Netherlands from May 25-27, 2001 as a CITU delegate.

K. Hemalata, CITU Secretary in charge of All India Coordination Committee of Working Women, represented the organization at

the workshop on Trade Union Strategies for Promoting Labour Rights in the Export Promotion Zones organized by the American Centre for International Labour Solidarity (ACILS) at Mexico City from May 25-27, 2001.

IRANIAN TU LEADER MAHMOOD SALEHI RELEASED

The Iranian TU leader Mahmood Salei, President, Bakery Workers' Union in the city of Saez, was released from the Islamic Republic's prison after suffering 10 months of harsh imprisonment on April 18, 2001. Salehi has only one kidney and prolonged confinement in jail had a telling effect on his health. He was warmly greeted by family members and friends, relatives and co-workers when he reached home. Flowers and red banners were hung on the doors and walls of his home when news of his release came. Mahmood Salehi was arrested for the 5th time last August. The only crime of the 38-year old TU leader, father of two young children, was that he fought for

defence of workers rights. An international campaign was launched to pressurise the Iranian government for his release and immediate medical treatment, which drew the attention of a large number of TU and working class organisations across the world, including the Centre of Indian Trade Unions. Letters of protest were sent to President Khatami, condemning the Iranian government's refusal to recognise the international conventions and reports of workers in Iran.

The campaign for Salehi's release gathered momentum and heightened workers confidence in Iran. Protest actions were unleashed

in several cities of Iran, namely Saez, Zanzan, Sanandaj and Kamyaran. Bakers in the cities of Sanandaj and Saez collected thousands of signatures on a protest petition, which directly challenged the suppressive regime of Iran and called for the immediate release of Mahmood Salehi and other political prisoners in Iran.

The campaign for the release of Mahmood Salehi was an expression of international solidarity of the working class. It will go down in the history of Iranian working class movement as a significant event which struck a telling blow against inhuman suppression of democratic rights of the working people.

INTERNATIONAL LABOUR CONFERENCE

The 89th session of the International Labour Conference is being held at Geneva from the 5th to 21st June, 2001.

The conference will consider the reports of the Chairman of the Governing Body and the Director General of the ILO. In this session the second global report on the elimination of all forms of forced or compulsory labour will be debated. The other items on the agenda of this session are: 1) safety and health in agriculture 2) promotion of cooperatives 3) social security - issues, challenges and prospects.

The Indian delegation to the conference will include M K Pandhe, General Secretary, CITU, besides others.

REPORTS & EVENTS

EPF INTEREST RATE REDUCED:

TUs FLAY NDA GOVERNMENT

In the last issue of 'The Working Class', we had published a report on loot of workers' money by the Government of India, through interest rate reduction on PF. We had voiced an apprehension that 'the Government may over rule even the limited recommendation of the CBT (for an interest rate of 10.25% for the year 2001-2002) and reduce the interest rate to 9.5%, on par with the GPF and small savings'. The apprehension had come true. The Government of India by a notification dated the 8th May 2001 reduced the interest rate to 9.5%.

In a joint statement on 19.5.2001 the AITUC, BMS, CITU, HMS and INTUC had flayed the NDA Government for this anti-worker measure. The statement signed by KL Mahendra, HB Dave, M.K. Pandhe, AD Nagpal and

Chandidas Sinha read:

"The Government of India has flouted the unanimous decision of the Central Board of Trustees of Employees Provident Fund, a tripartite body chaired by the Union Labour Minister, and reduced the rate of interest payable to EPF subscribers from 11 to 9.5 per cent for the year 2001-02. A Special Meeting of the CBT, held on 23rd March, 2001, with Satyanarain Jatia in Chair, unanimously suggested 10.25% as interest rate for the year 2001-02, as the resources available with the EPF could sustain the same.

This is the second successive year when the NDA Government had reduced the interest on PF deposits, from 12% to 11% last year and now to 9.5%. By this, the Govt is the main beneficiary as it is availing over Rs 75000

crore of PF accumulation at a very cheap rate of interest.

Earlier, a Committee of Rajya Sabha, which considered the interest rate reduction issue for the last year, had specifically recommended that the statutory process of consultation between the Government and the CBT, envisaged in the EPF Scheme, must take place in the meeting of the CBT itself. In deciding the interest rate on EPF at the back of the CBT, Government had manifested its scant regard for the Parliamentary Committee recommendation as well.

We strongly deplore the Government decision effecting a steep reduction in the EPF interest, causing hardship to nearly three crore of workers, who are subscribers of Provident Fund. We urge all sections of workers to unitedly resist this offensive."

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Consumer Price Index Numbers for Industrial Workers on base: 1982 = 100

Sr. No	Centre	Dec 2000	Jan 2001	Feb 2001	Sr. No.	Centre	Dec 2000	Jan 2001	Feb 2001
1	Gudur	442	437	434	45	Amritsar	392	392	392
2	Guntur	420	415	416	46	Ludhiana	407	403	399
3	Hyderabad	426	427	424	47	Ajmer	443	439	436
4	Visakhapatnam	431	433	430	48	Jaipur	406	409	408
5	Warangal	443	444	444	49	Chennai	483	479	471
6	D D Tinsukia	387	384	375	50	Coimbatore	440	436	432
7	Guwahati	461	459	457	51	Coonoor	434	431	430
8	Labac-Silchar	369	358	362	52	Madurai	456	446	445
9	Mariani Jorhat	412	413	409	53	Salem	442	441	435
10	Rangapara-Tezpur	417	393	402	54	Tiruchirapally	478	475	467
11	Monghyr Jamalpur	417	415	411	55	Agra	404	403	403
12	Bhilai	399	396	394	56	Ghaziabad	455	457	455
13	Kodarma	365	360	358	57	Kanpur	428	430	435
14	Jharia	361	358	355	58	Saharanpur	405	403	403
15	Noamundi	400	401	403	59	Varanasi	457	451	457
16	Ranchi-Hatia	426	417	416	60	Asansol	416	406	401
17	Ahmedabad	448	447	446	61	Kolkata	461	456	450
18	Bhavnagar	471	477	464	62	Darjeeling	386	386	384
19	Rajkot	422	420	419	63	Durgapur	489	481	476
20	Surat	452	448	456	64	Haldia	485	481	480
21	Vadodra	437	436	438	65	Howrah	510	500	498
22	Faridabad	442	444	448	66	Jalpaiguri	400	393	390
23	Yamunanagar	419	419	418	67	Raniganj	388	386	381
24	Srinagar	494	499	499	68	Chandigarh	471	472	473
25	Bangalore	431	431	430	69	Delhi	513	513	513
26	Belgaum	471	473	466	70	Pondicherry	495	491	480
27	Hubli-Dharwar	436	437	436					
28	Mercara	460	456	453					
29	Alwaye	445	448	449					
30	Mundakayam	452	451	450					
31	Quilon	452	456	464	1	Kothagudem	448	438	437
32	Thiruvananthapuram	490	499	500	2	Himachal Pradesh	440	440	441
33	Balaghat	390	393	392	3	Bhilwara	445	447	445
34	Jamshedpur	411	410	414	4	Chhindwara	424	420	420
35	Bhopal	457	461	469	5	Tripura	423	406	402
36	Indore	456	453	453	6	Goa	531	543	541
37	Jabalpur	453	449	446					
38	Mumbai	512	517	515					
39	Nagpur	476	477	470					
40	Nasik	489	496	487					
41	Pune	511	511	505					
42	Solapur	460	459	455					
43	Barbil	427	423	420					
44	Rourkela	411	409	409					
Government of India Ministry of Labour Labour Bureau Shimla - 171 004									

Indian Labour Conference: ACTION TAKEN REPORT: WHAT ACTION

The trade unions refused to discuss the Action Taken Report in 37th Indian Labour Conference because they observed that practically no action was taken on the conclusions of 36th ILC, 2000.

The agenda notes placed by the Government of India covered three issues viz., (1) Industrial sickness, (2) Workers participation in Industry and (3) Workers Education. The conclusions, drawn up arbitrarily by the Government, were listed and actions taken were narrated.

The "Action Taken" report in reality is a tale of inaction and indifference by the Government. But, parts of the report testify how callous and dubious are the ways the conclusions are dealt with by the Govt. of India.

Two general conclusions under industrial sickness are related to (1) induction of managerial expertise and professionalism to pre-empt industrial sickness and (2) accountability in cases of willful default and mismanagement of funds.

Even the Prime Minister Vajpayee, in his otherwise contentious inaugural address, had to admit as follows:

"Often some people put the entire blame for industrial sickness and uncompetitiveness of Indian business on our inflexible labour laws. This is wrong. Worse, such argument seeks to cover up willful misuse of funds and mismanagement of enterprises by the employers. The Government will take firm action against those who indulge in such criminal practices that defraud both our workers and our financial institutions".

In this context, one would expect the action taken report to indicate what 'firm action' had been taken, on the above mentioned conclusions.

But, the 'Action Taken Report' is totally silent about the actions if any, other than selection of personnel and investment guidelines for PSU funds.

On the much debated subject of winding up the Sick Industrial Companies Act (SICA) and the Board for Industrial and Financial Reconstruction (BIFR), the following are recorded as the main conclusions of the 36th ILC, 2000.

Conclusions:

"BIFR should not be wound up until a better and alternative institutional mechanism is in place.

Definition of industrial sickness should be such that this problem is identified in the early stages when remedial action is possible.

There should be independent Operating Agencies to take a holistic view of revival instead of only a financial view.

In case BIFR is to continue, there should be a full complement of Benches and greater professionalism and expertise among members. There should be greater decentralisation of the institutional mechanism for dealing with industrial sickness (Regional Benches of BIFR, State BIFRs, district and state level bodies for identifying sickness and taking remedial action, etc.)

Closure of sick industrial units should be resorted to only when all possible options for revival have been exhausted.

There should be a given time frame for revival and closure of sick units."

All these conclusions are at a stroke covered by the following observations in the 37th ILC report 2000:

Action taken:

"The repeal of Sick Industries Companies Act (SICA) and establishment of alternative mechanism for dealing with industrial sickness is presently under consideration of the Government. A Group of Ministers (GOM), headed by the Finance Minister has been constituted to look into the existing shortcomings of the SICA and BIFR. It has been emphasized to this GOM that BIFR should not be wound up until a better alternative institutional mechanism is set up in place for tackling the problem of industrial sickness. The GOM, inter-alia, is to review the definition of industrial sickness so that the sickness is identified in the early stages when revival is possible. Greater professionalism is to be inducted for working out rehabilitation plans. Simultaneously the number of Benches for handling cases of industrial sickness are to be increased, de-

centralized and strengthened. A strict time frame is to be fixed for both working out the rehabilitation plans as well as for taking decision of closure of unviable units. As a part of the suggestions to the GOM, it has also been emphasized that there should not be any restriction on recovery of workers' dues when the company is declared sick. Furthermore, closure should be effected only when all possible options of revival have been exhausted.'

The hypocrisy is that the same Government had gone on record on the same subject in two other contexts.

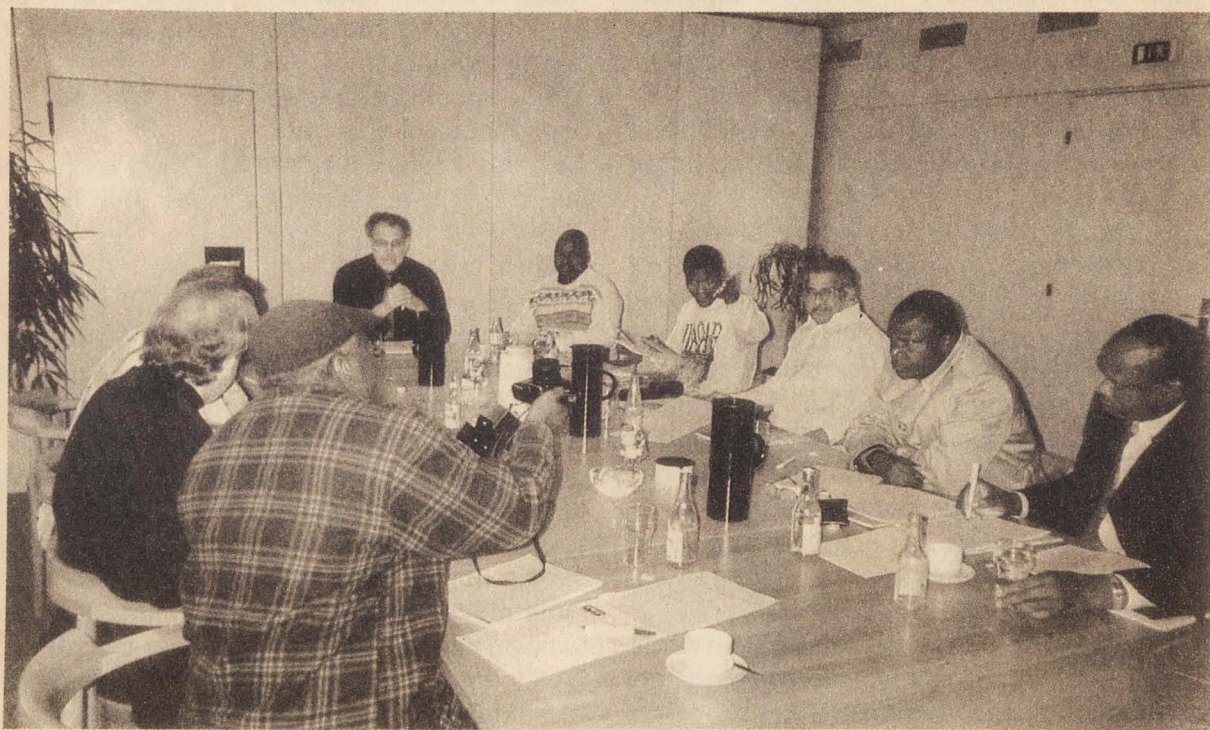
First: The all-powerful PM's Economic Advisory Council had recommended as follows:

"SICA should be scrapped and BIFR wound up to be replaced by a process in which defaulting companies are given time to work out an arrangement with creditors."

"Companies Act should be amended to allow for reorganisation and revival where feasible and rapid bankruptcy or liquidation where necessary". Second: The Finance Minister had announced in his budget speech 2001-02 under the heading "Industrial Restructuring" as under:

"Government had constituted a high-level committee on law relating to revival, reconstruction and/or winding up of companies. The committee has submitted its report and Government has accepted its key recommendations. It is proposed to repeal the SICA and also to amend the Companies Act in order to set up a National Company Law Tribunal". The Action Taken Report says BIFR to be strengthened, SICA to stay and revival process to be harnessed. And the Govt. says BIFR to go, SICA to be repealed and companies will be allowed to wind up or go for liquidation.

So what action is being taken Mr. Labour Minister?



**ILO WORKSHOP ON WORKERS' EDUCATION
GROUP DISCUSSION IN PROGRESS
COPENHAGEN, 2-5 APRIL, 2001
(Report on page 23)**