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# AITUC GENERAL COUNCIL MEETING

155

*General Secretary's Report  
and  
Other Materials*

**HYDERABAD  
3—5 July 1985**

C O N T E N T S

		<u>Page</u>
1. Outline Report of the General Secretary	-	1
2. The Central Budget and other measures	-	7
3. Spurt in Share prices	-	11
4. Uptrend in Wholesale Price Index	-	11
5. Consumer Price Index	-	13
6. Industrial "Sickness", closures, etc.	-	14
7. Textile Policy Statement of the Government	-	16
8. Bhopal Gas tragedy	-	24
9. AITUC - CITU Correspondence	-	37
10. Central Trade Unions' proposals with regard to verification of membership	-	38

OUTLINE OF GENERAL SECRETARY'S  
REPORT ON DEVELOPMENTS & TASKS

1. The single most important political event during the past one year has been the violent movement of Sikh secessionists and terrorists in the Punjab aided and abetted by foreign imperialist agencies and the Pak military authorities, creating a qualitatively new threat to national unity and security - culminating in Operation Blue Star on June 4, 1984, and its subsequent fall-out, the assassination of Indira Gandhi on October 31st - Government's policy of drift and vacillation, combined with the rousing of religious passion among the Sikh masses after Operation Blue Star, has enabled the extremists to spread their terroristic activities and put the official Akali leadership on the defensive - No settlement of Punjab problems is yet in sight - Hindu-Sikh relations embittered.

Other divisive forces in different parts of the country are also growing as reflected in:-

- = Massacre of Sikhs in Delhi and other places in November 1984.
- = Violent mass rioting continuing for last 3 months in Gujarat - anti-SC/ST, anti-Muslim, anti-police atrocities.
- = Revival of Shiv Sena in Maharashtra after last year's anti-Muslim riots in Bhiwandi-Thane-Bombay - new slogan of preventing non-Maharashtrians from entering Bombay.
- = Wave of caste killings in Bihar countryside - landlords and upper castes waging armed aggression against Harijans and "backward" castes.
- = Armed border clashes between Assam and Nagaland police over disputed territory.
- = "Insurgents" attacks on security forces and others in Tripura, Manipur, etc.

These and other disruptive and communal developments (e.g. electoral gains of Shiv Sena in Bombay, of BJP in major centres like Jamshedpur and Bokaro, repeated communal clashes in Hyderabad) constitute the most dangerous threat to unity of the toiling masses and of the T.U. movement.

By and large (except to some extent in Punjab) TUs are failing miserably to intervene in such situations on the basis of united working class mobilisation against fratricidal strife - Workers generally overwhelmed by communal/casteist prejudices and passions which divide their ranks - to whose benefit?

2. The second most important development of the last 6 months is the formation of the new Central Government under Prime Minister Rajiv Gandhi and its announcement of a "new" policy of economic and industrial development - the philosophy of the 1985-86 Central Budget makes it clear that a new phase has begun in downgrading the public sector and boosting the private sector as the main agency for promoting growth.

- = Main features have been highlighted in AITUC's statements and the Working Committee's resolution of April 12, 1985. - SC/ST is in a more reactionary

direction which has several ominous implications, viz:-

- = Tremendous inflationary potential - already visible in sharp price rise after Budget-nullifying tax reliefs given to lower income tax brackets.
- = "Open-door" policy in favour of big business houses includes concepts of privatisation, denationalisation, "joint" ventures in preference to public sector, further import liberalisation, priority for induction of foreign technologies, etc.
- = Drastic tax concessions to corporate sector - more promised next year - companies with assets between Rs.20 crores to 100 crores "liberated" from MRTP restrictions - 25 industries delicensed - 53 import items decanalised - 201 items of industrial machinery put on OGL.
- = All this can harm domestic industries; cripple expansion of public sector units like HMT, HEC, BHEL, etc.; further aggravate the debt burden; and adversely affect employment opportunities for the sake of acquiring "high-tech." for which agreements are being concluded with USA, France and others.
- = At/same time, Budget has sharply reduced Central public sector outlays on several anti-poverty and welfare programmes, shifting responsibility for these on to the State Governments.
- = Enormous estimated Budgetary deficit of Rs.3660 crores likely to be substantially exceeded - despite hike in administered prices of oil, steel, etc. - crisis likely to be intensified by heavier burden of foreign debt repayments, adverse balance of trade, enormous defence expenditure, etc.
- = Budget, while raising I.T.exemption limit to Rs.18,000/- per year and abolishing C.D.S., has retained eligibility ceiling of Rs.1600/- p.m. for Bonus - workers' dues to be given priority in cases of closure of "sick" industries, but no punishment for the erring employers.
- = It is only natural that this Budget has been so enthusiastically welcomed by all Big Business circles in India, and spokesmen of MNC's abroad.

3. Against this background, our General Council should analyse the Government's recently announced:-

- = New textile policy
- = New electronics policy
- = New drugs policy
- = New Export/Import policy

in order to understand the running thread of wholesale concessions to the monopolists, opening up new areas (hitherto reserved for the public sector) to private sector penetration, emphasis on import of "advanced" technology for export promotion, at the cost of the small-scale sector, domestic non-monopoly sector, and commitment to self-reliance.

(Some examples to be studied:-  
Hazira-Jagdishpur Gas Pipeline project;  
National Silicon project; approval for  
use of foreign brand names; foreign  
collaboration for on-shore oil drilling, etc.)

= Phenomenon of large-scale Bank frauds.

4. The Railway Budget, 1985-86, is no less retrograde in its main features:

- = 10% hike in fares and freights
- = Sharp cut in wagon orders, from 24,000 to only 5000 this year
- = Modernisation of workshops slowed down
- = Ban on recruitment to continue
- = Track maintenance work being increasingly assigned to contractors

5. = During this period, the danger of nuclear war took on a new dimension with President Reagan's commitment to the use of outer space for strategic military purposes-World peace forces universally condemned the "Star Wars" project - this includes Governments of India and non-aligned States, the Socialist countries and even France - the struggle for and against deployment of medium-range missiles in W.Europe continues.

= US military build-up of Pakistan going ahead, with suspected US connivance at development of nuclear weaponry by Zia regime-Indian Ocean situation is more threatening than before due to the induction of foreign military "advisers" and equipment into Sri Lanka, may be bases later.

= Imperialist threat is three-fold:- Military(easy to explain)  
- Political- by aiding and abetting all forces of destabilisation, including separatist, secessionist, divisive and communal forces (can't always be "proved").

- Economic - this is the neo-colonialist strategy of advanced capitalist countries against the developing countries, including India-employing varied weapons such as the debt trap, high interest rates, cut down on concessional aid, protectionist trade barriers, dumping of goods, manipulation of dollar exchange rates, forcing down prices of primary commodities and jacking up prices of manufactures and machinery exports to the developing countries, aggressive expansionist policies by the MNC's, involving developing countries into a mini-arms race, etc.

= Peace movement has to attend to all 3 aspects - TU's, in particular, can and should be far more active than at present in the struggle for a new International Economic Order.

= In this context, the significance of the first Asian and Oceanic Trade Union Conference on Development, held in Delhi, February 1985 - how to propagate and popularise its Declaration and decisions among our working class?

= Concrete exposure of the misdeeds of MNC's operating in developing countries was (and still is) possible when such a major disaster as the Bhopal Gas Leak at the Union Carbide factory has taken place on our own soil, killing thousands, crippling and poisoning an even larger number, and revealing the terrible hazards of toxic pollution without any regard for safety measures. Each of our TU's should ask itself - how did it react to the Bhopal tragedy and what did it do to rouse public opinion against the MNC criminals?

= How to carry forward results of Bhopal convention held by Central TU's on May 24th?

6. Major problem continues to be of Closures, Lock-outs, retrenchment, rationalisation, modernisation, affecting jobs and job security of lakhs of industrial workers and white-collar employees.

= Extent and intensity of the problem are growing - over 80,000 units lying closed - worst affected are textile mills, both cotton and jute, engineering, non-coal mines, Dalmianagar complex, small-scale miscellaneous units. - in some cases, specific departments closed down - threat of closure used to terrorise workers into accepting the "golden handshake", or to cover up profiteering as in DCM closure threat, a Camouflage for huge land racket in collusion with administration.

= Job security and employment potential threatened in public sector also - banks (computerisation and mechanisation), ports and docks (containerisation), engineering units (cut in wagon orders, etc.) etc. - Ban on new recruitment to Government jobs continues - dismantling of RMS postal services.

= Significance of Central Ministers' statements that "inefficient" and badly managed and "sick" units in both private and public sectors should be closed down - this concept goes directly against TU's demand for nationalisation or take-over of managements.

= Last year's NCC Convention called for country-wide campaign against closures and lock-outs - poor response, so also on all-India "Day" declared for May 15 this year - one redeeming exception was Jute workers' protest general strike on 17/5 in West Bengal with participation of State INTUC leadership - objective conditions favourable for broad-based, united movement provided AITUC does not give up initiative.

7. = Rajiv Gandhi Government's labour policy still to be spelt out - Central TU's jointly, AITUC separately, and some sectors like jute and textiles, had several rounds of discussion with Labour Minister and submitted memoranda to him.

= Issues discussed include:-

= National minimum wage

= No going back to Wage Boards

= Proper implementation of pro-labour laws, awards and recommendations.

= No infringement of right to strike

- = Health, Safety and anti-Pollution measures (new awareness after Bhopal)
- = Verification and secret ballot
- = Unorganised and casual workers' plight.
- = Meanwhile, D.A. rate for public sector undertakings, raised to Rs. 1.65 per point; minimum daily wage-rates in some industries under revision, but still far short of our demand; Bank and insurance employees succeeded in gaining negotiated wage increases; and Central Pay Commission awarded second interim relief for Government employees (10% of basic pay with minimum of Rs.50 p.m.).
- = Incorrect just now to speak of "wage-freeze" in the old sense - main problems are (i) to protect real wages against erosion caused by rising prices and tremendous inflationary potential of the Budget; and  
(ii) to fight for a statutory national minimum wage whose demand can mobilise the unorganised sector for effective struggle.
- 8. = General Council should seriously assess how far we are actually implementing key slogan "Organise the Unorganised" given by Bangalore AITUC Session - if not, why not?
  - = Reports at last Working Committee meeting (April 1985) showed some attention being paid to stone quarries and brick kilns in Haryana; hospital employees in Karnataka; handlooms, construction workers and small-scale engineering in Maharashtra; saw mills, plywood, forest workers in M.P.; united and militant struggles of Powerloom workers took place in Malegaon, Bhiwandi, etc. in Maharashtra against non-implementation of statutory minimum wages, a new advance.
  - = But progress has been uneven and slow-minimum wage demand varying from Rs. 500/- to Rs. 750/- p.m. - no reports from majority of States on -
    - = holding of district/State conventions
    - = organisation of agitation and mass actions on specific issues
    - = Setting up of District T.U.Councils
    - = expansion among agricultural workers, including plantations.
    - = fight for regularisation of contract labourers.
- 9. = After gains of 1983-85 mainly in Central public sector industries and breaking of BPE - imposed freeze, there appears to be a general lull in the movement - worst sufferers are workers of both organised and unorganised private sector.
  - = Objective situation is highly favourable for broad-based united movement, not only on immediate demands but also against negative consequences of Central Govt's budget philosophy, putting forward of alternative trade union solutions, and actively defending world peace and national unity and integration against the conspiracies of imperialism and the divisive forces.

- = Our electoral performance in majority of industrial centres shows the non-political essence of our T.U. work, failure to develop class conscious mass bases, and inadequate role in boldly leading mass actions - this way, we are likely to be overwhelmed by the developing situation and the "new" tactics of the ruling class.
- = Experience shows that INTUC sections can be involved in common activity if proper efforts and approaches are made.
- = NCC has to be activated - and so also, the work of the industrial Federations in the direction of promoting joint actions.
- = We have proposed formulation of a Code of Conduct between AITUC & CITU to improve mutual understanding and cooperation, and to reduce bickerings and quarrels especially at the lower levels - initial response from CITU is positive - need for follow-up now

10. Some other tasks to be taken re:

- = Young workers and working women
- = Next September 1st - Anti-war Day
- = October 1985 - observance of 40th anniversary of foundation of W.F.T.U.
- = Serious preparations for next verification of membership (unless G.C. decides otherwise!)
- = State TUC's to hold special Session for discussing organisation
- = NCC Conventions by mid-August against closures, lockouts, etc.

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THE CENTRAL BUDGET 1985-86 AND OTHER MEASURES

1. Income Tax Exemption limit raised from Rs.15,000 to Rs. 18,000.
2. Tax Rates in different slabs of Income tax Reduced.
3. Surcharge on Income-tax to be discontinued, reducing the maximum marginal rate of Income tax on personal incomes from 61.875 percent to 50 percent. The revenue sacrifice in 1985-86 in rationalisation of tax structure would be Rs.200 crore in Income tax and Rs. 197 crore on account of surcharge.
4. Estate Duty Abolished.
5. Maximum marginal rate of wealth tax reduced from 5 percent to 2 percent, Loss of Revenue involved being Rs.70 crore.
6. Corporate Tax Reduced by 5 percentage points from 55 to 50 percent.

This would enable the 141 public limited giant companies in the corporate sector to save Rs.33.15 crores per annum by way of tax relief. Out of the 251 giant companies, as many as 141 companies for the year 1983-84 stand to benefit by the tax reduction. The remaining 110 companies were zero tax companies during 1983-84.

A detailed analysis of the 251 giant companies based on 1983-84 accounts reveals that five companies are likely to benefit more than one crore of rupees per annum each by the new proposal. Another 3 companies will benefit by Rs. 90 lakh to 100 lakh. As many as 65 companies will benefit to the tune of Rs. 1 lakh to Rs. 10 lakh per annum, 40 companies Rs. 10 lakhs to Rs. 30 lakhs per annum, another 78 companies fall in the benefit range of Rs.30 lakhs to Rs. 80 lakhs.

Hindustan Lever gets the tax benefit of Rs.215 lakhs followed by Tata Tea at Rs.125 lakhs. Other companies which benefit more than one crore rupees each per annum are Bajaj Auto (Rs.106 lakhs), Harrison Malayalam (Rs.104 lakhs) and Siemens (Rs. 104 lakhs).

The effective tax rate of 251 giant companies will go down from 39.4 percent to 35.8 percent.

7. As a result of changes in the incidence of direct taxes, out of about four million income tax payers, one million are becoming entirely tax-free, while the remaining three million will pay substantially less than at present.

The effective rate of taxes will fall down from the high 67.5 percent to 40 percent. In terms of our population the benefit of reduction in direct taxes will be enjoyed by a mere 0.57 percent of the population and 1 percent of the income earners.

8. 20 percent disallowance on expenditure on advertisement, publicity and sales promotion etc. to be discontinued.
9. The limit in the value of the assets of the large industrial houses for the purpose of the MRTTP Act raised to Rs. 100 crore from Rs. 20 crore "to reduce rigidities and improve the environment for industrial growth."

Data available for large industrial houses covered under Section 26 of the MRTP Act, revealed that as on December 31, 1981, there were 101 large industrial houses with assets of Rs.20 crores or more. Besides, there were single large undertakings not forming part of any house whose individual assets exceeded Rs.20 crores. The total assets of large houses including single undertakings, stood at Rs.17,444 crore as on December 31, 1981. Of this, there were 44 large houses with assets exceeding Rs.100 crores each.

The Economic Times estimate of the total assets of the large industrial houses as on December 31, 1984, based on an average growth in assets of 10 percent per annum, puts the total assets at Rs.23,218 crores. The number of beneficiary large industrial houses would be as high as 49.

10. The finance minister announced a list of 25 industries which has been delicensed.
11. The ceiling of investment in plant and machinery for small scale sector raised to Rs.35 lakh from the present limit of Rs.20 lakh. Likewise, the ceiling of investment in plant and machinery for the ancillary industries has also been raised to Rs.45 lakhs from the present Rs.25 lakhs.
12. Total additional taxes imposed
  - Rs. 1131.29 crores.
  - = Rs.707 crores from customs and Rs.424.29 crores from excise.
- By Railway Budget at the rate of 10 percent increase in fare and freight about Rs.450 crore per annum will be realised.
13. Total concessions in Indirect taxes - Rs.546.66 crores.
  - = Rs.287.12 crores from customs and 259.54 crores from excise.
14. Deficit budgeted for 1985-86 - Rs.3349 crores.
15. The Government notified on May 24 a list of 27 selected industries where the large industrial houses and FERA companies will be exempted from seeking prior approval of the Company Law Board under Sections 21 and 22 of the MRTP Act before applying for a fresh licence or an expansion. This liberalisation will be available for a period of five years. The schedule enlists 27 industries which include pig iron, castings and forgings, transmission line towers, electrical motors with starters and internal combustion engines, electronic components and equipments, printing machinery etc.
16. Issue of bonus shares

The Government on March 18 issued a series of additional guidelines for issue of bonus shares, and fresh and further share capital by companies.

The existing guideline for issue of bonus shares by profitmaking closely held companies has been relaxed.

The Government has also decided that companies raising equity capital would be allowed to retain over-subscribed equity to the extent of 25 percent of the amount for which they seek the consent.

The rate of interest of convertible debentures issued by non-MRTP and non-FERA companies has been raised from 13.5 percent to 15 percent per annum.

7. The total additional revenue from the general increase in prices of all petroleum products is estimated at over 1,400 crores, according to oil industry sources.

Of this, Rs.620 crores would go to central exchequer and the benefit to the oil industry is expected to be about Rs.800 crores.

8. The new Foreign Trade Policy or import-export policy announced after the budget, on April 12 will be valid for three years. As many as 210 items have been placed under Open General Licence and import of as many as 53 items has been decanalised. Import of computer systems has been liberalised, electronics sector has been given incentives.

The items of industrial machinery added to the list of capital goods allowed to be imported under Open General Licence (OGL) will benefit the industries ranging from oil field services, electronics, automobiles, jute manufacture, garment making, hosiery, leather and canning. Inflow of imports linked to exports has been enlarged.

9. The scheme of concessions and incentives available for "no-industry districts and backward areas" has been extended for a further period of one year from April 1, 1985 to March 1986.

20. The Government on May 25, 1985 announced further duty concessions in respect of raw materials for the electronics industry. On certain raw materials the import duty has been totally exempted, and on certain inputs the customs duty has been drastically reduced.

21. Levy Cement: The Government has decided to reduce the levy cement obligation for both existing and new cement units.

The existing yardstick for computing the levy cement component has also been changed to current output rather than on installed capacity.

The levy cement contribution in the case of existing units has been reduced from 65 percent to 60 percent, and from 45 percent to 40 percent in the case of new cement units and sick cement units.

On a conservative estimate, this change over will result in a net additional profit margin of about Rs.75 to Rs. 80 crores for the industry.

22. Alien Brand Names

The Union Government has decided to permit liberal use of foreign brand names for products manufactured in India under foreign collaborations. Also, the companies falling under the FERA will henceforth be free to use the same brand names as are being used by their parent companies overseas.

23. 82 Essential bulk drugs delicensed.

The Government on June 6 decided to de-license 82 essential and mass consumption bulk drugs and their formulations. This is in addition to the 12 bulk drugs and drug intermediates which were delicensed as part of the delicensing scheme of March 16, 1985.

These delicensed bulk drugs and their formulations would require no licence under the provisions of the Industries (Development and Regulation) Act.

24. The new textile policy announced on June 6, 1985 gives more freedom and concessions to the private mill sector, with an elitist fibre policy and making way for largescale closure of mills and retrenchment of workers due to closures as well as modernisation etc.

25. "If we have two more budgets like this to follow, India will not only take off, it will be launched in an orbit of continuing accelerated economic growth." said R.S. Lodha, President of the Indian Chamber of Commerce, to quote only one reaction of Business and Trade to the budget.

26. In reply to debate on the Finance Bill, 1985 in Rajya Sabha on May 10, the Finance Minister, Vishwanath Pratap Singh asserted that the new Government had not given up the path of socialism, but had only moved from "discretionary controls to non-discretionary controls."

"We have established socialism in concrete terms. We don't believe in abstract socialism", he told the opposition members.

SPURT IN SHARE PRICES

The Economic Times

INDEX OF ORDINARY SHARE PRICES

INDUSTRIES	( Base: 1969 - 70 = 100 )		
	June 18, 1985	June 12, 1985	On March 16, 1985 Pre-budget
Cotton Textiles	269.3	267.9	204.4
Jute Textiles	38.2	38.2	38.2
Man-made Fibres	634.3	637.8	497.3
Iron & Steel	927.4	910.6	567.9
Engineering	818.6	786.2	522.2
Fertilisers	397.4	393.4	319.8
Chemicals	364.7	350.5	294.4
Sugar	52.5	52.5	52.8
Paper	604.3	630.0	569.0
Cement	261.8	264.5	225.1
Rubber Goods	242.9	235.5	193.0
Plantations	540.4	513.2	469.2
All Industries/ All India.	430.2	419.8	312.5

INDEX NUMBER OF WHOLESALE PRICES

(Base: 1970-71 = 100 )

<u>Year</u>	<u>General Index</u>
1980-81	257.3
1981-82	281.3
1982-83	288.7
1983-84	316.1
<u>1984-85</u>	
April	323.4
May	327.5
June	334.6
July	342.7
August	346.0
September	342.2
October	342.6
November	340.0
December	337.3

STEADY RISE IN THE PRICES AFTER BUDGET

	<u>I</u> <u>N</u> <u>D</u> <u>E</u> <u>X</u>
Budget was presented, on March 16, 1985 -	340.1
After Budget: week ending March 23, "	342.8
" " March 30, "	344.8
" " April 6, "	346.2
" " April 13, "	347.9
" " April 20, "	348.1
" " April 27, "	349.2
" " May 4, "	349.9
" " May 11, "	350.1
" " May 18, "	350.6
" " May 25, "	351.9
" " June 1, "	353.8
" " June 8, "	355.2

PUBLIC SECTOR INVESTMENTS

Plan Period	Public Sector Investment as % of Total	Private Sector Investment as % of Total	Total	Total Investment in Rs. crores (Target) (Target)
1st Plan	46.4	53.6	100.0	3360
IIInd Plan	54.6	45.4	100.0	6831
IIIrd Plan	63.7	36.3	100.0	11,280
IVth Plan	60.3	39.7	100.0	22,635
Vth Plan	57.6	42.4	100.0	63,751
VIth Plan	52.9	47.1	100.0	158,710
VIIth Plan	56.25 (Rs. 180,000 * crores )	43.75	100.0	320,000
Public Investment in VIIth Plan	46.9 * (Rs. 150,000 crores )	53.1	100.0	320,000

\* Approach Paper

CONSUMER PRICE INDEX NUMBERS

( 1960 = 100 )

1984	January	February	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	between January and December 1984
1. All-India Average	563	561	558	559	562	574	585	586	589	592	595	588	25
2. Hyderabad	554	557	554	548	561	572	581	589	604	614	612	603	49
3. Jamshedpur	514	507	509	511	509	517	535	538	538	538	542	529	15
4. Ahmedabad	562	554	547	551	557	564	572	575	575	579	580	573	11
5. Bangalore	637	637	632	625	626	628	641	644	647	650	649	648	11
6. Indore	581	580	591	596	600	606	616	623	608	605	609	606	25
7. Bombay	576	578	579	586	595	604	611	610	609	615	618	612	36
8. Jaipur	581	574	563	556	567	585	590	610	608	608	607	601	21
9. Madras	558	555	556	556	550	559	569	571	573	584	592	593	35
10. Kanpur	545	539	532	515	517	548	562	557	559	569	574	558	13
11. Calcutta	525	523	521	536	539	574	587	592	592	602	599	577	52
12. Delhi	560	559	562	570	575	589	598	602	608	600	605	598	38

Annual Average for 1984-576, Annual Average for 1983-532, Annual Average for 1982-475, Annual Average for 1981-441, Annual Average for 1980-390.

1985: January - 588, February - 585, March - 586, April - 594.

OVER 80,000 INDUSTRIAL UNITS "SICK"

The number of sick units, both large and small scale units, has been rapidly increasing since 1979. According to the data collected by the Reserve Bank of India, the number of large units at the end of December 1983 was 491 and the number of small scale sick units was 78,363.

The impact of growing industrial sickness on employment and its adverse consequences to the national economy as a whole are causing concern to the government and the planners.

The causes for the present state of affairs can be attributed to internal factors such as inefficient management, dishonest management, diversion of resources, utilisation of current assets for non-current and long-term purposes, obsolescence of technology and machinery, etc.

Six major States viz., West Bengal, Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka and Gujarat accounted for 82.5 per cent of the outstandings on account of sick units.

The following table gives the number of sick units (large and small) and the loans outstanding against them during the period from 1979 to 1983:

I.No. of Sick Units	Large Units	SSI Units	All Sick Units
as at the end of	No.	No.	No.
December, 1979	378	20,975	22,366
December, 1980	409	23,149	24,550
December, 1981	422	25,342	26,758
December, 1982	450	58,534	60,147
December, 1983	491	78,363	80,110
II. Outstanding amounts ( Rs. Crores )			
December, 1979	1158	262	1623
December, 1980	1324	306	1809
December, 1981	1479	359	2026
December, 1982	1804	567	2578
December, 1983	2041	729	3101

Year	<u>C L O S U R E S</u>	
	Number of Closures	No. of workers Affected
1980	340	18,219
1981	350	37,468
1982	286	26,602
1983	228	43,262
1984 (January-June)	96	34,801



WORKERS RETRENCHED

According to available statistics of the Labour Ministry, a total of 724 industrial units resorted to retrenchment of workers in 1980, 726 in 1981, 758 in 1982, 688 in 1983 and 247 between January and June 1984.

Gujarat and Maharashtra were worst affected states.

<u>Year</u>		<u>No. of workers affected</u>
1980	-	15,341
1981	-	17,320
1982	-	15,922
1983	-	20,378
1984	-	4,182

( January to June )

REGISTERED UNEMPLOYED

<u>Year</u>		<u>No. of Applicants on Live Registers of Employment Exchanges as at the end of the period. ( ,000 )</u>
1980	-	16200.3
1981	-	17838.1
1982	-	19753.0
1983	-	21953.3
1984	-	23546.8

TEXT OF TEXTILE POLICY STATEMENT

The following is the text of the statement on textile policy-June, 1985: The textile industry has a unique place in the economy of our country. Its contribution to industrial production, employment and export earnings is very significant. This industry provides one of the basic necessities of life. The employment provided by it is a source of livelihood for millions of people, most of whom live in rural and remote areas. Its exports contribute a substantial part of our total foreign exchange earnings. The healthy development and rapid growth of this industry is, therefore, of vital importance.

In the past few years, the development of the textile industry has been guided by the policy framework announced in March 1981. While considerable progress has since been achieved in several areas under this policy framework, the objectives of the textile policy outlined in the Textile Policy Statement have not been fully achieved.

Thus, the per capita availability for and the per capita consumption of cloth, of our growing population still remain at a very low level. There is evidence of an increase in the incidence of sickness, particularly in the organised mill sector, reflected in a large number of closed units. There is a large unsatisfied demand for durable synthetic and blended fabrics at cheaper prices which is not being met by indigenous production. The full export potential of textile products remains to be realised.

The textile industry has experienced fluctuations in its fortunes in the past also. However, an analysis of the current difficulties faced by the industry reveals that the present crisis of the industry is neither cyclical nor temporary, but suggests deeper structural weaknesses. Therefore, the government have reviewed the present textile policy and after careful consideration, have formulated this new policy for the restructuring of the textile industry in India with a longer term perspective.

The existing textile policy sets out a number of objectives. While each of these objectives is important, the multiplicity of objectives has inhibited the achievements of the main task of the textile industry, that is to increase the production of cloth of acceptable quality at reasonable prices to meet the clothing requirements of a growing population. Henceforth, the approach to the textile industry would be guided by this main objective. In the pursuit of this main objective, the employment and export potential of the industry shall be kept in view, the availability of cloth at affordable prices for the poorer sections of the population shall be agumented.

The textile industry, has, so far, been viewed in a compartmentalised manner either in terms of various sectors namely, organised mills, powerlooms and handlooms, or in terms of fibre use namely, cotton textiles, woollen textiles, man-made textile and silk textiles. Classification on such grounds have led to structural rigidities in the textile industry. When the industry tends to be viewed in parts rather than as an integrated whole, it inhibits the technology use and production-flexibility commensurate with the pattern of consumer demand.

Such distinctions have led to the application of a policy mix which is sector-specific or fibre-specific resulting in the emergence of special interests on the one hand and fossilisation on the other. To achieve the main objective of the textile policy, it is necessary to eliminate the existing structural rigidities and to evolve a more integrated view of the textile industry.

The proposed restructuring of the textile industry would have the following three main dimensions: (a) the industry shall be viewed in terms of the stages of its manufacturing process, namely, spinning, weaving and processing; (b) the industry shall be provided with fuller flexibility in the use of various fibres; and (c) the industry shall be subject to more pragmatic policies regarding creation or contraction of capacities by units in order to increase competition and promote healthy growth in the industry.

In the spinning sector, all steps will be taken to ensure optimum utilisation of the spinning capacity. The availability of raw materials for the spinning sector would be augmented. The infrastructure for the distribution of yarn would be strengthened. At the same time, necessary measures to encourage and increase spinning in the Khadi sector would be taken in view of its large employment potential.

In the weaving sector, the distinct and unique role of the handloom sector shall be preserved. The growth and development of this sector shall receive priority. The composite mills and the powerlooms have their own respective strengths and weaknesses. For the purpose of policy, powerlooms in the organised mill sector and in the unorganised powerloom sector shall, as far as possible, be treated at par and allowed to compete on the basis of their inherent strengths and capabilities.

In the processing sector, the independent power processors and the processing houses in the mills would be treated at par and each would be allowed to operate on the basis of its competitive strength. The small hand-processing units with limited output will receive special consideration.

The multi-fibre approach implicit in the providing fuller fibre flexibility would be guided by the following considerations:-

i) Full fibre flexibility as between cotton and man-made fibres/yarn would be provided to the textile industry. Greater fibre flexibility in the use of wool shall be provided in a phased manner to units licensed for cotton and man-made textiles, woollen units shall be given full fibre flexibility;

ii) Adequate availability of manmade fibres/yarn at reasonable prices shall be ensured by increased domestic production supplemented as necessary by imports;

iii) Creation of capacity by new units and expansion of capacity by existing units for production of synthetic fibres/ yarn would be so determined as to realise economies of scale in order to reduce costs of production;

iv) Fiscal levies on man-made fibres/ yarn, and on the intermediates used as inputs for the production of such fibres/yarn, shall be progressively reduced in such a manner as to facilitate absorption of increased domestic production

so that the benefit flows to the consumer in the form of lower prices of synthetic and blended fabrics; and

v) The export window shall be kept open for man-made fibres/yarn.

The pre-eminent role of cotton as the main raw material of textile industry would be maintained. Utilisation of indigenous cotton would be ensured by domestic consumption and by export of cotton, yarn and other manufactures. Cotton growers shall always be assured off-take of their produce at remunerative prices. Cotton needed by the textile industry would be made available in adequate quantity and at reasonable prices. The role and functions of the Cotton Corporation of India would be reformulated to include price stabilisation operations. For this purpose, the Corporation would have the necessary access to international markets. The present varietal imbalance of cotton shall be corrected by a mix of policies aimed at encouraging increased use of long and extra long varieties of cotton on the one hand and higher production of short and medium staple varieties on the other.

Capacity expansion by existing units and capacity creation by new units would be permitted subject to the general industrial policies including the provisions of the MRTP Act and FERA. As a corollary, units would also be allowed to contract capacities, including closure of a unit or part thereof, wherever necessary and justified, provided the interests of the workers are fully protected. This approach would increase the degree of competition among units in the industry and create an environment conducive to a reduction in cost and an improvement in quality.

The unplanned growth of powerlooms in the unorganised sector has mostly tended to concentrate in a few areas. A significant proportion of the powerlooms remain unregistered and unauthorised. Henceforth, there shall be compulsory registration of all powerlooms. The organisation of production in the powerloom sector should be guided by the objectives of raising productivity, increasing efficiency improving workers' welfare and facilitating locational dispersal.

In keeping with these objectives, a suitable package of measures would be evolved in order to bring about a healthy development of the powerloom sector. It would be ensured that powerlooms do not violate the locational guidelines for industries, particularly in large cities and metropolises. Effective measures would be taken to see that the powerlooms do not encroach upon articles reserved for exclusive production by the handloom. The organisational set up required for the above purposes shall be strengthened.

In order to preserve the unique role of Handlooms and enable them to realise their full potential as also to ensure higher earnings for the handloom weavers, the following main steps shall be taken:-

i) The development of handlooms through cooperatives and Central/State level corporations shall be intensified;

ii) Greater emphasis will be placed on the modernisation of looms and provision of technological and other inputs for improving productivity of handlooms and the quality and finish of handloom products;

iii) Special efforts would be made to ensure adequate availability of yarn and other raw materials to the handloom sector. The infrastructure for procurement and supply of such inputs at reasonable prices to the handloom weavers shall be strengthened through the operations of the National Handloom Development Corporation and the State level handloom agencies;

iv) The production of mixed and blended fabrics on handlooms shall be encouraged with a view to improve the wages and earnings of the weavers;

v) Protection to handlooms will be provided by reserving articles for their exclusive production in the handloom sector under the "Handloom (Reservation of Articles for Production) Act 1985". The provisions of this Act shall be strictly enforced and the machinery for doing so shall be suitably strengthened;

vi) To improve the competitiveness of handlooms steps would be taken to remove, as far as possible, the cost handicap of the handlooms vis-a-vis the powerlooms by suitable fiscal measures;

vii) To improve the marketing of handloom products, infrastructure of marketing complexes, training of marketing personnel and intensive publicity shall be organised. Steps would be taken to upgrade the technical, managerial and administrative skills of personnel employed in the handloom sector.;

viii) To strengthen the data base for the handloom sector for better planning and execution of handlooms development programmes, a census of handloom shall be undertaken. The machinery for implementation, supervision and evaluation of handloom programmes shall be strengthened.

In order to improve the working conditions of the handloom weavers and to provide direct benefit to them, the following schemes, among others, would be introduced:

i) A Contributory Thrift-Fund scheme to provide assistance to the handloom weavers during times of need;

ii) A Workshed-cum-housing scheme to provide a better place for work and living to the handloom weavers.

The responsibility for the entire production of controlled cloth shall be transferred to the handloom sector by the end of the Seventh Five Year plan. The quantum of controlled cloth and janata cloth which was fixed at 650 million metres shall be suitably increased in order to provide a larger quantum of cloth at affordable prices to the poorer sections of the population. Measures will also be taken to improve the quality of cloth and to ensure that it reaches the target group. The public distribution for controlled cloth would be strengthened and streamlined.

All encouragement would be given to the expansion of the khadi programme in view of its large employment and income generating potential in the rural areas, specially among women. Steps would be taken to improve the production process, upgrade the skills of workers, raise productivity, diversify the product range and strengthen the marketing arrangements under the khadi programme.

The incidence of growing sickness in the textile industry, particularly in the organised mill sector, is a matter of great concern. The reasons for sickness are manifold and complex which include financial difficulties, managerial incompetence and negligence, obsolete plant and machinery, inadequate maintenance, incorrect product mix, poor marketing, excess labour and poor industrial relations. While steps necessary to improve the health of the industry as a whole and to prevent sickness are indicated in this Statement, unit specific problems would have to be tackled on a case to case basis. The measures needed for the revival of a sick unit have to be based on a detailed and objective study of the causes that led to sickness and identification of the steps necessary to revive the sick unit. A distinction shall have to be made between units which are potentially viable and units which are not.

In the case of potentially viable units a rehabilitation package might, inter alia, comprise of provision of additional balancing equipment, replacement of existing machinery, change of product-mix, better marketing strategy, rationalisation of labour including improvement of work-norms, strengthening of management and organisation and adjustment of capacity in the different stages of manufacturing. In such cases, suitable financial package would need to be worked out. A nodal agency would be designated to evolve and manage this package. The financial and technical performance of such units shall be closely monitored.

In some cases, the units, although potentially viable, may have been led to sickness by inept management or mismanagement. In such cases, the existing management may have to be changed. Change of management will be essential in cases where restructuring of capital and liabilities is contemplated.

The measures enunciated in this policy would enable some of the units to come out of their present difficulties. However, where a unit has no expectation of becoming viable in a reasonable period of time, there may be no alternative but to allow the unit to close provided the interests of the workers are protected. Takeover by the Government or nationalisation of such sick units does not provide solution to the problems of sickness and the Government would not, as a rule, intervene in such cases.

In the process of revival of sick units and in the event of closure or liquidation, the interest of labour shall be fully protected. All possible avenues must be tried before retrenchment to minimise the social costs of transition implicit in the restructuring of the textile industry. Rationalisation of labour and revision of work-norms would need to be negotiated with labour to arrive at a satisfactory solution. The funds needed for payment of retrenchment benefit to labour shall be part of rehabilitation package and loans needed for such compensation shall be provided on concessional terms.

Displaced workers would be given priority in securing employment in other units under the same management or other industrial units in the same area. Concessional finance would be made available for providing opportunities of self-employment. Workers shall also be encouraged to form cooperatives to run part or whole of the units. Schemes shall be formulated for training and re-training of labour to facilitate redeployment.

It is, utmost importance that the interest of the workers who might be displaced by permanent closure of units is safeguarded. For this purpose, schemes shall be formulated to provide relief for an interim period in addition to the statutory benefits. A Rehabilitation Fund for the workers of the textile industry would be created to provide relief to such workers for a limited period. Such a Fund shall, inter alia, be financed by a suitable cess on the textile industry.

It is necessary to monitor closely the performance of textile units to detect any sign of incipient sickness so that timely corrective measures can be taken. For this purpose, the monitoring mechanism at various levels shall be strengthened.

One of the main reasons for the present difficulties of the industry is inadequate modernisation and renovation of old and obsolete plant and machinery. Despite encouragement and incentives by the government, the industry has only modernised to a limited extent. Government policies would aim to accelerate the pace of modernisation in the industry.

There has been very little modernisation in the ginning area which has adversely affected the quality of cotton and hence the end-product of the industry. Expeditious replacement and modernisation of existing gins would receive priority. Concessional finance shall be made available for this purpose.

Modernisation in the spinning weaving and processing sectors shall be undertaken on the basis of carefully identified needs of each unit as to installation of blanching equipment, renovation of existing machinery, replacement and technology upgradation.

For the purpose of modernisation, adequate funds would continue to be provided in adequate measure under the soft loan scheme of the IDBI. In order to enable the industry to generate internal resources for modernisation, a Textile Modernisation Fund shall be created.

A national level Standing Advisory Committee on modernisation of the textile industry shall be set up, which would include representatives of management and labour as also suitable technical experts and representatives of financial institutions. This Committee shall identify on a continuous basis the needs of modernisation and the type of modernisation that the industry should adopt.

It will be ensured that in the process of implementation of modernisation programme, the interests of workers are adequately protected.

The indigenous textile machinery manufacturing industry shall be given encouragement to reduce costs, upgrade technology and improve the quality of machinery. However, liberal import of such textile machinery, which is not manufactured indigenously, shall be permitted at or near the international prices.

For expeditious modernisation of the handlooms, research for evolution of improved types of handlooms and adequate arrangements for ensuring swift and smooth transfer of technology from the research institutions to the handloom weavers will be given priority.

More powerloom service centres shall be established to enable the powerloom weavers to improve their skills in regard to maintenance of equipment, design development and quality of weaving.

The Textile Research Associations would be actively involved with the process of modernisation and its monitoring and their role expanded, so that they may also cater to the needs of the handlooms and powerlooms.

The National Textile Corporation contributed significantly to the total production of yarn and fabrics in the organised sector. A number of mills under the NTC have been able to eliminate cash losses through a programme of rehabilitation. Greater effort is needed to implement programmes of selective modernisation so that as many units as possible become profitable.

The continued operation of units, which are incapable of becoming viable would mean a continued drain on scarce resources and such units or parts thereof may have to be closed down to prevent any further losses. In such cases, the interest of the workers would be adequately protected. With the implementation of a programme of modernisation of equipment, strengthening and improvement of management, raising productivity of labour and improvement of work-culture, it is expected that NTC would provide a stabilising influence and healthy competition on the textile industry.

Exports from the textile sector contribute a significant portion to the total foreign exchange earnings derived from exports. There are, however, certain constraints, both internal and external, which have meant that the full potential of textile exports has not yet been realised. In the international context, the government shall strive to bring about a liberalisation of world trade in textiles which would alleviate the external constraints on our exports. In the domestic sphere, all necessary steps would be taken to exploit our comparative advantage in this sector and to make our exports of textiles more competitive in the world market in terms of both quality and prices. For this purpose, the framework of policy would ensure that inputs for export production including capital goods, are made available at or near world prices.

At the same time, it would be necessary to intensify efforts in the area of product and market development, reorient marketing strategy and create capabilities for fashion and design development. Exports of products from the handloom sector, including silk products, have considerable potential in the world market.

All encouragement would be given to assist in the realisation of this potential. In so far as export production is an integral part of the total production base in the industry, the measures for restructuring and modernisation of the textile industry, outlined in this statement, shall provide the necessary impetus to exports.

The government would continue to lay emphasis on the development of sericulture on account of its employment potential in the rural areas, high income generating capacity and ability to earn valuable exchange through exports. Encouragement and support will continue to be given to the Central Silk Board and the State Governments for rapid development of this industry in all parts of the country.



Greater attention will be given to schemes relating to production of quality seeds, plantation of improved varieties and expansion of sericulture activities over larger areas and achieving a higher yield per hectare.

The existing extension and training services for educating the farmers in the improved techniques of silkworm rearing and control of diseases would be strengthened. Efforts shall be made for the development of technology in reeling, weaving and processing for improving the quality of the silk fabrics.

Government would continue to promote the growth of the woollen sector in order to ensure adequate availability of woollens and blankets at reasonable prices to economically weaker sections, particularly those living in the hill regions of the country. Programmes would be undertaken to augment the indigenous raw wool production in terms of both quantity and quality. Since the indigenous raw wool production is not enough to meet the requirements of the industry, liberal policy regarding imports of quality wool as well as shoddy would be continued. Research and development programmes will be promoted so that cheaper and better quality woollen products are developed for the domestic as also export markets.

The knitting and apparel manufacturing sectors contribute significantly to employment generation and export earnings besides meeting the domestic demand for clothing. The government shall pursue policies for strengthening, modernising and developing these sectors.

The existing marketing and distribution system of the industry would be reviewed to introduce changes, wherever necessary, in order to evolve a more efficient system which would reduce costs and margins and provide both consumer satisfaction and consumer protection. The institutional mechanism for market research would be strengthened.

The textile industry has been subjected to a number of controls and regulations, many of which have become irrelevant or unnecessary with the passage of time. Such controls would be reviewed for elimination, phasing out or modification, as the case may be.

Government hopes that the policy framework outlined above would facilitate the necessary restructuring of the textile industry in India, would equip it to make an increasingly significant contribution to output, employment and exports in the country and would satisfy the clothing needs of all sections of the population.

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BHOPAL GAS TRAGEDY

- \* Even after more than six months of the tragedy, it could not yet been fully established whether there was any other lethal gas mixed with the Methyl Isocyanate Gas.
- \* The total number of deaths and affected in varying degrees, the effect of the gas on the environment and its extent have not been fully established.
- \* The after-effects of the gas on the human body and functioning of its various organs, on new born babies etc. are yet to be firmly established.
- \* Besides thousands of old cases, even now new cases are reported of the after effects of the gas inhalation in the shape of eye trouble or lung and other ailments.
- \* The Pollution Control Board has recently in course of a report discounted the wind theory that wind direction brought in its trail the gas leaked out of the plant.
- \* Relief and Rehabilitation is still far too inadequate including medical relief.
- \* An investigation by a team of doctors has indicated that the gas tragedy in Bhopal has resulted in mental disorder on a fairly wide scale. Mental disorders were observed in nearly 168 adults, mostly women, under 45 years of age. A total of 41.5 percent suffered from neurotic depression, while 36.3 had anxiety neurosis. Another 8.9 percent had adjustment reactions.

REPORT OF TUI CHEMICALS (Abridged)

- \* The gravest catastrophe in the chemical industry
- \* Bhopal is still killing!

THE GRAVEST CATASTROPHE IN THE CHEMICAL INDUSTRY

Occupations in the chemical industry are extremely dangerous. The reactions of the inflammable, poisonous, explosive materials give birth to dangerous products. This means that strict specifications must be given for each stage of technology, while safety appliances and safety equipment must protect the health and safety of the workers. The increased precautions must also extend to the factory environment, the consumer of the product and strict specifications must be applied to the transport of the product and its storage outside the factory. Part of the equipment and the structural parts must be made of special material. Since the majority of chemical reactions run at high temperature and pressure and create considerable heat build-up, special specifications apply to the buildings as well. It is the obligation of the manufacturer to ensure that these conditions are met. The manufacturer is also responsible for the internal safety of the dangerous plant. Special attention must be devoted to the approach routes and the plant itself. They may not be used by unauthorized persons. Repair and maintenance may only be carried out by skilled workers in the presence of a competent person; workers may not work alone on such operations. These are only a few of the important principles; the description of the safety specifications goes to volumes. If the manufacturer does

not respect these specifications, the factory must be closed down. The slightest malpractice in the dangerous points of the chemical industry can lead to a mass catastrophe. These disasters are not accidental ones; the blame for them cannot be put on fate. They are all the consequences of some kind of negligence and carelessness. In many cases, the observance of the strict specifications is neglected deliberately. Many cases are known where, in order to cut costs, the manufacturer used structural parts and storage systems of weaker solidity, failed to provide safety devices, concealed the probable dangers from the workers, did not instruct them in how to protect themselves and did not provide them with individual safety devices.

A delegation from our TUI composed of Brothers Y.D.Sharma, Vice-President and Pal Gergely, Secretary visited Bhopal, India on 9th, 10th and 11th January this year. They collected facts and data for the ICPS. Their experiences are detailed as follows for your information. One of the aims in providing this information is to ensure that tragedies of this kind are never repeated.

Since 3rd December 1984 the Indian catastrophe precedes all other accidents in the chemical industry. When the tragedy happened the night was extraordinarily cold in Bhopal and vicinity. People were sleeping. At the railway station a big crowd was waiting for the train. At the Union Carbide plant workers began cleaning an underground tank containing 40 tons of methyl isocyanate. The job was done by unskilled workers without proper supervision. In doing this, the management seriously violated the rule known and accepted world wide that in dangerous plants and installations maintenance work may only be performed under proper supervision. The remark of an Indian trade union leader that "it is cheaper to neglect regulations than to respect them" is appropriate and can be applied to what happened later.

The gas in the tank began to escape from a faulty valve, water may have got into the tank and the reaction happening there resulted in overpressure which may have been the fault of the cooling system, or both. Workers noticed the leaking gas. They suspected that something was wrong and informed their supervisor living 10 kilometres away. This supervisor or another well qualified person should have been present while the maintenance was being carried out.

It is worth pausing here for a moment. An engineer from the plant made a statement accusing the local managers of Union Carbide of reducing the number of workers from ten to five in the place in question. A number of engineers and technicians with a thorough knowledge of the safety specifications had already been dismissed and replaced by less competent persons. The chief chemical engineer in this unit had been dismissed and replaced by an electrical engineer whose former activity had been confined to the battery charging plant. The engineer mentioned above who, incidentally occupies a leading post in maintenance, added that the workers had complained several times that the plant was becoming dangerous but no one had listened to them.

But to return to the events. The supervisor of the unit arrived on the spot late. The fumes were becoming more intense. The inhabitants of the neighbourhood saw the thickening fumes and suspecting fire, hurried to the endangered zone. This circumstance increased the death toll.

In Bhopal the catastrophe was made worse by the fact that the local people, including the authorities and institutions such as hospitals did not have adequate knowledge of the product manufactured in the plant and its dangerous nature. The famous Indian professor of pathology who holds a leading post in Hamida hospital raised the question of why Union Carbide had not announced at once what the leaking gas was, what kind of treatment and therapy was necessary to save people. The plant should have been obliged to inform the health authorities of the treatment and prevention. But it did not. As the professor pointed out, the plant should have published advertisements in the newspapers and should have warned everybody.

"The town became a gas chamber," said an eye-witness, then added: "These poor, uneducated people were unable to understand what had happened to them." This eye-witness was a missionary. In his statement he told us what a great many people asked him to explain what had happened. Why people lost their eye-sight and why their relatives and acquaintances died a miserable death. They did not understand it at all. It is quite obvious that the transnational company had failed to give the kind of information they had given to the parent company. The leaders of various Indian parties made statements. They raise the question of Union Carbide's responsibility and many of them criticize the policy of the transnational corporations. An opposition party leader argued that multinational companies do not apply such stringent safety measures in the developing countries as they do in the parent companies in their home countries. A representative of another party declared that the multinational companies set up in the developing countries the kind of plants they could not locate in their home countries.

But to return to the events. Panic soon broke out in the town. People suddenly began to feel stinging pain in their eyes and were racked by uncontrollable coughing. According to estimates, the rapidly developing cloud of gas spread over an area of 40 square kilometres. The gas penetrated into the houses and many people died in their sleep. The gas leak was finally brought under control, but the gas cloud over the city was equivalent in density to a chemical warfare attack. The agony of the victims poisoned by the gas was identical to the symptoms observed in soldiers poisoned during gas attacks in the First World War. One of the gases stored in the Bhopal tanks is a chemical warfare agent that was widely used 70 years ago. The pesticide Sevin, manufactured by the company has two main components: phosgene and methyl isocyanate./

Knowing the probable biological effects, damage to the liver, kidney and lungs can be expected later on and complications such as cancer may occur. A great many people are expected to suffer damage to the eyes and some of them may lose their eye-sight.

## Union Carbide in India

Union Carbide entered India in 1905 as National Carbon Company/India/Ltd., predecessor of Union Carbide of India Ltd/UCIL/. It began operations with consignment of batteries worth Rs.500.

### The Bhopal plant

The agricultural products division was started in a small way in 1966-67, when an office was opened in Bombay.

In 1968 the division was shifted to Bhopal and work started in the formulation plant. The Sevin formulation unit was set up in 1969. Carbaryl, the Sevin technical concentrate, was imported from the US and ground and formulated into pesticides of different concentrations. These include Sevin carbaryl 100%, 85%/sprayable/, 50% WP/wettable powder/, 10% D/dust/, 4% G /granular/, Sevidol 4 G, Sevinol 40LV, Temik 10G. In 1970, UCIL applied for a production licence on the grounds of saving foreign exchange. In November 1973, it signed agreements with Union Carbide Corporation for the provision of technical know-how and for the supply of plant machinery for the manufacture of methyl isocyanate /MIC/ based pesticides against a payment of 20 million dollars. /Indian Express/

The licensed registered capacity of the MIC-based pesticides plant at Bhopal was 5,250 tons at the end of 1983, against 5,000 tons in 1982. The production of MIC-based pesticides was 1,657 tons in 1983 against 2,308 tons in 1981. Their production had peaked to 2,704 tons in 1981.

In 1983 the company received a letter of intent for the manufacture of 200 tons of methabenzthiazuron and 50 tons of propour per annum, which was converted into an industrial licence. These two pesticides extend the range of MIC-based pesticides manufactured at Bhopal.

### THE CHEMISTRY INVOLVED.

#### Organic isocyanates

Organic isocyanates are compound in which the isocyanate group is attached to an organic group. Isocyanates represent a reactive class of compounds since the isocyanate group reacts with a wide range of compounds as well as with itself to form dimers, trimers, polymers and carbodiimides.

#### Toxicology

Methyl isocyanate is an irritant of the eyes, mucous membranes and skin. It can cause pulmonary irritation and sensitization. Exposure may be either through inhalation or skin absorption. Exposure of humans to high concentrations causes coughing, dyspnoe, increased sensitization in susceptible individuals; should this occur, further exposure should be avoided, since even extremely low levels of exposure may trigger an asthmatic episode.

The process used in Bhopal is:

Methyl amine + Phosgene = Methyl isocyanate + Hydrochloric acid.

Methyl isocyanate + Alpha Naphtol = Carbaryl /Sevin/

The production process used at Bhopal plant is the following:

1. Burn coke and coal to form carbon monoxide.
2. Carbon monoxide and chlorine are reacted to produce phosgene. Phosgene is not stored. It is produced in order to further produce MIC. A small tank of 600-700 gallons is used for the intermediate storage of phosgene.
3. Phosgene and Methyl are reacted to yield MIC.
4. MIC is refined in a refining column. Hydrochloric acid is the by product. Some phosgene may also be left over.
5. Refined MIC is stored in about 40-ton stainless steel tanks under slight pressure. The purity of the stored MIC is 99.5%. Up to 0.1% of phosgene is allowed as an impurity. When MIC is required for the production of Sevin, the stored liquid MIC is transferred through pipes to one-ton charge pots under nitrogen pressure. These charge pots are connected to two reactors where MIC and alpha naphthol are reacted to produce Sevin.
6. 2600 kg of alpha naphthol is dissolved in 1400 to 1500 kg of carbon tetrachloride at a temperature of 50°C./It takes an hour to dissolve./ At this state the alpha naphthol originally in the form of white flakes is said to be charged. This charging is done in the presence of a specified percentage of trimethyl amine which is used as a catalyst. MIC is now slowly injected to the charged naphthol. Without the strict control of temperature, something other than carbaryl would be produced. For this purpose a heat exchanger is used and a temperature of 70°C is maintained. At this temperature MIC vaporises and the vapours are led to a vent gas scrubber. The reaction is continued for an hour. Up to 0.03% of MIC present is passed for further treatment; vaporised MIC is evacuated by vacuum and liquid MIC is collected. The remaining Sevin slurry, carbaryl and carbon tetrachloride are led into a surge tank for separation.

#### Facts and medical data

A team of experts visited Bhopal and met several disaster victims in the worst affected areas. The team also met several operators and engineers of Union Carbide India Ltd, Bhopal Plant and many local doctors and scientists, all of whom provided much valuable information and insight.

The group of experts has discovered sufficient evidence to show that there has been gross negligence both on the part of the Union Carbide Corporation and Union Carbide India Limited management, in those critical areas which related to processing and handling of the hazardous MIC, phosgene and other toxic substances. Plant maintenance was astonishingly deficient. Worse, many crucial safety functions were inoperative, some for "economy reasons". Such "economy measures" were also responsible for manning policy which depleted the plant's experienced and trained personnel, overloaded plant staff and led to stationing of untrained personnel in critical areas of the plant.

The accident has also exposed the utter inadequacy of the safety equipment, even had it been in working order. The entire plant was undersigned with respect to standby systems, control and monitoring facilities, safety barriers, etc. Computerised monitoring and control systems had not been provided in the Bhopal plant, unlike in the US parent plant.

#### In the hospitals

Victims began arriving in hospitals largely with the following complaints:

- severe chest congestion,
- foreign body sensation in the eyes,
- diminished and blurred vision,
- whiteness in the eye,
- frothing at the mouth,
- headache and giddiness,
- sore throat,
- pain and burning sensation in the chest,
- coughing and breathlessness,
- vomiting,
- abdominal cramps,
- diarrhoea,
- swelling of the legs,
- palpitation,
- vomiting of blood,
- weakness of tongue and limbs,
- paralysis,
- stupor,
- chills,
- cold, clammy skin,
- coma,
- fever.

#### After some delay

The clinical picture of the victims who presented themselves after some delay does not differ much except in the following ways:

- eye problems are somewhat less,
- fever, chills and chest complaints were common, suggesting development of secondary infections,
- many patients had earlier experienced a little discomfort and some of these had to be hospitalized,
- many of them had been discharged earlier without proper treatment.

#### Treatment.

Upto 11th December no official line of treatment was available. No specific antidotes for the MIC poisoning were available to the doctors. Sodium thiosulphate was used in certain cases suspecting cyanide poisoning on the 10th and 11th December but given up later as not found effective.

The general lines of treatment were:

- to reduce inflammatory conditions, intramuscular decadton, i.e. steroids were administered;
- aminophillin intravenous injections were given as broncho-dilators;
- antacids were administered to reduce stomach irritations.

### Victims

The tragedy has parallel only in the use of poisonous gases in chemical warfare. Phosgene, small amounts of which were present in the nearly 45 tons of MIC that was released into the atmosphere, was in fact used in World War One.

Certain sources make an estimate of nearly 5000 deaths, although estimates quoted in Bhopal vary from 2000 to 10,000.

The total number of people severely affected could be put at around 20,000/excluding cases of delayed effects/. Considering the immediate impact zone of the accident, the total number of people requiring serious medical attention and follow-up can be placed around 50,000. The total population of the area immediately affected by the gas is about 250,000, of whom 150,000 live in areas over which the gas settled in high concentration.

### Safety systems

As a summary of the information collected, several parts of the safety system, comprising the relief valve vent header, the vent gas scrubber and the flare tower were hardly in satisfactory condition. At the time of the accident, a vent line leading into the relief valve vent header was being washed, the line connecting the vent gas scrubber to the flare tower was mastercarded for repairs, the motors meant for pumping caustic solution into the vent gas scrubber were down and certain motors in the control panel monitoring the MIC tanks were malfunctioning. The chilling unit had been switched off as an economy measure. Many valves, vent lines, feed lines, etc. are in poor condition. Items which should have been replaced every six months have been overused for two years.

/designed

Once toxic gases were released uncontrollably, even the seriously under/ safety system, which could have at best neutralized a small part of the 40 tons of MIC, was not in a satisfactory condition either. The caustic pump was down, rendering it impossible to charge the vent gas scrubber once the meagre amount of caustic charge in it was exhausted. The absence of a standby system using passive flow from overhead tanks made the situation, if possible, even worse. But even if the vent gas scrubber system had worked at its best, it was inherently incapable of dealing with this quantity and rate of gas escape. The line connecting vent gas scrubber and the flare tower meant for burning off the unneutralised toxic gas was also mastercarded for repairs. This line has suffered extensive corrosion due to neglect. The flare tower was inadequate to burn off such a large-scale escape of gases.

While methyl isocyanate is stored in 180-litre drums in other plants of the transnational, in Bhopal it was stored in a tank with a capacity of almost 40 tons!

While the storage of this product requires double-walled containers and pipes, in Bhopal they had single walls.



The negligence is quite clear in this catastrophe:

- In 1974 the mayor of Bhopal called for the transfer of the plant following gas leaks and explosions.
- In 1980 a fire that was brought under control with great difficulty could have caused a similar catastrophe.
- In 1981 there was a leak causing the death of a worker.
- In 1982, 24 workers suffered intoxication and there was talk of 10 deaths.
- Again in 1982, the burst of a valve caused the contamination of four neighbouring localities.

Why has there been no response to the repeated demands of the trade unions in the plant for the inspection of the safety systems and for the investments required to improve the safety conditions?

Why is the Union Carbide plant in Institute, Virginia /USA/ equipped with an automated early warning system able to detect any abnormal increase in the MIC tanks, while the Bhopal plant is not?

And they dare to speak of an "unforgesceable accident"! That is far too easy. The product was known, the risks it presents are known. Why then is such a plant located in the middle of a densely populated area?

There are obviously many questions that require an answer, and a public answer.

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#### BHOPAL IS STILL KILLING !.

In Bhopal, as in Seveso not so long ago, pain and death have not finished their sinister work at a single blow. In India, as in Italy, it is the children who continue to pay the heavy price of the fatal carelessness of others.

Young mothers in the martyr city of Bhopal live in an anguish of fear since the pesticide plant released its clouds of toxic gases last December.

The result is terrifying and further adds to the scale of the massacre committed by the transnational Union Carbide. One out of four of the infants born to mothers who were the most exposed on the day of the drama, die shortly after birth.

But this is not all for, since 3rd December, horror can be found in all its forms in the hospitals of Bhopal. For example, the doctors have observed that at least 30% of newborn infants are below normal weight. Moreover, many young mothers who lived near the plant, complain of having almost no milk.

The criminal neglect of Union Carbide continues to kill and the most dramatic industrial accident in history /2500 dead and 200,000 persons affected to varying deg-

The truth is that the full limits of this catastrophe are still not known, while the capitalist company is showing complete disdain for the Indian people who are being treated like sub-humans. According to a member of the state government, the heads of Union Carbide deliberately refused to provide certain information in their possession that would have made it possible to treat and very likely to save a number of those who had inhaled methyl isocyanate.

The accusation has been made that the US transnational gave no information that could have helped the Indian medical corps in treating those affected. Why? Undoubtedly because Union Carbide regards Bhopal as an industrial colony on foreign soil and its inhabitants as slaves. But probably also because it considers that the life of an Indian is not worth disclosing a few production secrets.

As a result, hundreds of persons died from pulmonary oedema, cerebral, intestinal and renal complications while the doctors were unable to do everything that could have been done to save them.

This makes the crime of the company's managers even greater. All the more so since the investigations being made by the Indian government continue to throw light on the terrible responsibilities of Union Carbide which has been accused, in a new official study, of having done nothing to improve safety in the plant and to draw up an emergency plan to be followed in case of a disaster.

Employees were not given adequate training and the management of the Bhopal plant did not even know the exact volume of gas being stored.

As for the tens of thousands of people who lived in the shanty towns that sprang up in the meandering shadow of the plant, they were regarded as insignificant and were not instructed in even the most elementary precautions to be taken in the case of a catastrophe.

The list of charges against the American transnational is growing steadily longer. It is no longer a case of collective murder by lack of care, but an outright massacre by indifference.

In the country where the dollar is worshipped, human lives count for little when there is a chance to increase profits. Especially when these humans live in a Third World country and "generous America" acts as though it were making them a gift by sending them a turn-key death plant.

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RESOLUTION ADOPTED AT THE  
ALL INDIA SEMINAR ON BHOPAL GAS TRAGEDY,  
NEW DELHI, MAY 24, 1985.

\* \* \* \* \*

The disaster caused by the leakage of Methyl Iso Cyanate (MIC) gas at the Union Carbide Plant at Bhopal on December 3, 1984 has been the worst industrial disaster on record in the world. More than 2500 people have died, many thousands have been affected. Sufferings of the affected people still continue. The after effects of the gas in the human body could not yet be fully assessed. All surveys of the affected people, both governmental and non-governmental show that the after-effects are much more alarming than predicted by the Union Carbide and the Governmental agencies.

The various investigations have convincingly brought home the fact that the U.S. multinational Union Carbide paid scant attention to the technological imperatives for ensuring human safety. In fact, the top management of the company, both parent and the Indian subsidiary, were aware of the danger, particularly after the report of the Union Carbide inspector who visited the factory at Bhopal in 1982. The plant's maintenance was utterly deficient. Many general safety functions were inoperative, some due to reasons of "economy". The accident has also exposed the utter inadequacy of safety equipment and the safety systems which were of inferior standard as compared to the U.S. plant. The entire technology package transferred to India was obsolete as is more often the practice of multinationals. The holocaust is a sharp pointer to the workers, the scientific community and the people at large regarding the sinister role played by the multinationals in the third world by passing on their discarded technology, transferring such industries which are hazardous, maintaining double standard of safety for their greed for profits.

Another most intriguing fact which has been revealed is regarding the R & D set up of Union Carbide at Bhopal. The UCIL entered into a collaboration agreement with the UCC, USA to conduct experiment on new molecules and supply the research data to UCC, USA. It is to be noted with serious concern the reported visit of a large number of chemical war experts from USA, West Germany, U.K. and Canada to Bhopal possibly to evaluate the potential of MIC in chemical warfare.

The disaster is also a pointer to the policy of the Government of India of inviting the multinationals, sacrificing all norms of industrial safety and environment at their feet. Despite a series of accidents, including fatal ones ever since the installation of the plant, neither it was shifted away from the city precincts nor the required safety measures were adopted.

Besides multinationals, the Indian chemical industries are also growing apace bringing in its trail the dangers of water and environmental pollution. The Government has identified 20 industries producing various substances of high polluting nature. There are a large number plants of high polluting nature, but without adequate safety and pollution control measures.

Bhopal disaster has brought forcefully the fact that the industrialists in our country, monopolists and multinationals have been flouting the existing safety laws and the Government and bureaucracy instead of prosecuting them remain transfixed before them. The workers in general have also not been aware of the collapse of safety legislations and failed to demand a thorough overhaul. The Bhopal gas tragedy should awaken the workers and their trade unions to the urgency of taking up the question of safety and pollution control measures in the respective industries in their own interest as well as that of the people at large.

Nothing has been done with regard to the rehabilitation of the Bhopal gas victims. Large number of working people among the gas victims are unable to return to work even now, after nearly six months of the disaster. Similarly the government has not yet come forward with any assurance to absorb the workers who have been thrown out of employment subsequent to the closure of the plant. The Government should extend adequate relief to the victims and for their rehabilitation.

From facts and evidences received so far it is revealed that

1. The safety system in the plant was utterly inadequate and the UCC maintained a double standard of safety.
2. There are extensive health problems and no effective medical relief has been provided. There has been no systematic survey of the health of the citizens of Bhopal nor any clear guideline of treatment and aftercare.
3. Measures taken with regard to relief, rehabilitation and compensation have been utterly inadequate. No steps have been taken to absorb the workers of the plant or give them compensation.
4. The vital information on the cause of the accident and other scientific facts have not been made public.
5. The official investigation have been limited and have not included a thorough investigation into the design of the plant and the research performance of the Union Carbide.

The Seminar therefore demands the following:

1. Immediate interim compensation to the victims pending full settlement from Union Carbide.
2. Immediate adequate medical relief to the victims be undertaken on a war footing.
3. A White Paper on the state of health of the people of Bhopal and proper and adequate health care with a well defined line of treatment.
4. All relevant facts should be made public and the scope of enquiry should be expanded to include the design of the plant and all areas of operations of the Union Carbide including their

5. The assets of the Union Carbide should be taken over and a thorough examination of the activities of the multinationals who look to India as a "pollution haven" and of those companies which are using India as a testing ground for chemical and biological warfare. The companies which operate against India's national interest should be nationalised or be asked to quit the country forthwith.
6. Those guilty of the negligence leading to the catastrophe should be brought to book and punished.

The Bhopal gas tragedy also raises <sup>larger</sup> issues and these are essential to prevent more Bhopal type accidents. In this regard, the Seminar demands the following:

1. A statutory body to examine the safety standards of all industrial establishments that may have a potential to cause damage to life and property outside their factory limits in the case of an accident in the factory, or due to hazardous substances used, due to production processes and end products. Such a body be entrusted with the task of continuously monitoring the level of preventive maintenance and implementation of the safety norms. This body should also be empowered to penalise the offending companies and to initiate proceedings for the confiscation of their assets if the offence warrants such a course.
2. It should be mandatory to first get the entire project as well as the design approved by above-mentioned statutory body before any plant is allowed to be set up.
3. The factory laws and other laws dealing with factory and labour legislations should be suitably amended to incorporate the following:
  - a) Right of the workers and general public to know about the nature of the process used and the materials employed as also its effect on public safety, occupational health and environmental pollution.
  - b) Right of the workers and the members of the public to report actual and or potential accidents and seek state intervention and monitoring.
  - c) Shifting of hazardous plants away from the densely populated areas.
  - d) Right to prosecute by the Unions.
  - e) Enactment of a new law conferring right to a citizen to claim compensation as a result of loss suffered due to the working of hazardous industries. Such law is there only for workers arising out of employment injury or death. For Bhopal only, the Government has already enacted a new law for this very purpose.

The Seminar appeals to the participating organisations and others to popularise the demands among all sections of workers, the scientific community and the people at large so as to bring pressure on the government to act accordingly in the interest of the people and the country, their health and safety, and appeals to observe all India Bhopal Day on December 3, each year in pursuance of the demands. The Seminar also suggests that a Continuing Committee should be formed by the participating organisations to pursue the demands and also that a team should visit Bhopal to assess the conditions of the victims and their relief and rehabilitation.

( The Seminar was jointly sponsored by the Central trade unions, Industrial federations and scientific organisations).

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CORRESPONDENCE BETWEEN AITUC AND CITU

Letter from AITUC President Comrade Chaturanan Mishra to CITU President Comrade B.T. Ranadive:

Dear comrade,

Recently, while attending the HMS Conference at Rourkela as a fraternal guest, I met Comrade M.K. Pandhe and had occasion to discuss with him the desirability of our two organisations (AITUC and CITU) taking some concrete steps to avoid mutual conflicts and bickerings, particularly at the lower levels, and to improve our joint campaigning and united actions on common issues affecting the workers' interests.

Though our discussions could not be detailed or exhaustive, I had broadly suggested to Comrade Pandhe that we might try to evolve an agreed code of conduct which would at least help to solve differences and to defuse avoidable tensions and bitterness.

I got the impression that Comrade Pandhe welcomed the general idea. I also hope you will approve the suggestion, especially in view of the very serious situation which our organisations are facing today and the growing offensive of all reactionary forces.

In order to discuss the contents of the proposed code of conduct, and to give it concrete shape, I suggest we should meet at an early date and exchange our views.

11 May, 1985

With fraternal greetings,  
sd/-  
( Chaturanan Mishra )  
President

REPLY OF COMRADE RANADIVE

Dear Chaturananand,

I thank you for your letter of 11th May, 1985. I am sorry I could not reply to you earlier as I was out of Delhi. I welcome your proposal to hold joint discussions to avoid conflict and bickerings between our two organisations. However, I regret that it will not be possible for us to meet till the 15th of next month. I will be out of Delhi till then.

Thanking you,

26 May, 1985

Fraternally yours,  
sd/-  
(B.T. Ranadive)

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NCC MEMORANDUM TO MINISTRY OF LABOUR ON VERIFICATION  
OF MEMBERSHIP OF CENTRAL TRADE UNION ORGANISATIONS

The National Campaign Committee of Trade Unions in its memorandum dated April 7, 1984 to the Union Labour Minister pointed out, inter alia, that the present verification is most unscientific as it does not exactly assess the actual strength of the unions and the present machinery is open to bias and partiality by the verifying officers and there is no way to prevent this contingency. Besides, the records kept by the Registrars of Trade Unions are not upto date and accurate. In certain states unions fail to get registration number for months and even years on despite fulfilling all required formalities.

Although all unions are expected to keep their records properly and upto date, the records themselves and the maintenance are not a proof measuring the strength of a union. A suitable mechanism has to be evolved with regard to record checking machinery. This apart, the system of random sampling as well as of spot verification are the two areas which are open to abuse and provide room for arbitrary discretion exercised in a partisan manner. They cannot be checked either by the Union or by the workers concerned.

The Memorandum therefore suggested that mutually agreed new procedure for verification should be evolved through discussion with the central trade unions.

We still adhere to the principle of secret ballot as the only scientific and democratic method of determining the strength of each union. The recognition of a union should be decided only by taking opinion of the workers.

Although the majority of the trade union centres have expressed their opinions time and again in favour of secret ballot as against verification of membership rolls, the Government of India is not yet prepared to accept this reasonable proposal.

The outline of modified proposals in the overall interest of coming to a consensus on this vexed question is given below only for purpose of verification of membership of the central trade union organisations:

1. The verification of membership of Central Trade Union Organisations should be conducted once in 3 years.
2. We already suggested in October 1981 that all cases of disputes or objections raised by trade unions should be resolved by means of secret ballot of workers of the unit or undertaking concerned. For the purpose of coming to an agreed position we are prepared to limit the areas of such cases by taking such disputes or objection for secret ballot which involve membership of 500 and above and where records of employment are statutorily maintained. While raising objection to the membership of a union, some reasons should be adduced.
3. When membership of unions is being verified on the basis of claims put forth by each central trade union organisations, copy of Annual Return for the relevant year or receipt of submission of annual return should be considered enough to show that the union is registered and submitted the Return for a particular year.



Where the application for registration of a union has been pending for more than three months despite fulfilment of all formalities, such union should be deemed to be a registered union for the purpose of verification. This provision is necessary in view of difficulties faced by unions in certain states despite completion of all formalities.

4. The chance of abuse of the existing method of spot verification can be minimised if the sampling figure is increased from 10% to 20% and the verifying officer discusses before hand the matter with the representatives of the concerned unions whose membership is being verified in a particular unit or establishment and finalise the details of place, time, random numbers etc.

5. The existing method of physical verification to determine the affiliation of a worker is the most crucial part of the whole process of verification which has attracted criticism and doubt of the unions. To minimise the room for abuse of this method, firstly, it is necessary that the verifying officer does not conduct physical verification inside a factory premises or establishment or in presence of any management representative, secondly, the physical verification is conducted in presence of representatives of unions concerned so as to check that whatever the worker says is recorded correctly by the verifying officer and no undue pressures exerted on the workers.

6. A committee of Central Trade Unions participating in the verification should be set up to decide the timetable of verification, periodically monitor the progress of verification and to deal with the problems which crop up during the course of verification.

7. In case of prolonged lock-outs, closures, strikes or arrests in a particular unit which prevented the union from submitting the Annual Return for the relevant year, the annual return for the previous year should be taken into account for the purpose of verification. The spot verification should be conducted from amongst the workers available in such cases.

8. Where verification of a union for any purpose whatsoever has been conducted in the particular year for which verification of central trade union organisations is being undertaken, the membership of a union as already verified shall not be subject to re-verification or to any objection.

9. The periodicity of collection of subscription of a union should be according to the provisions of the union constitution and not according to any set rules fixed by the verifying officer.

The above are our preliminary proposals for modification of the existing verification procedure and we might supplement our suggestions in course of discussions with the Government - September 1984.

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