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CRISIS and WORKERS

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PUBLIC SECTOR TRADE UNIONS CONVENTION

(Lucknow, 19-20 December 1977)

In the background of growing attack on the public sector by the Janata Party Government to dilute and scuttle its commanding role in the national economy, the national convention of Trade unions in the Public Sector called by the AITUC was held at Lucknow on 19-20 December 1977.

More than 150 delegates from different public sector unions from 14 states attended the convention.

A presidium consisting of Harish Tiwari, Parvathi Krishnan, Nemai Roy, M. V. N. Kaparde, M. M. Gope and Safique Khan conduced the proceedings of the convention. Harish Tiwari, Chairman of the Reception Committee, welcomed the delegates. The convention was inaugurated by the U. P. Labour Minister.

The convention was greeted by the college teachres' Federation. General Insurance Employees' All-India Association, Working Journalists Federation, U. P. Bank Employees' Federation, Electricity Employees Joint Committee, HMS and CPI State Secretary.

The Report of the AITUC secretariat which was circulated amongst the delegates was placed by Dr. Raj Bahadur Gour. About 35 delegates participated in the discussion.

The Report was adopted by the convention unanimously. The Convention adopted a declaration setting forth the tasks in the matter of defence of the public sector which is under attack in various ways by the Janata Government and to defend the rights and interests of workers.

The Convention also adopted resolutions in support of the striking teachers of Uttar Pradesh thousands of whom have courted arrest, and condemning the firing at Swadeshi cotton mills and demanding judicial enquiry. The Convention appealed to trade unions for liberal contribution for relief and legal aid of the Swadeshi cotton mill workers.

There was spot collection of about Rs 220 from amongst the assembled delegates.

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REPORT PREPARED BY THE AITUC SECRETARIAT

I

State sector undertakings/establishments in our country comprise of a variety of enterprises differing among themselves in terms of management functioning, workers' rights and public accountability.

We have firstly 129 Central Government undertaking with a total investment of Rs. 8973 crores at the end of 1975-76. They inclcde production enterprises and service enterprises all in the so-called corporate or company sector. To them should be added seven insurance corporations, three enterprises reported as non-profit-making companies, the National Textile Corporation and its subsidiaries. Total investment in all these concerns was of an order of Rs. 251.82 crores.

The total investment of Central Government in all these public enterprises adds up to Rs 9224.37 crores.

This is the company or corporate sector of the Central Government.

Then there is the departmentally managed state enterprises owned by the Central Government. These include Railways, Post & Telegraph and Telephones, Broadcasting, Defence undertakings, Atomic Energy, Civil Aviation, Ports, currency and coinage, Purchase of Foodgrains, Central Government Printing Presses, Central PWD, etc. Capital outlay and loans in the departmentally run undertakings stood at Rs. 8664.49 crores at the end of 1973-74. (The figure for the same year in the case of Central Government Corporate Sector was Rs. 8973 crores).

These are departmentally managed and figure in Central

Government Budget and appropriations. They are not governed by company and taxation laws.

Then there are both corporate and departmentally managed undertakings of the state government. There are companies like Allwyn Metal Works and the Nizam Sugar Factory in Andhra Pradesh. There are Electricity Boards and State Road Transport Corporations. Then there are State Government Depatmentally managed printing presses, irrigation works, roads and buildings, PWD workshops, civil supplies and the like.

Then a number of corporations and corporate financing institutions have been set up by the states, which in their turn have set up production and servicing units.

In economic classification and parlance all these central or state government departmentally managed enterprises are not included in what is called "Public Sector". This is both a paradox and a grave omission.

This entire state owned and managed sector investment will easily go upto Rs. 30,000 crores.

Then there are undertakings owned and managed by local bodies. Some Municipalities have road transport undertaking to run. All of them have workshops, transport fleet, maintenance garrages and so on and so forth.

We in the trade union movement must take all these enterprises as state sector distinct from private owned and managed or even cooperative sector.

Both these corporate and departmental sectors have arisen due to historical processes. The departmental sector with its block capital arose out of the administrative needs of the state and the needs of defence, maintenance of law and order. These were the primary motivating factors behind the departmental sector.

The corporate sector arose out of nationalisation of private sector limited companies and grew out of the needs of the growth of national economy in the post second world war world of two social systems operating in opposition to each other—the world socialist system and the world capitalist system. Imperialist blackmail has to be resisted and this a sovereign national state could do only with the assistance of the world socialist system, Soviet Union in particular.

II

Having opted for complete independence in 1929, it was for the Karachi Congress in 1931 to mapout the picture of free India and chartout and economic programme for it. State ownership and control of key industries and full and unfettered rights of collective bargaining for the workers and peasants was the key note of this programme. If the former was necessary for unfettered economic advance, the latter was necessary for social progress in direct confrontation with reactionary vested interests.

By the time India won freedom in 1947, the world landscape was radically different from what obtained in 1931.

India was now faced with the task of reconstruction and economic advance.

It was on April 6, 1948 that the first statement of Government of India came defining its Industrial Policy. According to this only Railways and Atomic Enery were to be state monopoly. In six other industries, coal, iron and steel, aircraft manufacture, ship building, communication equipment, and mineral oils, all new undertakngs were to be under the state auspices. The rest of the field was open to private sector.

On April 6, 1949 came the Nehru statement on foreign capital. Under the British colonial dispensation Foreign Capital was accorded a "preferential treatment". But the 1949 statement declared:

1. All undertakings whether Indian or foreign have to conform to the general requirements of declared industrial policy.
2. No preferential treatment to foreign enterprises.
3. Prifits could be remitted subject to the foreign exchange regulations.
4. Compensation would be paid on nationalisation.
5. As a rule, the major interest, ownership and effective control should be in Indian hands.

And then the Neogy Commission (1949-50) went into the matter of industrial priorities and recommended that (1) essential defence industry, (2) industries connected with the development of natural resources, such as water, power, coal mining, petroleum, (3) public utility industries like railways, power generation, etc, (4) heavy and basic industries, which in the absence of private enterprises, the state may have to initiate and develop. The rest was for private sector.

It must be noted that Neogy Commission was also firmly of the view that cottage and small scale industries must be encouraged and protected against the competition from the large scale private sector.

The struggle continued. Left opinion was gathering momentum. And under this impact the Congress adopted the Avadi Resolution of 'Socialist Pattern' for the country. The Parliament approved it. And thus came the Industrial Policy Resolution of April 30, 1956.

The resolution reiterated the country's objective "Socialist Pattern of Society", emphasised the Directive Principles of State Policy concerning the promotion of people's welfare, prevention of concentration of wealth and means of production to the detriment of common people and so on and laid down an industrial policy for the government.

This resolution lists 17 industries like arms and ammunitions, atomic energy, iron and steel, heavy castings and forgings, heavy plant and machinery, heavy electricals, mining of iron, manganese, gold, diamond, chrome ore, gypsum and sulphur, mining and processing of copper, lead, zinc, tin, molybdenum, and wolfram, minerals concerning atomic energy, aircraft, air transport, railway transport, ship building, telephones and telephone cables, telegraph and wireless apparatus, and generation and distribution of electricity, "the future development of which will be the exclusive responsibility of the State".

There was a second category of industries according to this resolution which included aluminium and other non-ferrous metals, machine tools, basic chemicals, anti-biotics and other drugs, fertilisers, synthetic rubber, coal carbonisation, chemical pulp, road transport and sea transport that "will be progressively state owned and in which the state will generally take initiative in establishing new undertakings, but in which private enterprise will also be expected to supplement the effort of the state".

The remaining industries and their future development was in general "to be left to private initiative and enterprise".

Such was the "Industrial Policy Resolution" of 1956.

This resolution represented a definite stage in the struggle that India had been waging ever since independence to launch on a path of developmet. The imperialists and the foreign monopolists were creating hurdles, were refusing any assistance in building India's heavy and machine building industry. They wanted India to be only a raw material producing hinterland for them. It is out of resistance to this pressure and the willingness of the Soviet Union to lend a helping hand to our country in its struggle against imperialism for an independent economy that emerged the great Bhilai Steel Plant in 1955.

This resolution was an acknowledgement of the reality that imperialism was not a help but a hurdle in India's economic development.

That if India's development was to be entrusted to foreign capital and transnational companies, it would mean not development but the reverse of it, the continuation of the colonial past and allowing an unchecked flow out of India's wealth and resources.

That even India's big business could not be entrusted with the job of industrial development because basic industry demanding vast investments and claiming long gestation periods would not attract the monopoly houses and they required the entire weight of the national state to withstand the imperialist blackmail.

This Industrial Policy Resolution governed the scheme of things of the Second Five Year Plan that was launched in 1957.

The imperialists, the transnational monopolies and India's monopoly houses were from the very outset opposed to the public sector entry in the field of heavy industry and industrial production. They wanted the state only to invest in infranstructure and raw material.

And India's left and democratic movement and the All-India Trade Union Congress in particular strongly and consistently defended this line of development. The Ernakulam Congress of the AITUC in 1957 came out firmly in defence of the Second Five Year Plan, the public sector and heavy industry in particular.

This was a class line of trade union movement of a developing country—a line for the country's independent economic development and social progress against the national and transnational monopolies.

III.

Public sector today occupies a noticeably commanding position in 50 industrial products. In electricity, gas and water supply and power generation, public sector accounts for 90% of production.

Among the top 25 undertakings in the corporate sector, public sector counts for 17.

70% of investment in top 100 units of the country goes into the public sector.

Public sector feeds a number of anicillary units in small scale sector.

The share of the entire state sector in India's reproducible tangible wealth has grown from a mere 15% in 1950-51 to 43% by the end of 1970-71.

The strength of the working class manning public sector undertakings in 1974 is estimated at 124.9 lakhs, out of which over 10 lakhs worked in manufacturing units, 23 lakhs worked in transport and communications and the services accounted for 62.1 lakhs. As against this private sector employed 67.7 lakh workers among whom 41.7 lakhs worked in manufacturing units.

From the Annual Survey of Industries for the year 1974-75 it could be seen that there were 3697 factories either wholly with the Central, State Government or Local Body or jointly by them. Their fixed capital was Rs. 7041.50 crores. They employed 13,76,674 workers and their turnover valued at Rs. 1370.06 crores.

It is true that it was a capital intensive sector with a per employee fixed capital of Rs. 51,150. But the value added was also Rs. 9,952 per employee.

Joint sector (state, centre or local body and private) accounted for 1241 factories with a total fixed capital of Rs. 7246.7 crores and a worker force of 3,14,798. In this sector fixed capital per employee was Rs. 23,020 and value added per employee was Rs. 12,464.

As against this private sector accounted for 55,847 factories with a fixed capital of Rs. 4156 crores and a working force of 43,60,345. Here the capital per employee was Rs. 9531 and the value added per employee was Rs. 9901.

A break up will show that small scale sector units with a capital investment of Rs. 7.5 lakhs and less with a per worker fixed capital of Rs. 3706 gave a value added per worker of Rs. 4789. As against this the medium and big factories with an average per employee fixed capital of Rs. 19,697 created value per employee of Rs. 10,047.

It is clear that public sector units employed heavy capital and worked on sophisticated modern machinery and technology. They gave a high value added per employee.

Joint sector and private sector operated in high profit yielding consumer goods and services and produced highest value per employee. But the private sector lagged behind the public sector in value added per employee.

And again, the small scale sector though operating on a low capital base produced very little added value and was highly labour intensive and with low remuneration.

These are telling facts that reveal the strength imparted to the country's economy by the public sector. And this is of crucial significance.

Public sector was both a need against imperialist obstruction and an answer to their blackmail.

Public sector could grow only because there existed a strong socialist system and the great Soviet Union that rendered every help for the establishment, sustenance and growth of our public sector.

Some people do not see this role of our public sector which is qualitatively different from the role assigned to state monopoly capitalism of advanced capitalist countries which is part of the monopoly rule of war and blackmail. Even when it represents state capitalism in our ocuntry it has a strong anti-imperialist edge and it is precisely for this reason that imperialists are deadly opposed to it. It promotes growth and the development of our independent economy.

Public sector in our country represents the most uptodate productive forces. It creates both an infrastructure as well as a super structure for the country's advance, which no private sector could ever have created. Public sector with its weight in the economy can become a regulating factor of the country's economic development. It can become a lever for a higher economic order given the necessary socio-political conditions. It is a strong weapon to uphold the country's independence, augment its defence potential and help the nation in standing upto imperialist threats and blackmail. It has given rise to the most modern working class devoted to public sector and capable of playing an important role in the country's advance to socialism.

It has created the country's own technology and the advanced technical and managerial intelligentsia over 50,000 in number, a talent that could be surfaced and harnessed to country's advance and a personnel committed to public sector, uncorrupted by private monopolies and devoted to the country and its social progress.

Above all, public sector is both the result of the new, the socialist element in the world economy and it also helps in establishing new international relations and a world economic order based on sovereignty, equality and relationship of mutual benefit.

It is therefore very necessary to see the connection between domestic economic growth based on and determined by the public sector and the international relations based on anti-imperialism, peace and friendship with the Soviet Union, socialist and non-aligned countries.

In conditions of capitalism and the capitalist path of development (as we have been and we are experiencing in our country) and the capitalist class in power, the state sector is always under threat from the monopolies and subject to the pressures of capitalist market mechanism. Capitalist market forces combined with the political power in the hands of the bourgeoisie, always operate in a manner as to first render the public sector harmless to the monopolies and then turned into an instrument serving them.

Such is the threat and the process that we are witnessing in our country. It is primarily the duty of the trade union movement of the state sector undertakings in particular to take note of it and mobilise to the prevent it.

IV.

The state sector was constantly under attack from the forces of foreign and domestic monopolies and forces of reaction and status quo. They pointed at the "losses" which in fact resulted from the activities of these very forces and their allies in the administration and the monopoly hold on the market mechanism. This aspect we will deal with later.

Inspite of this adverse and even inimical and motivated criticism, the public sector made a significant turn in 1972-73. This sector was in the red and the loss incurred in 1971-72 was about Rs. 19 crores. But in 1972-73, it made a modest profit after tax amounting to Rs. 17.74 crores. The trend since then is one of sustained progress. In 1973-74 a total of 122 public sector undertakings of corporate nature made an aggregate profit of Rs. 64.42 crores. In 1974-75 these profits rose to Rs. 150 crores. And in 1975-76 the figure rose to Rs. 177.77 crores. Their contribution to the exchequer in the form of dividends, interest, income tax and excise duty rose from Rs. 1130 crores in 1974-75 to Rs. 1368 crores in 1975-76. While their total contribution during the Fourth Plan period ending 1973-74 amounted to Rs. 3120 crores.

The employment provided by this group rose from 14.32 lakhs in 1974-75 to 15.05 lakhs in 1975-76. This does not include the 2 lakh employees engaged in National Textile Corporation and its subsidiaries. The employees numbered 13.44 lakhs in 1973-74. The rise in the employment only in this group of public undertakings (129) was by 6.5% in 1974-75 and by 5.1% in 1975-76.

The turnover of central public sector units increased from Rs. 3,310 crores in 1970-71 to Rs. 11,688 crores in 1975-76. The share of public sector in the net domestic product, which was only 10.7% in 1960-61 rose to 15.5% in 1974-75 and to 17.1% in 1975-76.

RBI Study of 385 selected large companies for 1975-76 shows:

(1) The share of public sector in the total net domestic saving rose from 17.1% in 1973-74 to 23.4% in 1974-75. In 1975-76 it was 21.7%.

(2) Rate of capital formation at current prices rose by a meagre Rs. 261 crores in 1975-76 in the private sector. Whereas in the public sector it rose from Rs. 790 crores in 1974-75 to Rs. 1682 crores in 1975-76.

Capacity utilisation in the public sector group of 129 undertakings also improved substantially. 69 units (as against 54 in 1974-75) recorded a capacity utilisation of 75% in 1975-76. Capacity utilisation of 28 units (as against 27 in 1974-75) ranged between 50% to 75%. Only 15 units (as against 16 in 1974-75) operated below capacity in 1975-76.

This improved performance of the public sector and its growing importance in the country's economy squarely posed the question of further expansion of the public sector.

The Parliamentary Committee on Public Undertakings made a recommendation in its 40th report that public sector should enter into areas which are dominated by foreign companies and also set an example by regulating prices in public interest by entering into consumer industries.

Thus the public sector will have to come up as a heavy counterveiling power, since the multinational corporations and Indian private sector giants are very strong and function unitedly in controlling the market.

The Hathi Committee recommended nationalisation of foreign drug industry in the country. U.P. and A.P. Assemblies had passed resolutions demanding nationalisation of sugar industry. The cane growers and the consumer public at large were disgusted with havoc that sugar monopolies were playing. Even Bhargava Committee set up by the Government of India had recommended nationalisation of sugar industry.

Public opinion was gaining momentum for public sector entry into consumer industry and into the distributive system.

This was a demand to curb the monopoly market operations and price manipulation.

Such was the logic of the growth of the public sector already registered and the need of further advance of the country's economy.

This was certainly not to the liking of the national and the transnational monopolies.

It is at such a turn in the country's economy that the Janata Party conglomeration has come to power in the country.

Most of the constituent elements of the Janata Party are well known for their obstinate opposition to public sector and nationalisation of means of production and distribution. Their denigration of Nehru line of thinking has already reached disturbing proportions.

An atmosphere is being created for a reversal of the course so far adopted.

Steps so far taken by the new Janata Party Government alarmingly indicate this direction. The Finance

Minister has already withdrawn the so-called preferential treatment to public sector in the matter of price of government purchases. But Durgapur Steel Plant should continue to supply wheelset to the Railways at Rs. 2750 when the imported set costs Rs. 11,385.

The public sector is asked to compete with the national and transnational monopolies in a capitalist market where according to public undertakings committee (40th report) itself, the national and foreign monopolies "function unitedly" and control the market.

The Prime Minister has declared that foreign capital shall not be "discriminated against" even though it planfully subjects our public sector and for that matter our economy itself to crippling discrimination.

These are policy pronouncements of government leaders.

Leaders like Subramanya Swamy, M. P. are clamouring for denationalisation of Banking.

Practical steps taken or announced so far, say by the Industries Minister, Geogre Fernandes point to this very direction. He has invited transnationals openly. He has cleared the Tata proposal to set up a 500 MW Thermal Power Station with U.S. monopoly collaboration, thus making a serious inroad into the 1956 Industrial Policy Resolution of the Parliament which put power generation exclusively in state sector. He declared in Calcutta that the foreign owned Calcutta Electric Supply Corporation would be the next beneficiary of this policy. He has announced that the government propose to spend the foreign exchange for importing turbines to generate an additional 960 KW of power for "critical areas". Private monopolies are being presented with captive electric power plants only to accelerate their growth rate and bring down the public sector from the commanding height it has achieved in power generation.

Our public sector undertaking Bharat Heavy Electricals has developed the necessary capacity and expertise. They have submitted a feasibility report and quoted its terms for commissioning two sets of 110 MW each. But the

Birlas are pressing the government for permission to import two sets of 67.3 MW each and want to have a deal with a US firm.

And Energy Minister Ramchandran wants Indian manufacturers to bid for the supply of equipment in accordance with World Bank regulations. The World Bank insists that purchases from the loans offered by it should be made from international firms on the basis of a global tender.

The Steel & Mines Minister has gone on record saying that the door of public sector mining would be opened for private investment and profit. Private parties are already permitted to undertake mining in some areas.

It is declared that no more bus routes will be nationalised.

Such are the alarming indications, policy pronouncements and actual practical decisions that, if not opposed and halted, would undoubtedly lead to reversal of the country's policy pursued so far in regard to public sector, and open our country to foreign economic invasion. This will weaken our economy, lead to erosion of self-reliance and compromise our independent international position.

The trade union movement, particularly that in the state sector has to accept the challenge and take initiative in mobilising the democratic opinion to halt this suicidal course.

V

The conditions of working class in the entire vast state sector are widely different as between central corporate sector and central departmental sector, state corporate sector and state departmental managed sector, and the local bodies owned and managed undertakings.

There is a wide gap in wages that are determined variously in various sectors.

The central public sector undertakings have now evolved their own wage negotiation machinery on the national industrial level.

The Central Government departments managed undertakings clubbed with service departments are governed by central pay commission and the central joint negotiation machinery.

The State Government corporate sector has the Industrial Disputes Act machinery open for its wages bargaining etc. But in practice it is the state government that ultimately takes the decision.

The state government departmentally owned and managed undertakings are clubbed with state government services cadres and denied the industrial/technical wage norms.

Their wage revision is also linked up with the resources that centre can make available to the states through the medium of Finance Commission recommendations.

And today public sector, corporate group of industries of the central government, whether in the financing field, the servicing field or engaged in production and sale of goods, employees in all of them are facing a virtual wage freeze. Wherever old wage agreements and settlements have expired new agreements and settlements are delayed and denied. The government have appointed the Bhoothalingam Committee to workout the so-called national wages, prices and incomes policy. And under pretext of this Study Group, all wage revisions are held up.

This only means a complete wage freeze in this group of enterprises for the duration of the 'study' by this committee and add to it the time the government would take to make up its mind on the recommendations.

And there need be no illusions about the recommendation that such a "national wages, prices and incomes policy" could not be worked out any where. But everywhere this was a cover to operate wage freeze. This was tried in Britain. And the British trade union movement has defeated it.

In the field of dearness allowance too there is no uniformity. The central corporate sector workers have by and large a scheme of D.A. linked to consumer price index. But the central government departmental undertakings are governed by the Central Pay Commission formula. The state government departmental undertakings are given a D.A. rise along with the non-gazetted service employees. The corporate sector in states such as Electricity Boards and Road Transport Corporations also follow the state gorvernment decisions in this regard.

With regard to bonus, the same gap and discrimination operates. A public sector undertaking operating in a field where there exists a private sector too to compete, has to pay bonus under the Bonus Law.

Corporate undertakings owned by the centre, the state or a local body but do not compete with private sector in their field are paid "ex-gratia" amount as per the instructions of Bureau of Public Enterprises.

And the departmentally managed undertakings do not pay any bonus or ex-gratia at all. The same wide discripancy is found in the field of fringe benefits.

In the field of service conditions and trade union rights also there is a wide gap in the situation obtaining in the corporate and the departmental sectors. The corporate sector is governed by the Industrial Relations Laws of the country, the Standing Orders and the like.

In the corporate sector also, the rules framed are mere a copy of government rules. They include such vindictive clauses like the right of the management to terminate the services without assigning reasons.

Even the Industrial Relations Machinery is helpless in affording any relief or in making a reference to adjudication as prior concurrence of the employing ministry is demanded which never comes.

But the departmental sector even when covered by such laws as the Factories Act, the payment of wages Act, the Workmen's compensation Act and the Industrial Disputes Act, etc, it is governed by its own service rules like the Fundamental Rules and the Civil Service Rules. These rules were framed by the British and the erstwhile native princes and are quite an obstacle and out of date. They militate against the modern democratic temper and concept of industrial relations. In fact these workers have only fundamental rules to obey and no fundamental rights to enjoy.

The Supreme Court judgment of April 1, 1972 has knocked out Hospitals where "profitable business" is not carried on the primises from the definition of "industry" in the Industrial Disputes Act of 1947. This deprives the government hospital employees of any assistance from the Industrial Relations Machinery of the State.

Trade unions have been demanding uniform pay and service conditions in this entire state sector, corporate or departmental, centre owned or state owned.

—The policy of wage freeze has to be defeated and Bhoothalingam Committee should go the way the earlier Chakravarty Committee had gone. Public sector has to be the pace setter in the field of wages and service conditions and a fair wage should be the trade union demand. And today even need based norms are not attended to.

—There has to be, to begin with complete uniformity in bonus, DA, fringe benefits, service conditions, trade union rights and disciplinary rules. The fundamental and civil service rules should go and give place to industrial relations norms.

—With regard to wages, uniformity should be accepted in principle and could be achieved in phases. This involves a number of questions such as the augmentation of state and local bodies services, the centre-state relations in the field of sharing of finances and above all structural changes with regard to the management and financing of the deparmental sector. The trade unions have to workout their demands on this entire issue and chalk out a course of action and mobilisation to achieve them.

VI

The whole question of pricing policy of public sector and management reforms aimed at democratisation of management and workers' participation in it has become very urgent and demands active attention of trade unions.

It is the pricing field where the public sector is open to serious attacks by the monopolies. The monopoly manipulations in the price market work as much against the public sector as against the primary producer, the agriculturist, the handloom weaver or the small scale industries. The supplier to public sector sells in the seller's market and the bulk purchaser dictates its own price and buys in a buyer's market.

The idea floated that public sector should operate on the basis of 'no profit no loss' itself is a cover to help the monopolies and the private capitalists.

In 1973, for example, the total tonnage of commodities carried by the Indian Railways below the cost of operation constituted about 28% of total revenue earning traffic of Indian Raiways.

In 1972-73 if 28% of freight traffic was carried below the cost of transport by the Railways, the figure went up to 60% in 1973-74. The actual loss on this count was of Rs. 127.06 crores in 1972-73 and Rs. 225.44 crores in 1973-74.

And in their turn the Railways enjoy heavy concessions at the cost of such of their public sector suppliers as coal and steel. As already stated earlier Durgapur Steel Plant supplies wheel set to Indian Railways at Rs. 2750 each and meets 32% of their wheel set requiremnets. But the Railways spend Rs. 27 crores of foreign exchange by purchasing 26,000 wheel sets at an average price of Rs. 11,385 each.

For nearly two decades now, the ex-factory price of steel is half the world price. The so called retention price fixed by the government puts Hindustan Steel to a loss of Rs. 27 crores. When sold at world price they would have earned a profit of Rs. 325 crores. 32% of the steel produced by HSL plants goes to private sector industries and 22.5% to the stockists.

Thus HSL is starved of earning only to fatten the private sector.

Likewise we find that public sector products are sold through private sector intermediaries who make fabulous profits from commission earned. Shaw Wallace. Rathis India and Batliboi are some such intermediary commission agents minting huge profits at the cost of both the public sector and the consumer.

Take the example of electricity. The investment in State Electricity Boards stood at Rs. 5700 crores in 1973-74. But electricity was supplied at a low tarriff rate to monopolies. Until recently U.P.S.E.B. purchased power from the D.V.C. at a much higher rate and supplied to the Birla's HINDALCO at a very low contracted rate of 1.9 paise per unit. UPSEB lost Rs. 2.5 crore annually in the bargain. In Britain electric power constitutes 30% of production cost where-as that in India was 15%. Loss to the Electricity Boards is in reality a big gain for the monopolies.

Such is our electricity tariff policy.

A study of every public sector unit will reveal a similar picture of irrational pricing policy of public sector undertakings working in favour of foreign and Indian monopolies.

The trade unions have to make a concrete study of this phenomenon and fight for a rational price policy based on a combination of factors such as the cost of production, the need to protect the public sector from foreign monopoly encroachment and a differential pricing policy in favour of public sector, the poor peasant producer and the small scale industry.

With this is clearly linked the question of democratisation of public sector management. This concept has acquired a much wider dimension than merely the induction of a worker director in the Board of Directors. This includes (1) democratisation of management through the medium of a committed and devoted, trained and developed managerial and technical cadre, (2) workers' full and unfettered participation at all levels from the shop to the top, not merely in matters connected with production and its targets but also in matters concerning planning, financing, pricing, material management, sales and purchases and all, (3) more effective control by the Parliament and the State Assemblies as the case may be guaranteeing public accountability and responding to public criticism and (4) diversificaton of public sector and expansion of relations with the socialist countries.

Experience shows that management of public sector more specially in the departmental group is more bureaucratised instead of being professionalised. This has a very deleterious effect on management and the morale and efficiency of production cadre. This prevents quick decisions and adds to red tape leading to delays, waste and avoidable rise in costs.

The role of Bureau of Public Enterprises is no more regulating and coordinating. It has grown into an authoritarian centre vitiating in particular the industrial relations and consequently production efficiency.

Experience also shows that trade union agitation below and exposure in the Parliament above has, even though practised on a limited scale, resulted in punishment or transfer of corrupt officials and rectification of wrong decisions. Parliamentary Committee on Public Undertakings, similar committees of the state assemblies, and the estimates and more specially the public accounts committees have played a valuable role in exposing corruption, wastage and bureaucratic inefficiency. The trade unions have to use these committees to enhance their participative role. They must play the role of spokesmen of the society and the guardians of public interests.

Trade unions should assert their right to participate in the management of the public undertakings and work out and agitate for concrete management reforms.

VII

To conclude the trade unions in the entire state sector industry have to unitedly act:

—In defence of state sector, against the policy of of exposing it to the crippling pressure of domestic and foreign monopolies. For the further development and expansion of public sector specially in the consumer goods industry and in the field of distribution.

—Against wage freeze, for new wage agreements, for a uniform bonus, DA, and other fringe benefits and rational wage structure based on need based norms and aimed at achieving uniformity of emoluments in all the state sector units in course of time.

—For full and unfettered rights, for scrapping of fundamental, civil service, and classification, control and appeal rules and introduction of uniform service conditions based on industrial relations norms.

—For a national price policy in state sector aimed at strengthening the public sector, helping the common people and eliminating the foreign and native monopolies.

—For democratisation of public sector management through strengthening the technical orientation, enforcing workers' participation at all levels and in matters concerning management, guaranteeing proper criticism and check up by and accountability to the committees of Parliament and State Legislatures and through increased and diverse relations with the socialist countries.

Public sector in our country has a big anti-imperialist role in promoting self reliance, strengthening our independent economy. This role is under attack from the monopolies both foreign and Indian and from the policies of the Government.

The Trade Unions have to defend the public sector and protect its anti-imperialist and anti-monopoly role.

The public sector can and should become a lever for social transformation by playing an anti-capitalist role and going ahead to socialism. But for this the country needs a radically different corelation of social forces, a left democratic set up committed to socialis mand firmly oriented towards it.

Such should be the Trade Union Objective.

DECLARATION OF THE LUCKNOW CONVENTION

1. The public sector in India consists of the new modern undertakings set up in the post independence period of basic and heavy industries, the nationalised sector, industries and services under the central government departments, state governments, local bodies, etc. The weight and importance of the public sector in the national economy have grown enormously during the last two decades.

The public sector although it developed and grew up in conditions of capitalism and within the framework of the capitalist path of development being pursued in India, performs a progressive and anti-imperialist role in not only developing productive forces, but also in reducing the economic dependence on imperialism and foreign capital, in attaining economic self-reliance by means of industrialisation on a national basis. Its continued growth ensures strong defence of our freedom and independence of action as a nation.

2. Precisely because of this crucial role of the public sector, it was constantly under attack from the forces of foreign and domestic monopolists and of reaction and status quo. In fact, the imperialists, the transnational companies and Indian monopolies opposed the entry of the public sector in the fields of basic and heavy industries which alone can lay the foundation of independent economic development. It was thus largely with the assistance of the Soviet Union and other socialist countries that the public sector with basic and modern industries could be built and developed despite opposition and obstruction from imperialists and reactionary forces.

3. Despite attempts of sabotage from within and with-

out, and despite weakness inherent in public sector in conditions of capitalism, the public sector both in respect of the strategic position it has acquired in the economy, and in terms of employment and generation of resources has established its economic viability as a powerful instrument of strengthening economic self-reliance and further economic development. During the last four years the public sector started to earn increasing rate of profits after years of losses. The pricing policy with respect to public sector products and services has been so designed as to put the public sector in a disadvantageous position and entailing continuous losses to subserve the interests of private monopolies, both domestic and foreign, under cover of the fictitous "no profit no loss" theory. Despite some improvements lately, the pricing policy continues to be irrational and detrimental to the growth and expansion of public sector.

The public sector has not only enormously developed the productive forces, created a modern working class and technical intelligentsia, but also has created the infrastructure and the pre-requisites for rapid industrialisation and allround economic development. Demand was growing for further expansion of the public sector particularly into the consumer goods industries, both by means of nationalisation and by settinig up of new plants, and into the distributive system.

4. It is at this stage that the Janata Party has come to power at the centre. It should be remembered that most of the constituents of the Janata Party were opposed to the public sector and nationalisation measures. But as the public sector has grown over the years, entered into and acquired dominant position in various fields of economic activties, the Janata Party Government cannot just wish away or destroy the public sector at one stroke. But from the steps the Janata Government has been taking to weaken and dilute the content of the public sector, either in steel, heavy electricals or in other industries and activities, it is evident that the Government is meticulous-

ly trying to dismantle the public sector and destroy its commanding role step by step. Under cover of equal treatment towards public sector and private sector, and "no discrimination" against foreign capital, the position of public sector is being *weakened* and *undermined.* If such a dangerous policy of which indications are already apparent, is not opposed and halted, it will lead to the ultimate reversal of the country's accepted policy pursued so far. It will lead to erosion of our vision of self-reliance and expose our country's economy to the combined machinations of domestic and foreign monopolies.

The trade union movement, particularly that in the public sector, has to take initiative in mobilising democratic opinion to halt this suicidal course. Without a powerful unity of the working class, we can neither defend the rights and interests of the workers, nor the public sector or its role to make India strong.

5. The conditions of the working class, both in respect of rights and benefits, in the vast state sector are widely different as between central corporate sector and central departmental sector, state corporate sector and state departmental sector and the local bodies owned and managed industries. There is a wide gap in wages that are determined variously in various sectors. Not only in respect of wages, but in respect D.A. and bonus also wide divergences are prevailing between different segments.

The Central Public Sector Undertakings have over the years evolved their own wage negotiation machinery on the national industrial level. And today, the workers of this sector, whether of production, financing or service fields, are facing a virtual wage freeze. The Boothalingam Study Panel set up by the government to workout a so-called wages, incomes and prices policy, is being used as a convenient alibi to halt wage revision whereever it has become due after expiry of previous agreements. The Bureau of Public Enterprises has always assumed arbitrary authority to dictate terms of wage settlements and interferred in the process of collective bargaining to the detriment of industrial relations and production efficiency.

Trade unions have been demanding uniform pay and service conditions in this entire state sector and enforcement of the principle of equal pay for equal work. Trade unions have to carry forward this struggle and will have to mobilise to defeat the policy of wage freeze which is sought to be imposed under various pretexts.

6. Not only concessions are being given to the monopolies at accelerated pace and open invitations extended to foreign monopolies, the public sector, its anti-imperialist role, its role of promoting economic self-reliance, are all under attack in variuos ways and in different forms on various counts. Workers' wages in the public sector are also under attack. A virtual wage freeze has been imposed today.

In this critical situation the conference of trade unions in the public sector appeals to all trade union organisations in and outside the public sector to act unitedly.

—In defence of the public sector, against the policy of exposing it to the crippling pressure of domestic and foreign monopolies, against the policy of negating the commanding role of the public sector in the development of independent economy.

—For further development and expansion of public sector specially its extension into the consumer goods industried and in the field of distribution to ensure adequate supply of essential goods at prices within the reach of common man.

—For a rational price policy in state sector aimed at strengthening the public sector and in the interest of the common people and eliminating prices intended to enrich the foreign and domestic monopolies unduly.

—For democratisation of public sector management through strengthening technical orientation, enforcing workers' participation at all levels and in all matters concerning management, guaranteeing proper criticism and check up by the accountability to the Committees of Parliament and State Legislatures.

—Against wage freeze, for new wage agreements for a uniform bonus, D.A. with guaranteed 100% neutralisation and fringe benefits and rational wage structure based on need based norms and aimed at achieving uniformity in emoluments in all the state sector units in course of time.

—For full and unfettered trade union and democratic rights based on democratic industrial relations norms, for scrapping of all anti-democratic outmoded colonial rules and services conditions.

The Conference calls upon the AITUC unions in the public sector to take initiative to organise conferences of publice sector workers at the state/regional/industrial levels unitedly with all unions to workout programme to thwart growing attacks and erosion of the public sector and attacks on rights and benefits of workers which are increasingly becoming evident.

The Conference deems it urgent to evolve a programme at the national level unitedly with other Trade Union Centres against the wage freeze policy and manning and promotion policies of the Government.

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HYDERABAD CONVENTION OF PUBLIC SECTOR EMPLOYEES

An All—India Convention of Public Sector Undertakings Employees Unions was held on the 23rd and 24th Decemmer 1977 in the Institute of Engineers Hall, Hyderabad. The Convention was called at the invitation of the Coordinating Committee of Hyderabad Public Sector Industries Employees Unions. 206 delegates from 14 states representing 6 Central Trade Union Organisations and 7 National Federations and 90 other unions representing about 5,00,000 workers have attended the convention. K. G. Sriwastava, General-Secretary, AITUC, P. Rama Murthy, M. P., General Secretary, CITU, G. Sanjeeva Reddy, INTUC, A. P. President, Datto Pant Thangdi, General Secretary, BMS were among the delegates. The delegates represented Steel, Heavy Engineering, Ship-Building, Aeronoautics, Minerals & Metals, Construction, Insurance, Banking, Drugs, Chemicals & Fertilizers, Transport, Defence Establishments and other Industries in the Public Sector.

M. Poornachandra Rao, Convenor of the Hyderabad Coordinating Committee welcomed the delegates and paid homage to the martyrs of Emergency and also the victims of cyclone. Dattopant Thangdi, (BMS), G. Sanjeeva, Reddy, (INTUC) Michael Fernandes (ITI, Bangalore) K. L. Mahendra (AITUC), Passo (HAL, Hyderabad), Mahadevan (HAL, Bangalore, Rajagopalan (Bangalore), Madan Phandnis (CITU, Bombay), SKN Chatterjee (Durgapur Steel) acted as the members of the presidium.

46 delegates participated in the deliberations. P. Rama Murthy moved a resolution calling upon the workers for observance of anti-wage freeze day on January 20, which was second by D. P. Thangdi, K. G. Sriwastava & G. Sanjeeva Reddy

RESOLUTION OF THE HYDERABAD CONVENTION

ON WAGE-FREEZE

This All India Convention of representatives of Trade Unions in the Public Sector, affiliated to all the National Trade Union centres and independent Unions recalls that the Janata Party had, in its Election Manifesto dealing with the question of wages, Prices, and Incomes Policy, categorically stated that:

(1) the wage policy for the Working class and Agricultural labourers will be based on the need-based minimum wage;
(2) the workers should get a substantial portion of the gains of increase in productivity;
(3) rise in prices will be fully neutralised by Dearness Allowance and;
(4) disparity in incomes in the country will be reduced to 1:20 in ten years and 1:10 in the next ten years.

This was in refreshing and sharp contrast to the policy of wage-freeze sought to be imposed on the working class by the previous Government in the last years of its regime and hence was welcomed by the working class.

The Convention is aghast at the continuation of the same old policy of Wage-Freeze under spurious pleas.

Firstly, all the wage negotiations in the Public Sector undertakings where they have been long overdue are being stalled and have come to a stand-still under the direction of the Central Government. The panel under the Chairmanship of Shri Boothalingam has been appointed to go into the question of wages and prices and it is stated that until the Government of India, enunciates a policy after studying the report of this Committee, when it is submitted, no negotiations on wage revisions should take place.

Seondly, the managements of the Public Sector Undertakings impose a Dearness Allowance of Rs. 1.30 per point of rise in the Cost of Living Index which is already prevalent in most of the Units and even in those Units where higher rates of D.A. is prevailing, the managements seek to impose this rate of D.A. This is being done under the directive of the Government through what is called Bureau of Public Enterprises.

The Convention wants to point out that the appalling disparity in incomes in the country is the disparity in the incomes of diifferent classes—the incomes of the monopolists and big business houses, big traders, speculators, and big landlords on the one hand and the workers, salaried employees, agricultural labourers and poor peasants on the other. This monstrous disparity in incomes can only be solved by attacking the economic positions of these vested interests, by breaking up the concentration of land in the hands of non-working land lords and raising the wages of agricultural labourers and strictly enforcing them. The higher wages that the organised working class has been able to enforce through its struggles have nothing to do with the appalling low wages of the agricultural labourers, and freezing their wages cannot and will not lead to increasing the wages of the agricultural labourers and unorganised workers. On the other hand the struggles of the organised working class and the successes they have won have inspired the agricultural labourers and unorganised sections of workers to organise themselves and struggle against the landlords and other employers in various parts of the country and won for them higher wages.

Instead of taking steps in this direction, the Janata Government has frozen wages as stated above.

The Convention further points out that wages prevalent in the Public and Private sectors are far below the Need-

Based Minimum wage and only in rare cases this level has been reached.

Further, since the last wage agreements have been entered into, which have expired long ago, there has been an appreciable increase in productivity and the workers have had no share in the gains of such increased productivity.

The Convention is firmly of the opinion that the Boothalingam panel, with a retired ICS officer connected with a number of multi-national companies and big business houses as Director or Chairman after retirement, and people connected with Institutes of Managements and bureaucrats as members, is thoroughly incompetent to go into the question of Wages and Incomes policy. The organised Trade Union movement has been totally ignored in the composition of the Committee. Moreover, the terms of reference has nothing to do with the major issues of disparities in incomes between top classes of monopolists, landlords and the common people, but are designed to go into the question of wage disparities among the wage earners. The working class will have nothing with the panel.

This is nothing but an attempt to pit the agricultural workers against the working class and to sow divisions in the working class, a game which Indira Gandhi indulged in during the last years of her regime.

The attempt to impose the D.A. and other emoluments arbitraily fixed by the Bureau of Public Enterprises, which does not come into the picture in negotiations between the Trade Unions and the managements has reduced collective bargaining in the Public Sector to a farce.

This Convention strongly protests against this policy of Wage Freeze and the abrogation of the right to collective bargaining and demands its total and immediate reversal and starting of wage and D.A. negotiations. The Convention feels happy to note that employees of Banglore based Public Sector Industries as well as some of the Units in Hyderabad have already taken initiative to organise an

One-Day token strike on this issue, which may come off on 20th January 1978.

With a view to mobilise the entire strength of the workers in the Public Sector which alone can bring about such a reversal of policy, this Convention appeals to all trade unions in the Public Sector including departmental Undertakings to:

(1) Jointly observe through massive demonstrations, public meetings and other peaceful forms, January 20, 1978 as ANTI-WAGE FREEZE DAY.

(2) Organise Joint Regional or State-Wise Conventions of all trade unions in the Public Sector and Departmental undertakings, mobilising the workers on this major issue facing them, before the end of February 1978.

This Conventoin urges upon all the Central Trade Union organisations, to jointly call a wider Convention of representatives of all Trade Unions in the Public Sector in the month of March 1978, where the further course of action can be decided upon. The delegates to the Convention, together with the workers in the Public Sector and Departmental undertakings from all over the country can march and present a Memorandum to Parliament at the time of such wider Convention.

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DEFEND PUBLIC SECTOR
FIGHT WAGE FREEZE

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