

# AITUC SPECIAL CONVENTION

**RESOLUTIONS AND DOCUMENTS**

JUNE 1975

**I N D O R E**

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## **THE INDORE SPECIAL CONVENTION**

In April 1975 the AITUC General Council decided to hold the Special Convention on June 26-29 and the venue was finally fixed at Indore. Eleven Working papers were prepared for it dealing with the Wage Policy; the question of Bonus, DA and benefits; TU recognition and workers' rights; the role of public sector in national economy and workers' participation in management; on pollution and people's health in conditions of growing industrialisation; on the role of Indian monopoly houses; on the role of multinationals; on worker-peasant unity and organisation of agricultural workers; on the threat to national independence and parliamentary democracy; and on some problems of TU organisation.

By the time the delegates numbering about 400 assembled at Indore the political situation developed at galloping speed. In fact the counter-revolutionary offensive was gaining momentum since June 12, the day of Allahabad High Court judgement. By taking advantage of the judgement and aided by the barrage built up by the monopoly press, the counter-revolutionary forces mounted offensive for ousting the Prime Minister. Before the Indore Special Convention began on the 26th evening, Emergency was proclaimed and the counter-revolutionary forces were struck a blow. Rapidly developing political situation having overtaken us, the whole schedule of the Convention had to be altered to make it relevant to the new situation. The AITUC Working Committee met immediately and decided that the convention proceedings should be businesslike with special emphasis on the tasks of the working class and the trade unions in the new situation. The duration of the Convention also was halved to two days so that the delegates may leave as soon as possible to be at their posts and places of work.

The Convention began on 26th evening and concluded on

27th evening. Before the session started on the 20th June, S. A. Dange placed wreath at the martyr's column erected on the spot where in 1941 three workers were shot dead and their martyrdom gave birth to redflag trade union movement in Indore.

The Convention presidium consisted of the Vice-presidents—Indrajit Gupta, M. S. Krishnan, J. Chittaranjan, Chaturanan Mishra and B. D. Joshi.

Homi Daji, General Secretary of MPTUC welcomed the delegates on behalf of the Reception Committee.

After adoption of condolence resolution, S. A. Dange delivered his introductory report. Dange's report set the tone of the Convention and placed the deliberations in the context of immediate political developments. He traced the developments since the split in the Congress party in 1969, the hostility of imperialism, monopolies and other reactionary forces towards the progressive steps taken and progressive policies adopted although these policies were not always consistent. But the direction of those policies was by and large against reaction and imperialism. Imperialism and right reaction directed their efforts to destabilise the Government which was following progressive policies. They utilised every means to achieve that. The latest one was the judgement of the Allahabad High Court unseating the Prime Minister from Parliament. They distorted and misinterpreted the judgement and the stay order and the subsequent stay order of the Supreme Court.

These forces had been making consistent attempt to bring the Parliament to contempt. The right reaction which had already become desperate, took the last desperate step calling upon the military to revolt and seize power. In this situation the Emergency has come to thwart the bid for power by creating chaos and disorder on the part of the reactionary forces. But the country is going through a deep economic crisis too. While taking action against those who want to overthrow parliamentary democracy, firm measures will also have to be taken against monopolies, landlords and bureaucrats. The Government must take progressive measures in the interest of toiling masses.

Then he outlined the measures that the Government should take complementary to the political step taken, with regard to

public sector, industrial relations, wages, sabotage of production etc.

The main resolution of the Special Convention on the present political situation and the tasks of trade unions was moved by N. K. Krishnan. In the discussion that took place and amendments moved, there was no dissenting voice as to the main content of the resolution and the assessment made in it of the political situation leading to the proclamation of Emergency. In the general discussion Chaturanan Mishra (Bihar), Prabhat Kar (AIBEA), N. C. Roy Choudhury (S. E. Rlymen's Union), Mushtaq Hussain (M. P.) and O. P. Gupta (P & T) participated. Several amendments were proposed for further improvement of the draft. The amended resolution was unanimously adopted.

The resolution on Wages Policy- was moved by T. N. Sidhanta. Amendments were proposed by M. S. Krishnan, Satyapal Dang, Bhowani Roy Chowdhury, Prasanta Datta some of which were accepted.

Indrajit Gupta moved the Resolution on Concrete tasks of the trade unions in the public sector. Various suggestions came for further detailing out the concrete tasks. The amended resolution was unanimously adopted.

The Resolution on Pollution and People's Health was moved by Y. D. Sharma. Amendments were moved by M. S. Krishnan (Karnataka), Kallat Krishnan (Kerala) and Prabhakar Ghodge (Goa) which were accepted and incorporated in the resolution.

The resolution On Organisation was moved by K. G. Sriwastava, which was adopted unanimously. An elaborate questionnaire on the organisational position of AITUC in different States, areas and industrial centres was circulated amongst the delegates which they as well as the State Committees are expected to reply within a period of 2 months. On the basis of the replies received, the AITUC Centre will prepare a comprehensive organisational report.

Resolutions were adopted on 27 June on the victory in Vietnam and Cambodia, on the Middle East situation, on Chile and in support of the forthcoming International Conference against Fascism to be held at Patna in October 1975.

The report of the Credential Committee was placed by N. C.

Dutta. The Session ended on the 27th June evening with the concluding speech of S. A. Dange.

The resolutions adopted at the Special Convention are appended in this volume with the questionnaire referred to above, along with the Papers.

AITUC SECRETARIAT

New Delhi,  
July 1975.

**== RESOLUTIONS ==**

RESOLUTIONS



## ON THE PRESENT SITUATION AND TASKS

This Special Convention of the AITUC draws the attention of the working class and of all patriotic, democratic and Left forces to the gravity of the political crisis precipitated in the country by the policies and activities of the combination of Right reactionary and Left opportunist parties gathered together under Jayaprakash Narayan's umbrella and of JP's call to the military to revolt, which have led to the promulgation of National Emergency.

The capitalist path of development led to the growth of monopolies, to unprecedented sufferings by the working people and to a severe economic crisis. The split in the Congress in 1969, the progressive measures taken by Indira Gandhi such as nationalisation of banks, etc., progressive changes in the Constitution, steps against princes' privy purses, takeover of closed factories and the massive election victories of the ruling party in the 1971 and 1972 elections led to big expectations in the country. These progressive measures naturally aroused fierce resistance by the vested interests both inside the ruling party as well as outside.

Taking advantage of people's discontent over rising prices, growing unemployment and shortages of essential commodities, the Right reactionary forces in the country mounted a fresh offensive this time under the leadership of Jayaprakash Narayan who roped in the Left opportunist parties also into his front. The Jana Sangh and R.S.S. were the spearhead of this front. The purpose of this offensive, carried out under the slogans of "total revolution" and "partyless democracy" was nothing other than the creation of chaos and anarchy in the country, destruction of parliamentary democracy and the installation of a Rightist-Fascist dictatorship of the monopolist and landlord

classes under some form or another. Terrorist attacks and political assassination became a feature of the developing crisis.

With this mounting Rightist offensive the economic crisis began rapidly to turn into a political crisis.

Utilising the judgement of the Allahabad High Court on the election petition against Prime Minister Indira Gandhi, the Right reactionary and Left opportunist parties, united under the leadership of Jayaprakash Narayan, Morarji Desai and others, started a frenzied campaign for the immediate ouster of the Prime Minister. The fact that this combination of parties had no common programme except the one slogan of "Indira Gandhi Hatao", the fact that what the Right reactionary tactics wanted was not to carry forward the process initiated in 1969-71 but to reverse it, shows clearly that their aim was only to set in motion the forces of political de-stabilisation, chaos and civil war in the country as part of a process of reversing all progressive and national policies and establishing a Rightist fascist regime of open dictatorship of the monopolist and landlord classes in one form or another.

The political crisis created by the Right reactionary offensive moved to a higher stage when the Supreme Court judgement came. Misinterpreting and misusing the verdict of the Supreme Court which unequivocally upheld Smt. Indira Gandhi's right to continue and function as Prime Minister pending the final disposal of her appeal, the Right reactionary-Left opportunist combine and its mentor J.P. stepped up their campaign for immediate ouster of the Prime Minister. They declared their intention to take to the streets and launch mass satyagraha and mass civil disobedience movement to enforce their demand. J.P. openly called upon the Army, the Police and Central Government employees to disaffection, mutiny and revolt, to set aside the Parliament and seize power by force. Those who would not "obey" were threatened with "punishment".

Charan Singh had even earlier threatened civil war and bloodshed.

These calls created a situation of gravest danger for internal security in the country and for the cause of parliamentary de-

mocracy itself. They clearly revealed the plans of the JP-led combine to go to any lengths in order to achieve their catastrophic objectives.

If, faced with such a situation the Government has proclaimed a state of national emergency, the JP-led combine have only themselves to thank for it. The entire responsibility for precipitating such a situation rests squarely on their shoulders.

Several months earlier, when JP had first given his call to the Army to mutiny and revolt, members of Parliament of the AITUC raised their voice against such calls and warned against their serious repercussions.

The present offensive of Right reaction inside the country fully corresponds to the policy of destabilisation which U.S. imperialism and the CIA have set as their goals in respect of all regimes in the third world, pursuing the policies of anti-imperialism, non-alignment, peace and cooperation with the Soviet Union and other socialist countries.

Stricken with the severest political and economic crisis and driven desperate by their rout in Indo-China, their setbacks in the Arab world and the further advance of the revolutionary and democratic movements in Western Europe, Africa and Latin America, U.S. imperialism has stepped up its neo-colonialist attacks in the South Asian region. India is one of the main targets of this attack today. The lifting of the arms embargo on Pakistan, the decision to convert Diego Garcia in the Indian Ocean into a nuclear military base, the pumping of massive arms into the Gulf area States, are all manifestations of this policy.

The activities of the U.S. multinational corporations and of the CIA are being intensified inside our country.

The present Right-reactionary offensive inside the country is synchronised with the new attacks against our national sovereignty and freedom coming from U. S. imperialism.

In such a situation, this AITUC Convention supports the Prime Minister and the Congress Party in their resolve not to yield to the demand for her ouster and the call to overthrow the Government and Parliament by terrorist forces.

This Convention of the AITUC calls upon the workingclass to come forward urgently in a conscious and organised manner to

expose and fight uncompromisingly against these conspiracies of its worst enemies—U.S. imperialism and the Right reactionary front inside the country—and to prevent these two pincers of counter-revolution from destroying our country's independence and democratic achievements.

This Convention of the AITUC is firmly of opinion that Right reaction cannot be defeated by means of Emergency Powers unless they are speedily used by the Government to attack and curb the vested interests who form the base of Right reaction. the monopolists, landlords, profiteers, hoarders and blackmarketeers and to introduce radical economic measures to bring relief to the working masses. This is the only way in which the toiling masses can be actively brought into the struggle against Right reaction and decisive successes achieved in this struggle.

At the same time, the Emergency Powers must not be used to suppress or curb trade union rights of the workingclass, including the democratic rights of the working people, in fields, factories or offices. The AITUC pledges that it will continue to be in the forefront of the struggles in defence of workers' interests.

This Convention of the AITUC calls upon the entire working class to wage an integrated battle against Right reaction and in defence of its just demands and rights. The present critical situation demands such an integrated approach. On no account must the Right reactionary and Left opportunist parties be allowed to exploit workingclass issues and struggles for their anti-national political purposes.

In this critical period, the trade unions must exercise utmost vigilance and set up anti-sabotage cells in consultation and, if possible, in cooperation with other trade unions to prevent any sabotage of plants and production that the reactionary and disruptive forces might be trying to bring about.

This Convention of the AITUC calls upon all TUs and workers to launch a countrywide mass campaign and movement on the basis of the following minimum platform corresponding to the needs of the present situation.

—Against US imperialism and against the Right reactionary

- offensive aimed at bringing about chaos, civil war and political destabilisation inside the country.
- Effective steps to bring down prices. For a proper public distribution system for supply to workers and their families of foodgrains and other essential commodities at fixed and reasonable prices.
  - For the defence, development and democratisation of the public sector.
  - Against unemployment, closures and retrenchment. For defence of TU rights.
  - For immediate implementation of the land ceiling laws and protection of harijans and agricultural labour.
  - For take-over and nationalisation of sugar, cotton textiles, foreign oil companies and foreign drug firms. For take-over of wholesale trade in foodgrains.
  - For repeal of the Compulsory Deposit Scheme in respect of increased wage, D.A. and bonus.
  - For drastic punishment of smugglers, hoarders, blackmarketeers, tax-evaders, speculators and makers of black money who corrupt our public life and strengthen the Right reactionary forces.

This Convention calls upon all TUs to carry on a continuous mass and political campaign on the basis of this platform, through broad TU Conventions in the States and major industrial centres, mass demonstrations, mass hungerstrikes, etc.

This Convention appeals to the INTUC, HMS and to all other Central TU Organisation and independent Federations to come together urgently for the purpose of joint campaign and joint action to save our country from the conspiracy of Right reaction and open the way for united workingclass advance towards radical socio-economic progress.

## ON LIBERATION OF CAMBODIA

The defeat of the puppet regime installed by the American imperialists and the victory of the national liberation struggle of Cambodia, have struck another fatal blow to the aggressive designs of US imperialism in Indo-China.

The Special Convention of AITUC warmly acclaim the historic victory of the people of Cambodia who were plunged in a war of aggression for about five years causing widespread death and destruction.

Even after ignominious defeat and loss of face of the mighty imperialist power, the American imperialists continued its provocative activities against Cambodia as is evident from the Mayaguez affair.

The Cambodian victory is another landmark in the onward march of the peoples of the world for democracy, peace and social progress.

The Special Convention assures the people of Cambodia of the continued support of the AITUC in their tasks of rehabilitation and reconstruction of the war ravaged Cambodia.

### **ON THE VICTORY IN VIETNAM**

The Special Convention of AITUC held at Indore in June 1975 hails the victory of the heroic people of South Vietnam led by the National Liberation Front and the Provisional Revolutionary Government which completed the liberation of Vietnam and ended a most brutal aggressive war launched by the US imperialism.

The American imperialists for over two decades poured billions of dollars, tens of thousands of soldiers, all kinds of armaments, unleashing inhuman weapons of Chemical warfare to destroy all human life and plant life, to subdue the people of Vietnam. But the heroism and solidarity of the people remained unbroken. With international solidarity and assistance from the Soviet Union and other socialist countries, the international working class and all progressive and democratic forces throughout the world, the heroic people of Vietnam successfully resisted the aggression and ultimately inflicted ignominious defeat on the most powerful of the imperialist states and its henchmen. The victory achieved in Vietnam marks yet another historic landmark in the onward march of the workers and peoples of the world for national liberation, peace and social progress.

The Special Convention sends warm revolutionary greetings to the workers and people of Vietnam and assures them of the continued solidarity and support of the AITUC in their new tasks of consolidation of national independence and reconstruction of their country ravaged by long-drawn imperialist intervention and aggression.

## ON MIDDLE EAST

The Special Convention welcomes the success so far achieved by the struggle of the Arab peoples against imperialist and Zionist intrigues against the countries of the Arab people by the unity shown by the Arab peoples by their heroic actions as well as in the use of the oil-weapon against the imperialist monopolies. These successes were buttressed by the aid and the unstinted support of the forces of socialism, democracy and peace, and especially by the USSR and other Socialist countries. The US imperialists are trying by every possible means to divide and disrupt the unity and solidarity of the Arab peoples by the wily manoeuvres and the treachrous diplomacy of the flying diplomat Kissinger and his so-called 'step-by-step' solution of the crisis. The US imperialists and Zionists are placing all possible obstacles in the path of convening the Geneva Conference for an overall solution of the problem.

The Special Convention of AITUC joins with the world public opinion in demanding immediate convening of the Geneva conference.

The Convention reaffirms AITUC's solidarity with and support for the struggle of the Arab peoples to free all occupied Arab land from the occupation of the Zionists and for self-determination of the Palestinian Arab people the restoration of their homeland. The struggle of the Arab peoples is a part of the growing struggle for liberation and social progress against imperialism and neocolonialism.

The Convention welcomes the reopening of the Suez Canal on 5 June which remained closed for the last eight years following Israeli occupation of the Canal areas since 1967.

## IN SUPPORT OF THE WORLD CONGRESS AGAINST FASCISM

The Special Convention of AITUC extends full support to the convening of the World Congress Against Fascism at Patna on 27-30 October 1975.

Although the ferocious fascist forces of Hitler Germany were defeated some thirty years ago, their remnants are still trying to rear head in different parts of West Europe and elsewhere.

The Convention takes note of the fact that India is under pincer attack—from outside by American imperialism with building up nuclear naval base at Diego Garcia, lifting arms embargo from Pakistan, and extending NATO naval exercises and surveillance in the Indian ocean region and from within by the internal reactionary forces and forces of left opportunism, ganging up under the leadership of J. P.

After its defeat in Indo-China and growing disenchantment of other countries in the Southeast Asian region, the American imperialists have stepped up their aggressive designs in the Indian ocean region with the open support of Maoist China primarily against India. The drive for "destabilisation" of India by both imperialism and the internal counter-revolutionary forces is directed against the policy of anti-imperialism and nonalignment that India has by and large been pursuing, and against the growing friendship and cooperation with the Soviet Union and socialist countries.

In this situation, the Convention feels it urgent that all anti-imperialist, anti-fascist and democratic forces should unite to defeat this attack of external and internal counterrevolutionary forces and for democratic advance.

The Special Convention calls upon all unions and workers to launch an active campaign against the ideology of fascism and the forms it adopts in Indian conditions. The Special Convention calls upon all trade unions to actively participate in the preparatory committees that will be formed in different states, mobilise the working class masses against the looming danger and unite all democratic forces.



## ON CHILE

The Special Convention of AITUC reiterates its firm solidarity with the working class and CUT and the people of Chile who are fighting courageously against the fascist junta in extremely difficult circumstances. Thousands are still in concentration camps and fascist dungeons including Louis Corvalan, General Secretary of the Communist Party of Chile and other democratic leaders.

Thousands of workers and intellectuals have been dismissed from their jobs.

The international campaign of solidarity with the Chilean working class and people, and condemning the fascist military junta has been able in a large measure to isolate the junta in world forums.

The 60th Conference of ILO held in June 1975 also adopted a resolution with the unanimous support of the workers' group condemning the Chilean fascist junta.

The Special Convention calls upon all trade unions to redouble their solidarity campaign in support of the trade unions and other democratic forces struggling in Chile for the restoration of freedom and democracy, to observe 11th September being the International Day of solidarity with the Chilean people.

## ON WAGES POLICY

1. The Special Convention having taken note of the debate that is going on since sometime, on the deepening of the economic crisis, inflation and rising prices, and on the question of wage policy, likes to reiterate the position of the AITUC on fundamental issues involved.

2. The AITUC rejects as being anti-working class and retrograde, the main premises of the Report of the Wage Review Committee or the Chakravarty Committee appointed by the Central Government, viz. the poverty line concept of minimum wage, the idea of a central wage Commission or wage Board for prescribing wage norms and rates for the whole country and concept of linking wage rises with the rise of national income.

The AITUC also rejects the concept of linking wages to production or productivity.

3. The AITUC reiterates that wages must be negotiable and negotiated by bipartite collective bargaining and opposes going back from this form that has already emerged and succeeded in several industries. In the name of a so-called wage policy, wages are sought to be pegged down to lower levels even in high profit sectors and put beyond the pale of collective bargaining.

4. The Special Convention reiterates that the need-based minimum wage norm is still a guideline to determine the minimum wage level, but it is yet to be implemented to cover all sectors of employment and also most of the organised industries. The Convention demands that in those industries which come under the schedule of Minimum Wages Act, the minimum wage should be Rs. 250/- per month linked with consumer price index.

5. The Special Convention rejects as has always been done by the AITUC, the wage-price-spiral theory that wages are responsible for rise in prices. Consistent with our opposition to any kind of wage freeze, the Special convention demands immediate repeal of the Compulsory Deposit Act impounding increases in wages and D. A.

The Convention reiterates the demand for full protection against rising prices in the form of D. A. linked with consumer Prive Index and public distribution system for supply of essential commodities.

6. In the context of failure on the part of the Bonus Review Committee to come out with any agreed formula, the Special Convention demands that the benefit of Bonus be extended to all wage and salary earners and to all sectors of employment, the minimum be raised to 10% of total wages, the Bonus formula based on the singlemember's minute of dissent in the Bonus Commission, be revised and the ceiling of 20% be removed.

7. Despite crisis, inflation and high prices and because of that, monopolies have been earning super-profits and growing fatter. To put a check on monopoly profit and concentration

of wealth and in order to improve working class living, struggles in the wages front have assumed highest importance.

The Special Convention calls upon all unions and State Committees to organise a mighty wage rise movement in all areas and industries with particular attention to the unorganised sectors who are worst victims of inflation and price rise.

All trade unions are called upon to extend solidarity with and support to the struggles of the agricultural workers for rise in their wage levels.

### **ON PRACTICAL TASKS OF THE TRADE UNIONS IN DEFENCE OF THE PUBLIC SECTOR**

In accordance with the AITUC's two-pillar policy regarding the public sector, the trade unions are called upon, along with their tasks of resolutely defending the workers' rights and improving their conditions of life and work, to adopt a positive role towards the problems of production, management, and efficient functioning of this sector.

This necessarily requires a line of active trade union intervention to ensure that the public sector truly serves the interests of the nation and the people, and is not sabotaged and ruined by the bureaucrats, monopolists, contractors and other corrupt elements who are out to discredit and plunder it. This task has become particularly urgent at this juncture when the forces of right reaction and monopoly capital are going all-out to attack and denigrate the public sector.

Unfortunately, up to now, the general attitude of our trade unions, their functionaries and workers, has, with a few exceptions, been one of passivity in this respect. Our activity has remained confined within the framework of the struggle for the workers' day to day economic demands and redress of their grievances. The other pillar of our policy is neglected under the plea that nothing can be done so long as the present bureaucratic managements, with their vindictive anti-labour attitudes, remain in authority.

This is a defeatist and negative attitude, which justifies "fighting" the bureaucratic managements of the public sector only in relation to the workers' demands, not in relation to their inefficiency, thefts and sabotage, their looting and squandering of public funds, and their pro-monopolist policies which put the public sector into chronic losses. But, as a matter of fact, this should precisely be made an arena of sharp class struggle between the agents of monopolists and bureaucrats, on the one hand, and the organised, politically conscious trade union movement on the other. This is the basic struggle for strengthening and democratising the public sector so as to enhance its productive capacity and efficiency. This will also strengthen the struggle against the moves to denationalise and sellout important public sector units on one pretext or another.

The Special Convention of the AITUC, therefore, calls upon the trade unions in the public sector to pay close and detailed attention to the problems affecting **each separate plant, establishment, or departmental undertaking** as the case may be. A **concrete and factual** study must be made by a **special "cell"** set up in each union, of problems such as, for example, "Corruption and acts of sabotage, including pilferage, arson, and stoppages provoked by reactionary forces;

"Elimination of waste; inflated inventories due to wrong purchasing policies; misuse or idleness of costly machines, resulting in breakdown due to lack of proper maintenance;

"Irregular and unplanned supplies of raw materials and components due to faulty supervision, their uneconomic use and wrong handling on the production floor, bungling over availability of spares, etc;

"Idle capacity and managements' failure to diversify the lines of production due to lack of centralised planning;

"Wrong pricing policies which perpetuate "losses", and are often intended to help the monopolies to increase their profits;

"Uncontrolled utilisation of institutional finance for non-productive purposes;

"Misuse of institutional credit for strengthening and growth of monopoly houses;

"Robbery of public sector funds by private contractors in collusion with management officials;

"Absence of proper technical training for creating suitable new cadres to man the public sector and replace the present preponderance of non-technical bureaucrats.

The above are some general indications of the type of problems with which our trade unions must involve themselves concretely and factually in order to intervene positively by way of both exposure as well as their own suggestions and demands which have to be given the widest possible publicity.

Such a role by the trade unions will in most cases, be frowned upon and opposed by the managements. We can expect even vindictive retaliation at some places and attempts to intimidate, persecute T.U. leaders for such activity. Nevertheless if we educate and mobilise the workers properly about their democratic role as watch dogs of the public sector, we can carry on a sustained movement right up to the highest level of the Central Government and the concerned Ministers and force them to pay heed to our concrete exposure and proposals.

Trade unions in service-oriented industries, e.g. banking, insurance, transport, post & telegraph, etc. must exercise unflinching vigilance for maintaining public service at a satisfactory and efficient level. This will thwart the attempts of vested interests to discredit the public sector. It will also greatly contribute in earning the appreciation of the general public towards the public sector, the workers and employees, and their trade unions.

This will give flesh and blood to our basic demand for Workers' participation in the management of the public sector from the lowest (shop floor) level right upto the Directors' Board.

The unions must coordinate their work in this sphere with the AITUC Centre and its parliamentary wing, so that all factual material collected is properly pooled, and processed, and can be utilised most effectively through the various forums available to us.

## ON POLLUTION AND PEOPLE'S HEALTH

1. The Special Convention of the AITUC notes with great concern the growing danger to people's health as a result of pollution of air, water and soil in big urban and industrial centres by the foreign and Indian owned capitalist enterprises.

Private ownership of the means of production leads to reckless exploitation of nature and abuse of air and water without regard to the health of the community. In order to make maximum profits, the capitalists do not want to invest in necessary measures for the protection of environment. Instead of buying the technical equipments to treat their effluents and wastes, they release them into the atmosphere or in the rivers and seas, thereby endangering people's health as well as fauna and flora in their neighbourhood.

The main cause of environmental pollution are the Chemical processing industries. These includes petroleum refining and petro-chemical industries, Rubber, Fertilizers, Pharmaceuticals, pulp and paper, cement, ceramics and metallurgical industries etc. These industries handle quantities of toxic and hazardous materials and release harmful effluents into the atmosphere, the water and the soil.

2. Pollution of environment and specially of air and water is increasing in our country in the big cities as well as in the areas of several fertilizer plants, paper and pulp making plants, synthetic fibre plants, cement factories and oil refineries, etc.

Most of the plants causing serious environmental pollution belong to the monopolists, Indian or foreign or a partnership of both.

The most recent case of serious pollution causing damage to natural environments and public health occurred in Goa in Zuari Agro Chemical Ltd. It is a Fertilizer plant owned jointly by the Birlas and the U. S. Steel Corporation of America. The machinery was supplied by TOYO Engineering Corporation of Japan. The American, the Japanese and the Indian monopolies, all combined in their greed for higher profits and failed to instal the necessary machinery to suitably treat the

effluents before releasing them. There was strong protest against the havoc caused by this Fertilizer plant and the Government intervened and ordered its closure. In the popular movement against this pollution, the AITUC and its unions in Goa played a significant role.

The Convention demands that till the production process and discharge of effluents is rectified, the plant should not be allowed to reopen. In this connection, the Convention demands that the anti-pollution Act be amended so as to allow the union territories to form their own Board under the Act.

3. This Special convention of the AITUC demands similar action against other plants in the country guilty of causing serious environmental pollution and danger to public health. It calls upon the trade unions to be vigilant in this respect and take up this question with the managements and the Governmental authorities concerned.

This convention demands that the Government should undertake suitable measures to control air and soil pollution. At present the industrialists in India enjoy almost unlimited freedom to pollute these natural resources in their own private interests. They must be forced to equip their plants with suitable anti-pollution machinery and also pay for other anti-pollution measures.

The Convention demands further that no licence be given to such plants which are to be established unless proper equipments have been installed and measures taken against pollution. And licences have to be cancelled of factories and factories closed in respect of such factories where anti-pollution measures have not been taken despite sufficient notice being given.

The trade unions must make the fight against environmental pollution a part of their fight against the Indian monopolists and the multinational corporations.

Genuine protection of the environment and people's health demands a sustained struggle against the monopolists, both Indian and foreign, and their anti-people activities.

4. In this struggle the trade unions must draw all popular organisations representing the general public and actively par-

ticipate in the different organs created at the local, state and national levels for the protection of human environment.

The trade unions are also requested to send full reports to the AITUC centre of all serious cases of pollution of air and water and damage to plant and animal life or danger to human health.

## **ON ORGANISATION**

The Special Convention of AITUC held at Indore in June 1975 after discussions of the state of organisation resolves that in the coming period to fulfil the urgent task of the working class both on political and economic issues, the following steps should be taken immediately:

1. The questionnaire suggested on some problems of TU organisation and circulated to the delegates should be filled in as far as possible by representative of each TU and submitted to the State T. U. C. by 31st July 1975. The State should compile report on its basis and send it to the Centre by 31st August 1975.

2. State TU conferences which have not been held in the last 2 years must be held by October end. Union conferences should also be held annually. Democratic and regular functioning of the Executive and working of the union must also be ensured.

3. Conscious step should be taken to fill in the gaps between our influence and membership of the Trade Unions.

4. Struggles of unorganised sections of working class specially for wage revision are overdue and in some cases are taking place. AITUC units and functionaries should plan and lead them.

5. Struggles of Agricultural workers for land and wages and against oppression by caste Hindus and administration are taking place and being organised. TUs should come forward with active solidarity with them.

6. On political and T. U. issues initiative should be taken to build united front with sister TU organisations and the vast number of workers who are not members of any TUs. In the



present period the possibility and need for such united action is greater.

7. State TU leadership should fix up short term TU education programme particularly to educate the new workers and draw them in leadership.

8. Particular attention has to be paid to the problems of young workers and women workers.

A volunteer corps in each TU centre is essential.

Progress in respect of other organisational issues will be reviewed by the periodical meetings at State and Central levels.

## QUESTIONNAIRE

### Questions suggested by Paper No. 11

#### On Some Problems of T. U. Organisation

It seems, there are about 7000 units in existence with capital running into how many crores, we are not sure—may be about 12000 crores. This includes private sector (incorporated), Public Sector (corporate) and Departmental Sector (viz. Railways, etc.)

1. The first question is—**does our T. U. in every area know what the units of production or service exist in its area?**

Will the T.U. centres in each area make an assessment? That should lead to many vital conclusions.

Since, it is certain, that the AITUC does not cover as yet all the areas of production and services, whether directly or indirectly, what measures do the T. U. centres propose to take to establish our "presence" in every area, vital or otherwise.

"Presence" here does not necessarily mean our own separate TU in every case.

Even if we take all the trade union organisations in existence of all affiliations, we are certain that quite a large number of units have no functioning or even nominal trade union organisation.

At the same time, it appears that all large scale units and areas of employment have some trade union (which perhaps are not taken into account in our reports).

The first task for the AITUC should be to check up on this and make a report as to in what areas the AITUC has unions or has not.

The first area to be covered will of course be the large towns, old and new, and then the small centres.

Each large centre or town should undertake assessment with the first question—where have we a union and where we have not.

2. Then follow up and answer the question—why not, if we have not, in any place.

**If we have not, state what has to be done, to have a union in every place of employment—both wage and salary relations.**

The AITUC must have a union in every place (or unit) of production, distribution and service.

Our present number of affiliated unions is about 3200. This itself shows that many areas are blank for us, even taking for granted some unions, being industrial or industry-cum-regional—cover a large number of units (viz. Textiles, Engineering, etc.)

3. Can we know, to begin with the minimum wage (inclusive of D. A.), but shown separately, in **large scale industry and trades, say, based on payments and agreements as of May Day 1975?**

4. As every one knows, in areas of piece-rates, you take the average of three months.

**Can you find the highest earning made by certain occupations in your industry in the given month (s).**

5. **Has standardisation of wages and grades taken up in your industry or area?**

6. **What is the agricultural wage in your area?**

7. **Along with the workers' wage, can you give us the salary of the manager and some selected supervisory or highest grade posts?**

We know we cannot carry out a wage-census, which is the task of Government and Labour Ministry. But we want to

have a rough picture of the wage map to draw guide-lines for the T. U. movement and its ideological approach, on a regional and national scale.

Some academic organisations are doing work on these lines in some places (viz. Kerala). We can get their help or lend them our help.

If you think it will help, the centre can give printed forms, as may be prepared by a Committee of the AITUC, if you want to appoint one on this section of the questions.

**8. How many trade union offices you run in your state as well as regions, towns and cities? Are they all in one place or different places?**

9. How many whole-time secretaries and cadres in the total trade union field, in your area or industry if it is large enough, do you maintain?

10. Have you a full-time Secretary of the State T. U. C. of your State? And an independent office? You ought to—if not—why?

Are all the above mainly maintained by the T. Us or by the political organisations in your area?

11. Since the political activity is essential for the T. Us, how many members you have in each industrial, factory or service unit and what is their total trade-wise?

12. How many full-time T. U. functionaries you have in your state (industry and regionwise)? How many are wholly paid by the T. U. or how many subsidised otherwise?

13. What is the percentage of workers at unit or industry levels covered by our unions in terms of membership? Do we make any regular membership drive? Do our unions maintain records, books of accounts and submit annual returns?

14. Have you had any trade union school sessions in your industry or area? Not as part of political school, but specialised separate schools—sessions on T. U. and industrial problems, including of course, their politics.

15. Whether you feel there is need to hold T. U. school sessions as such in each state, with guide lessons prepared first for teachers and then for students drawn straight from the factories?

16. Have you used the Government T. U. Education Scheme for holding T. U. Schools in your area and how many in the last three years? Did their assistance hamper the outlines of your ideas of T. U. education? Can that scheme be used without any detriment to our ideas, though it does involve some obvious political limitation of a kind?

17. How many of our unions are recognised fully or partially, in effect but not actually? You may fill the details as you think best, industry or unit wise.

18. How many strikes you had in the last two years and their results? Give us copies of agreements you have entered into or the assurances, which enabled you to call off. Classify the results according to your own standards and let us have them. Do not give us a "doctored" version of the agreements but a full one, even as points, where we had to retreat. This is essential to judge the situation.

19. Is it your practice to review before the general body or the workers the results?

20. How many handbills you have issued in connection with each struggle or dispute? How many booklets if any? Send us a copy each for the last two years.

21. How many meetings etc. you have held on political questions on your own or jointly with other T. Us. in the recent period? —as for example on Viet-Nam, anti-Fascism, Indo-Soviet Friendship, Friendship with other socialist countries, multinationals, U. S. imperialist policies on any particular subject (viz. Diego Garica), Portugal, Cyprus, Indo-Soviet Treaty, Brezhnev Visit, Arab-Israel War, Chinese policies, or on questions of internal policies.

22. How many Bundhs, as such, you had, in the last two years and on what questions?

23. Did you have any united front of trade unions at plant/industry level or State level with other Central TUs? What is your experience?

24. Did you send any T. U. leaders and workers in the countryside for solidarity work with the agricultural labourers, as we are expected to do?

25. Did you have any special rallies or any programme for the town unemployed?

26. What other forms you have adopted to which and to democratise the T. U. movement?

27. On the settlement of disputes and strikes, when you negotiate with the employers jointly with others or through your own organisation do you adopt the procedure of reporting to the general mass of workers on the aspects of the negotiations? And what sanction do you take, in what form from the workers concerned to your terms of settlement? A general rally of workers after a meeting of the Executive of the T. U. or what other form?

28. Have you any sources or organisation to consult on the position of the industry or trade or company concerned, its composition of capital, management, ownership, profits and loss positions, so as to enable your union concerned to deal with the employers concerned in an informed and realistic way, as in this matter balance-sheets are no help and in fact are a hinderance?

29. Do you integrate leading workers with the processes of negotiations?

30. Havt you got or not a properly trained and experienced volunteer corps to protect meetings, leaderships, offices, equipment?

31. Give us the number of police-cases standing against our workers and leaders arising out of the movement that is strikes, processions, etc.

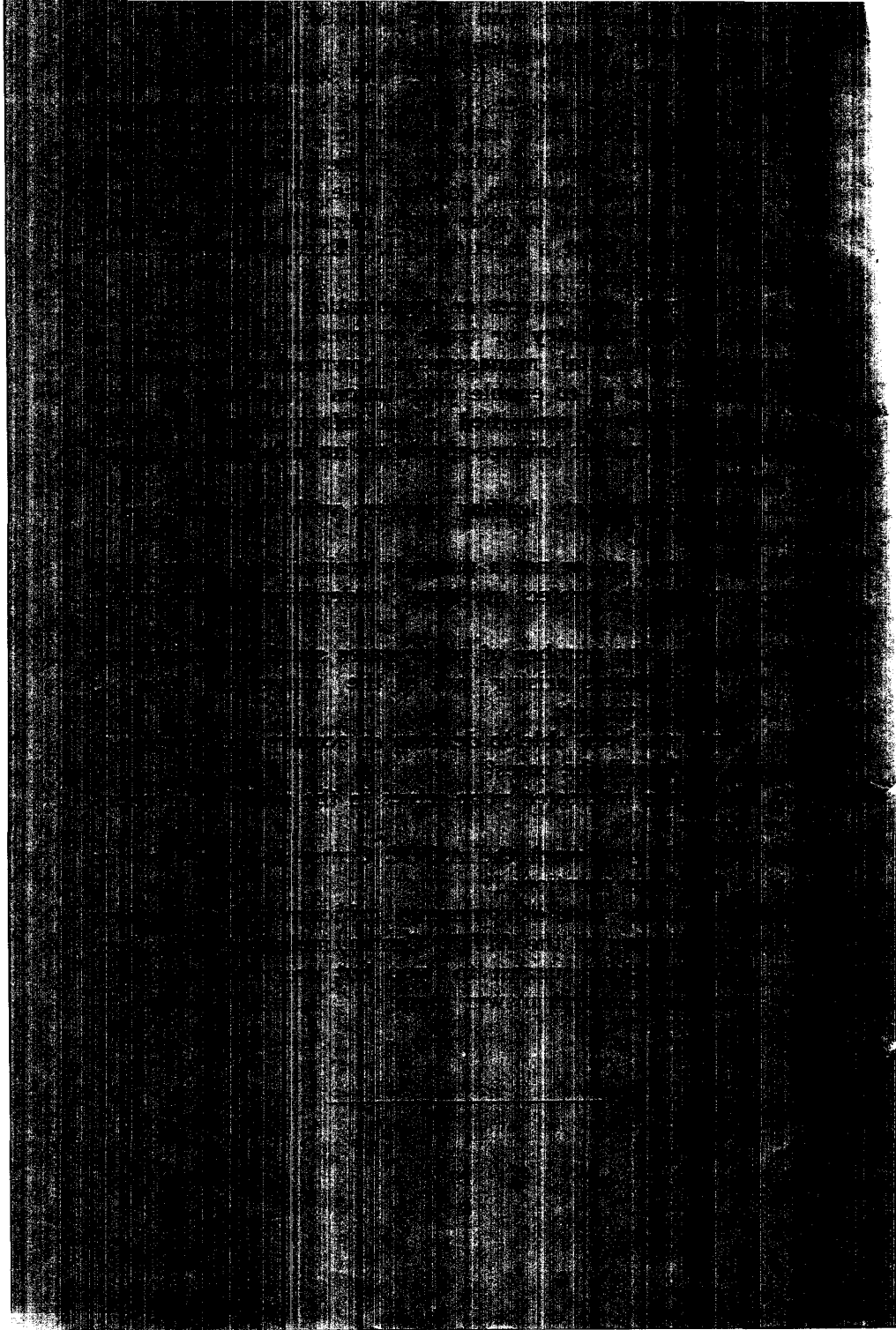
32. Have you been able to develop or acquire the services of lawyers, to defend the cases?

33. Have you interested your-selves in the problem of population control?

34. What do you want the AITUC Centre to do on any or each of the items mentioned?

Add a separate note of comments, criticism and suggestions on the functioning of the AITUC Centre, including its leaders.

If more questions suggest to you but are not mentioned here, you may add and answer them.





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**Paper One : On Wage Policy**  
**Paper Two : On Bonus, D. A.  
and Benefits**

**ALL-INDIA TRADE UNION CONGRESS  
SPECIAL CONVENTION, INDORE  
( 26-29 JUNE 1975 )**

## PAPER ONE

# ON WAGE POLICY

### 1

The AITUC, in many of its sessions and in the struggles conducted by its unions, has clarified its stand in relation to the problem of wages. That stand has always been the common viewpoint of the international working-class and its theoretical approach to the question of wages, which is the most basic question of the class relations between the working-class and the capitalist class.

It is the labour power of the worker that creates value. When the capitalist hires the worker for a certain sum of wages, the worker creates for him, not only what he pays as a price of his labour power but more than its price. And that newly-created surplus value is the source of all profits of the whole capitalist class, and others with whom he shares them. Hence the fight for wages in all its forms including benefits and bonuses, is always our legitimate claim on the price of our labour power and the surplus value that we create. Thus all struggles for enhancing the price of labour-power that is wages, in its various forms, including its relation to hours of work, skills, speeds, benefits, are in essence and in their final analysis and class-relations perfectly just. But all those struggles, however justified in their class-essence, have to be guided by and observe some limitations arising from tactical and objective and subjective considerations for the very success of these struggles and to minimise, as far as possible, the sufferings imposed on the workers during the course of the battles.

And in the final analysis, we always maintain, that the problem of wages, that is of wage-slavery, cannot be resolved until capitalism is replaced by socialism. This view-point is fundamental to the AITUC.

It is also to be kept in view that not all the trade union leaderships accept this class-based theory, though they conduct working-class struggles and even join in a united front with us in these struggles and we also join them.

## 2

The history of our battle for wages is a very long one and some of our AITUC reports have reviewed them from time to time. The one outstanding lesson that comes out of all these reviews is that *it is the working-class struggles, whether in our country or elsewhere that have forced the employers to introduce some norms of wages in their nominal cash form or their real value in terms of what they can purchase for the worker.* It is our struggles which introduced limitation on hours of work, sweated labour, or bone-breaking productivity, deductions, fines and a host of other points, through which the employers have always tried to exploit us with the greatest greed and cruelty. We have always had to struggle to protect or enhance the price of our labour power and our share in the enormous social wealth that labour power produces. In fact, in the early history of capitalism, it is the workers' struggles, which brought to the capitalists the sense of productivity or improvement of processes and machines. And once they realised how it enhances their profits they made it into a perfect science of exploitation, using the achievements of the scientific and technological revolution for their own class-aims.

Looking at it this way, the immediate question, therefore, for us at this session is — where are we now, in what phase are we in our struggle for wages in all its forms? We have raised this question not to indulge in history-writing, but to understand the situation in a generalised form first, so that a general approach to our forthcoming struggles in this new period, can be

formulated and the workers and their organisations oriented that way, in their particular spheres.

We have already heard the talk, about the *new norms of labour-policy and wage-policy* being discussed by Governments and employers. Secret reports and not so secret comments are being heard about evolving, what some call a *national wage-policy* and some call it a *rational wage-policy*. *There is no doubt that the whole economy is in a big crisis, but it is a crisis of both progress and recession, and the nation is in upheaval, as never before.* And some people even talk of total revolution, which of course, does not speak of such mundane matters as wages. But since it will be total, it promises to solve all problems in a totality which is shapeless, class-less and undefined.

But, we workers, being rather hard-headed thinkers, want to be realistic and concrete. So, where are we going from here on this vital question — the question of wages?

### 3

Before we can find out what national or rational wage-policy is, we may mention first, *how many phases of policies we have had so far*. Then we can raise the question as to what is the content of this new idea — national or rational, an idea, which some people are presenting as almost a new revolution in economic thinking. Hence, let us have a brief look at the historical roots of this idea or policy.

The wage-system, as a wide-spread phenomenon, arose in India, when the British broke up the old Indian economy and introduced elements of a capitalist economy. The break up of the ancient village system threw millions into pauperism and famines. These famine-stricken people were hired as *bonded-labour*, called indentured labourers, where wage-value was even below the famine-code. It was a *semi-slave wage* if it can at all be called a wage. The others, who thronged to the towns and factories were also hired on just the *famine-wage*. So here began *the famine-wage as the basic foundation of the Indian wage-system*, followed both by the foreign and Indian capitalists.

This was added to, in some places, by a “*plague-bonus*” that is, you agree to work, in exchange for a plague-death or a bonus, whichever gets you first. *That was the colonial imperialist wage-system.* Over and above, there was no limitation on hours of work and no holidays etc.

The *second* phase came when the first world war took place and *the concept of dearness allowance and war-bonus* was put forward by the workers. The dearness allowance helped the worker to directly link to and read his wages and labour in terms of the *market prices.* *By this, along with his direct owner he linked, in his thinking, the merchant trader and the market as the makers of his wage. That was an ideological advance in identifying his different exploiters.*

In the *third* phase, of 1927-29, the offensive of *rationalisation* came in. In this they doubled your machines and work but did not double your wage but increased only by half. Half increase for you and more than half for the owners’ profit and unemployment for your neighbour. *That was the rational wage-system.* Those who talk of the rational wage-system today are fifty years late in re-discovering the word and the concept.

The workers fought big strikes—won some, lost some. As a result, the owners agreed to increase our share of the lost man’s wage to 75% and took the rest for themselves.

The *fourth* phase came with the 1930 world depression; closures, bankruptcies, unemployment, a big fall in prices, but no work and money to buy goods. A wholesale massacre of the wages of the employed and starvation and deaths of the unemployed became the dominating phenomenon in the capitalist and colonial world.

Formerly, they used the *famine-stricken* rural masses to depress wages. Now they used the *unemployed* in towns for that.

The unemployed too came from the same source as the *famine-stricken*, that is the paupers and the ruined and landless peasantry.

It was in the 1927-29 struggles and the depression of 1930, when the Indian working-class and the whole world was struck

by the Soviet Socialist system, its economy, its wage system, absence of unemployment and so on. It had no depression, no closurers nor unemployment.

For the first time in the minds of the Indian worker the question arose — what is a socialist wage-system? Slowly from the national concept, he began to think of the international and socialist concept.

The *fifth* phase was a little recovery, assisted by the Congress ministries of 1937-39. Wages started picking up and the second world war again brought back the dearness allowance, the war bonus plus a little wage-increase apart from the D.A.

Basing themselves on the war-profits, and the British T.U.C's schemes of post-war social system, the British Government in India also began to speak of a social *security scheme* in India. Out of that came up the Employees Sickness Insurance scheme and discussion of other measures in 1944-52.

Thus the basic starting point of *famine-based* price or value of labour power got *four added elements*, that is — dearness allowance, a profit bonus, a rationalised pay increase linked to intensified work-load and finally a miserable social insurance against sickness for which the worker paid more than the employer, whose system itself is the cause of the sickness. The provident fund also hovered in some areas as a fifth element to add.

This in essence means that starting with the foundation of a famine-based semi-slave wage-system, the Indian worker and the Indian economy were forced to inject some anaemic additions into that basically colonial system, when forced with struggles. This was the basic structure of our national or rational wage policy.

#### 4

What changes did national independence and freedom and the new Government make in the concept and content of the famine-based colonial wage-system?

With the end of the world war, the defeat of Hitler Fascism, the victory of the Soviet Union and the birth of new socialist states, the working class of all the capitalist countries and the peoples of all the countries under the imperialist yoke rose in revolt. These revolts were both *political and economic*. The working-class of the advanced capitalist countries made a bid for political power thru parliamentary and extra-parliamentary actions. At the same time, it went into economic struggles to secure economic gains, particularly in wages and norms of work and to overcome the lag they had suffered during the war period.

The same pattern of anti-imperialist political and economic struggles developed in India also.

The dominant political leadership of our country, represented by the Congress, soon after its release from prison, in their AICC resolution, recognised the hardships of the working-class and endorsed the need for dearness allowance and other benefits to overcome the hardships of the war period.

A *big* strike wave of industrial workers, the salaried masses in Governmental services, such as the P & T took shape along with the political demands for freedom. Even the Naval Ratings' revolt had the question of wages and decent rations and treatment on their agenda. *Thus began the wage-struggle of the new period of post-war upheavals.*

The national leadership of the new national Government and then the Government of Independent India *would not define* their ideas of norms of wages, bonus, D.A., benefits and so on. They only wanted "Industrial Truce" until things settled down. And there is no doubt that the imperialists had plunged the whole country into such imbalance and a communal war that it did require some breathing space. At the same time, the employers, traders, bankers were reaping huge profits at the cost of the people and the country.

With a view to stabilise first, at least their state-machine that is the services, the ~~Government~~ Government appointed the *First Pay Commission* to prescribe for them new norms, scales and grades on an all-national scale. And when that commission

presented all-India scales, slashed the vast anarchy of grades and prescribed Rs. 30|- as the national minimum for the Government services throughout all the states, it had *taken the first step to usher in the concept of a national minimum* and a certain re-ordering of the grades *and the work of the whole man-power of the state-machine*, including the vital areas of defence, transport and communication services.

That Commission and verdicts of tribunals in various industrial disputes, in this initial period of the new independent state and its Government *began to argue about the wage-content, in terms of the food-basket, and the calories it contained, the house rent and other allowances and bonuses in the industrial areas of private capital also.*

For the first time, the worker began to be analysed as *a living being*, who does produce, goods, services, profits etc. *The concept of wages rooted in famine-norms was taken out, defined and given a base of minimum human norms.* However insufficient or low they may be, *conceptually* they have left the famine base of colonial imperialist domination. One can see the difference, if you study the composition of the cost of living index of 1923 in Bombay (there was none before and nowhere else) and the one in 1952 and onwards. The rise of the new power of the working-class and its recognition, by the ruling classes can be easily seen in this development.

It is in this period that the ruling classes and their theoreticians began to argue the theoretical-physical basis of a wage-norm, in different layers of industries, different layers of the economy and different periods of development and advance.

The theoreticians of the bourgeoisie and some of their opposites in the working-class tentatively agreed to split the wage-norm in such conceptual as well as physical categories as *a subsistence wage, a fair wage, a minimum wage and a living wage.* Their value in terms of money was calculated geographical-area-wise. The items in the cost of living index began to provide some expense for a newspaper even, an unheard of luxury in the old days. And all this was, in a way, finally



settled in the concept and norms and values of the now well-known "*need-based minimum wage*" in the Tripartite Conference in 1957. This was certainly an advance for the working-class, for its class-struggle, its ideology and theory.

This advance was not chimerical and not only theoretical. Some lines of industry and trades, in high prosperity areas actually realised these concepts in terms of their wages, bonus and benefits, as for example in Banks, Insurance, Oil, Chemicals etc.

This does not however mean that *wage-map of India* actually underwent a radical change. Both the Government and the employers resisted the realisation of these norms, under the excuse of "*inability to pay.*" In many areas, bitter strike struggles were fought, and many workers were killed or sent to prison, many lost their jobs, just to realise in reality what was agreed to in theory. And it has also to be remembered that in many areas these norms and the increases obtained thereby were nullified by the rise in prices and fall in real wages. *But as a whole, the working-class did make an advance.*

## 5

But every advance of the workers and the toiling masses, in our economy, dominated by the capitalist structure and monopoly concentration, aided by landlord and rich Kulak producers in company with big trading capital is bound to suffer an attack from the reactionary forces. They and their political allies, controlling the nerve centres of production, supplies, finance and the market prices, combined, after the 1969-71 democratic changes in the Governmental power, and conspired to sabotage production and supplies, raise prices, create scarcity and promote unrest and revolt. Commercial credit was deliberately bounced to the skies thru the reactionary bureaucrats in the Governmental and bank circles, which facilitated hoarding and high prices, thus depressing the nominal money wages. And even where they were fully covered by D.A., the sheer failure of supplies rendered money-wage useless.

The Indian economy still geared in large parts to the capitalist economies of the state-monopoly capitalism of Europe and

America suffered from their inflationary crisis, their war and armament adventures, and their multinationals.

Thus the home-brewed inflation of our own economy was still further heightened by that of the imperialist countries, particularly the USA and its Vietnam war.

The result was a near famine in agricultural supplies and for some time a fall in industrial production.

The inflationary rise in prices, accompanied by short supplies reacted on wages and a spate of demands, for wage-increases, D.A., Bonus and all that, arose from every area.

In this stage, instead of pursuing the line of a democratic attack on the monopoly and other vested interests, the Government leadership accepted the bourgeois theory, current in all the imperialist countries, that the price rises are due to rise in wages and hence to cure inflation and price-rise, wage-increases against price rises must be frozen, that a certain amount of fall in production and a growth of the unemployed to depress wages of the employed must be generated. Thus the Government of India ushered in the *Compulsory Deposit Scheme*, which froze in full the increase in basic wage-rates and half the increase in D.A. in a Fund for deferred payments. But that did not bring down the prices nor inflation.

The reason is very simple. The total of the frozen funds from wage increases is reported to amount to only Rs. 28 crores and that from the D.A. to about Rs. 175 crores. As against this, the total bank credit to Government, which enters the market for purchase of goods and services, is said to have gone up to Rs. 850 crores between March 29 and May 23 this year as against Rs. 284 crores in the same period last year. The absurdity of the claim that the CDS has helped to curb inflation is patent on the face of it.

Some may say that a certain easing of pressure on prices has been visible and that it is due to the non-payment of D.A. to Central Government employees and the C.D.S. — all accounting to about Rs. 1,500 crores. The real reason for the easing may be found elsewhere and not in wage-freeze. It can be

found in the significant fall in Governmental finance entering the market as demand for capital expenditure, running into hundreds of crores more than the C.D.S. money. This fall amounts to a far bigger sum than the frozen wage-fund. A curb on speculative commercial credit by banks also played a part. But as we are not discussing the economy as a whole here, we will not go into this more. But we have to note here the more significant fact about the failure of Government policy in the domain of finance and inflation. If Government had realised all the dues on irrigation, electricity, loans to kulaks and low freights to monopoly houses and charged economic prices on iron and steel, fertilisers, coal etc. and refused to pay *cash subsidies* to the fraudulent monopolies in Sugar, Jute, Textiles and others, the inflation in the economy, the cornering of goods and the accumulation of black money as well as white profits of huge dimensions, would have been prevented. *The workers would have got their dues and the people would have got their supplies and there would have been no need for a wage-freeze.*

## 6

In the last *two* years, two most outstanding questions in the wage-front have come to the fore. They are regarding *Bonus*.

One question is whether a *minimum bonus* be paid even *in spite of losses* in the balance-sheet of the employer.

And it has been accepted by a legal enactment that such annual payment be made and it should be 8-1/3 per cent. It amounts to a one month's bonus, irrespective of losses and more if there are enough profits. *This is an advance on all previous thinking.* We seem to have travelled a whole epoch from the plague and death bonus to a life bonus.

*It is now time to convert this concept with an annually paid add-on to wages on an all-national scale in all wage and salary areas, as a minimum bonus for everyone.*

Last year, the question was raised whether bonus as such is applicable to workers working in Government-run or Depart-

mentally-run establishments like Railways, P. & T., Defence production etc.

There was a time, in the history of our movement, when Government department workers did not want to be treated on par with industrial workers in the private sector. There were reasons for it. But now the consolidation of the working-class, as a class, has gone further, both ideologically and organisationally due to the fact that the Government itself has become the biggest employer, both in the field of industry and services. The anomaly is further heightened by the fact that a public sector corporation, wholly owned by the Government is an "industry" but the same kind run by its Department is not. These are the remnants of the bygone colonial ideology.

The railway strike of 1974 high-lighted this fact. But the Government has yet to do its theoretical thinking, which of course, the service bureaucrats cannot or will not do. It matters little to them.

The working-class, whether in industries or services, whether in hospitals or schools or municipalities seems to have come to the realisation that all of us are a standing labour army of the capitalist class to work and serve and yield him all the profits, born out of our collective labour, on a whole national or social scale. Hence, we as "Collective Labourer" whether in a forging shop or hospital are entitled to demand a bonus. This concept should help us to get rid of all those meandering definitions argued out in the Supreme Court or elsewhere regarding the concept of bonus. Let the "collective capitalist" if we may so call him, pay it on a national-social scale to "the collective labourer."

## 7

In the recent period two new developments have taken place — one in the field of wage-determination and the other in the field of the wage-concept and norms. The two together are being now introduced as a *National Wage Policy*. Let us look

into it, because some elements of it are already in action and execution.

In the 1960s and earlier, Government and employers had tried to solve the wage-disputes both on norms and actual content, by delivering them to *Wage-Boards* for their verdict and settlement. The wage-boards, however, proved slipshod, incompetent and time-consuming. One wage-board sat for some six years. They created more disputes than settled them. So all sides, the workers, employers and Government dropped that medium for settlement of wage and work norms.

We are not discussing in this note Government's policy on recognition of trade unions and collective bargaining. But one has to take note of the fact that ever since independence and even before, the leadership of the Congress Party and Government, has been following a policy of building their own class-collaborationist trade union movement, as opposed to that of the AITUC. The employers naturally gave them recognition and where the masses rejected them, the Congress leadership and Government forced the employers and workers, not to deal with the non-Congress or AITUC unions. Despite the fact that over the decades this policy has failed and has produced more disputes than settled them, the state and political leadership of Congress persists in that line, which is never going to succeed. The most recent example of the failure of this line was in the Railway Strike of 1974 and the struggles in West Bengal, Tamil Nadu and vital lines, like Banks, Government employees etc.

*The industrial development of India, the growth of political and T.U. consciousness of the workers and employees and the needs of rapid national development on the basis of an ever widening political democracy, require a new trade union and wage policy.*

Another most important fact to be noted is that the development of heavy engineering, electricity, chemicals and all those areas, that go to make an industrialised and strong nation, has taken a good stride in growth in the recent years. One more notable fact in this sphere is that most of the development in

this vital line has taken place in the Public Sector. The change that has been brought about by this in the *technical composition of capital* in our country is also significant.

All this has produced a *new working-class*, with new skills, education and social composition. But the Governmental leadership refused to recognise this for a long time, guided as it was by its old outlook and its outmoded bureaucracy. This led to serious disputes and strike struggles in the Public Sector, whether in the Corporate Sector or the Departmental Sector. The old mechanism of dealing with the wage-question and its allied branches such as definitions of grades, their values and time distances and so on, thru the mechanism of a Wage Commission or Boards or only the recognised Congress union, led to repeated failures and disputes. The all-TU Conferences convened by Government and even inaugurated by the Prime Minister did not lead to any new rational policy in this most important area.

## 8

But the needs of the economy, the growth of the vital industries in the Public Sector, such as heavy engineering, electricity, coal etc. and the demands for widening of the democratic content of the political changes of 1969-71, were so compelling that *the leadership of the Government of India* agreed to *evolve a new pattern of direct bipartite bargaining to settle some vital disputes. This was certainly a new and democratic method in the industrial field in the Public Sector.* Thru this method, the new disputes in Coal, Heavy Engineering, Heavy Electricals etc. were settled.

The results were immediately visible in increased production and in worker-management relations, despite the obstructive attitude of certain bureaucrats, who could not relish this method or who were perhaps more interested in deadlocks to help their reactionary political aims.

*What was new in this method? The new negotiating body was a composite of all All-India Trade Union Centres, who had their unions in the given industry, whatever be their member-*

ship or whatever may be the "recognised union" in the plant. The recognised union was given a place but not a veto to exclude others as before. Thus the AITUC, INTUC, HMS, CITU together formed the workers' side in the negotiations and the Ministry and management concerned formed the other side. The Government insisted in some cases on giving the INTUC an edge over others. But that did not scare us, as all decisions were to be more or less unanimous. The method was not so new in its essential theoretical approach, as direct bargaining across the table has taken place with the AIBEA, JCM, the Insurance Federations or the Teachers, Electrical engineers and workers and so on. But, it had not embraced the heavy industry and Public Sector as a whole and it had not been conducted on the basis of the All-India Trade Union Centres, as such, being made participants, along with the recognised unions.

This pattern helped to overcome the obstacles of the policy of "recognition to the Congress-led Unions only". It was based on the *democratic approach*, as to who had a following among the workers, without measuring its exact magnitude, and who could help to settle the disputes and implement them in an agreed and unified manner. This method was facilitated by two major factors — one was that the Government of India leadership approved it and the INTUC leadership fell in line.

The results were visible in the fact that some good wage-increases and overall settlements were secured in a vital industry like *coal*, where production and productivity have shown unprecedented rise, much to the chagrin of the reactionary bureaucrats, the monopolists, and their political friends.

*These new bipartite settlements, ushered in new wage-increases, scales and grades.* It was *inevitable* because the new skills of the working-class in these sectors required it. The argument of losses in the public sector had to be shown to have its roots in the private sector, which was robbing the production in the Public Sector of its potential profits and putting it into losses, for both political and economic reasons. The argument of losses could be fought back by and thru such agreements leading to higher production, productivity and profits. It was a

good change that the Government of India agreed to this method; otherwise, the new advance in the technical composition in the industrial field and its results for the national economy, the worker and the people, would have gone to ruins, much to the delight of the foreign imperialists and the Indian reactionaries.

The AITUC and its unions did everything to make this new method a success.

We had noticed that in the recent post-1971 period and following some good changes in the Cabinet set up, many of the settlements and wage and bonus problems were being referred to the Central Cabinet. *This could help in evolving a more reasonable Wage and Labour Policy, if consultations and negotiations thru the all-in all-India Trade Union Centres (and Federations) were to precede and follow such Central Cabinet consultations.* But we also found that wage-increases were being made subject to Finance Ministry sanction, as if it was only a financial problem. But, the AITUC wanted the new pattern to develop by experience and results.

The Government of India is not a homogeneously made democratic set-up nor has it a firmly progressive or democratic attitude or theory on working-class problems, though it is not positively reactionary also. It is amenable to struggles and arguments.

So, while this new pattern was being tried as a new component of a *new Wage and Labour Policy*, the Cabinet also appointed a *Committee on Wage Policy*, in February 1973. This Committee made an Interim Report on 7th March 1973.

The Report was made to the Cabinet. But it leaked out to the press and has been widely read. One can find the text in *Mainstream* dated 3rd August 1974.

It can be seen that the Committee was quite a high-powered body consisting of some top brains and executives in the Government of India. They also had among them some reactionary anti-working-class diehards like P. M. Nayak, Secretary of The Ministry of Labour, now retired. Planning Commission member, Prof. S. Chakravarty was its chairman.



We cannot go into an analysis or a full review of the report in this note. But since the report is before the Government, some of its features and ideas which are detrimental to the working-class and consequently to the national economy may be indicated in brief.

## 9

*The first blow struck by the Committee is against the method of bilateral negotiation.* The argument is that if it is bilateral, it will be subject to the market forces. The weaker workers, pressed down by competition by the large numbers of the unemployed will lose. In some areas of skilled workers and organisation, the workers will gain too much and thereby harm the economy or lead to strikes and so on. *The conclusion is: Leave wage determination to Government, who will give it to a National Wage Board or Committee or Commission (whatever the name).*

So the trade unions will be converted into pleaders before the Commission and the working-class as obedient executors of the will and wisdom of this National Commission. So we are back to new edition of the old Labour Appellate Tribunal of hallowed memory, which played such havoc with its verdicts in the 1950s.

The AITUC must firmly reject this idea and demand the implementation of the democratic rights of collective bargaining and bilateral negotiation and settlement between the trade union and the employer.

The second point, on which the Committee is going backwards, is that *the right* (that we have established in some areas and trying to extend it) *to full neutralisation of the rise in the cost of living is rejected by the Committee.* It proposes to compensate workers and employees to an "appropriate degree" for rise in cost of living, which in simple words means continuing wage-cut as prices rise, except perhaps for the lowest category.

Moreover, it wants to use this method *to reduce* the wages of higher categories of workers, executives and technicians in

the name of overcoming *disparities*. This is the surest way to ensure sabotage of production as has already happened in some areas.

The third contention of the Committee is on the question of wage-increase. In the Committee's scheme, this seems to be linked up to what they call the "growth dividend". Leaving aside all their explanation, it looks like tying up the increase in wages to the National Income.

If they mean it that way, we cannot accept it. The national income contains so many elements of non-productive and static elements in terms of real value growth, that the workers, who are the creators of real wealth or values cannot surrender the question of their wages to the category of national income growth. It is bartering away your labour and your right to wage-increase to an unknown and even imaginary category of a so-called "national dividend". Under the conditions of present day capitalism, *it is as good as denying wage-increase, even in areas, where profits are soaring to sky-heights.*

The fourth contribution of the Committee is bringing in *the notion of a "Poverty Line"* to determine minimum wages. What is the Poverty Line as determined by some economists in India?

The "Poverty Line" concept was floated by some economists in Europe and America to emphasise how much of their population, despite the tremendous growth of wealth in their countries, was poor in terms of their standards of living. They projected a minimum of necessities at their level of national living and income to make life sustainable and below which a family or person was on or below their *poverty-line*.

President Kennedy, Johnson and De Gaulle talked about it and their successors followed them by clamping a wage-freeze in the name of curbing inflation and rise in prices, with the result that the Poverty Line rose and did not go down. Now no one talks about it there. So our Indian imitation of their wisdom is picking it up second hand. So a similar exercise was made in India by certain economists.

It was then decided that any income or rather *per capita* monthly consumption below Rs. 40/- at 1971-72 prices was below the Poverty Line. According to them some 40 per cent of the population are below the Poverty Line. They are mostly agricultural labourers, marginal farmers, independent artisans, petty retailers, poorly paid workers in unorganised sector and poor unemployed.

All this study was picked up by the Committee for what purpose? Not for the humane purpose of raising those 'poverty line' people above the line. The argument is being used to state that "the majority of workers and employees in the organised sector are above the poverty line". Hence their demand for wage-increases will lead to demands on consumption, price-increases and inflation. Hence the demands of the organised sector, that means almost all the industrial workers and the services, must be frozen and related to increase in the national income or dividend and increase in productivity.

In short, this means that while in British days, the wage was guided by the *Famine-Line* and remained chained to that level, now under independence, the minimum wage and the upper structures must be tied up with a *National Poverty Line*. That is the essence of what is called the National Wage Policy in Government circles.

Of course, one must not identify the two concepts as being different variants of the same content. That would be a sectarian understanding. Life since independence, in its economic and other democratic content, has certainly become richer in terms of a general social-national level, despite the fact that agricultural labourers, harijans and adivasi workers are still shot down and famines and droughts still exist, sending millions to the cities in search of work. But industry and the working-class also have come up to a level, where, these unemployed at the gates just *cannot be bought at famine-line wages*, as they were under the British. To put it graphically, the famine line began with a langoti, the poverty line begins with a ragged dhoti.

The question then is — What is this exercise in 'Poverty Line' and its use by this high-powered Committee? One may

recall the workers' efforts to define and realise the *need-based minimum wage and its content*, at the Delhi Tripartite Conference in 1957. But that Conference did not go into an exercise on the Poverty Line and its relation to wages. But this Committee is doing it.

The reason for this is that the Committee wants to delink the concept of wages from the concept of value and surplus value, the rate of exploitation by the given wage-rate or wage-system, and the source and measurement of profits of the exploiting classes. To define wage and construct the wage-system in terms of labour-capital relationship, as is being done now, brings in the question of the class-system and provides a concrete measure of wages, profits and parasitic incomes. The Poverty Line concept and its relationship to the structure of wages, draw you away from fighting the capitalist exploiter and concentrate your attention on an invisible, intangible national poverty line.

To get away from that and the need-based minimum wage and the add-ons, that you may try to get, your wages are tied up, not with the surplus value and profits you produce, but to the solution of the general social-national problem of removing poverty and the Poverty Line. *Your wages are not bargainable with the employers concerned. They fall and rise according to a national dividend and its distribution along a Poverty Line. Your wages fall and rise as this line falls or rises like the snow line on the Himalayas. Thus one can see that the link up of wages to the Poverty Line and the National Dividend concept is a diversionary tactic — a sleek and profound manoeuvre of the bourgeois philosophy of economics. The AITUC and all workers should reject this line of approach to the problem of wages, their content and structure and the mode and methods of determining them.*

The Committee's document speaks of the worker being given a share of profits but does not accept the present notion of bonus. It asks the workers to be given *equity shares*. The T.U. movement in India has all along rejected this as being a bourgeois tactic to buy off militant workers and leaders from fighting for

workers' demands. Worker being asked to buy shares in the company where he works, is to breed into him the false notion that he can control capital or bring in socialism that way.

The Committee is all along worried with the *problem of keeping down personal consumption of the workers*, if bonus or wage-increases are given. They hold to the theory that increased wages lead to rise in prices and inflation. The AITUC rejects, as already stated, this theory in company with all trade unions in the world. Even the most pro-bourgeois American AFL-CIO refused to agree to freeze wages on this ground. The Committee also wants to *link wages to productivity*, which end the theoreticians and the employers have been continuously chewing all these years.

It is needless to go further into the details of the document.

The Committee recommendations are retrograde and anti-working-class and will not help industrial peace or production or better industrial relations whether in the public or private sector. If adopted, they will lead to a strike wave and fall in production. They will destroy whatever gains in wage-concepts, wage-determination and T.U. relations, the workers have made. They are thoroughly disruptive and should be rejected, if the Poverty Line is not to engulf the whole working-class and the national economy, except the monopolists and landlords and their allies, who alone will remain out of it.

## 10

A new problem in the field of fixation of wages has now acquired very big importance. And that is *the problem of evaluation of skill differentials*. The developing India's industrial structure, with its rapidly changing technical composition of capital brings into existence a variety of skilled labour in various branches of the economy. The fixation of the money value and distances between these enormous number of skills is a *very essential as well as a specialised job*.

In order to evolve a proper wage-structure to suit the existing and the future developing requirements, we have to pre-

pare an appropriate spectrum of grades. This spectrum must extend from the highest technical, managerial and administrative personnel to the unskilled minimum wage-level. Then all occupations have to be classified into grades. But the most difficult stage is that of putting money or wage-value on all these.

In the present conditions, we have to limit ourselves only to the worker on the floor at all levels. The drawing in of the technical and managerial cadres in this process of evaluation is a far cry for the present, except for higher grade skills drawing, say upto Rs. 1,500/- to 2,000/- at the most.

In the negotiations in the Engineering, Iron-steel, electricals, coal to some extent and chemicals, the AITUC negotiators had to deal with this problem. So far our union leaders have been able to tackle the problem. But soon, we shall have to have our own specialists at the negotiation table, to do this fixation of skills, jobs, grades and their wage and skills evaluation and differentials.

The Government of India had carried out a kind of wage and occupation census some years ago, which was not very complete and is now out of date. We do not know, whether, when the Public Sector or even Private Sector employers deal with these problems, they have any assistance on this question, behind the curtain. The various Central Pay Commissions and some Wage Boards have accumulated good data on this very vital question of the composition of skills and grades and their wage-structure. Our T.U. leaders know these problems in their own specialised areas. But this knowledge requires to be put in a *generalised form* to gauge the exact nature of these developments, not only on the problem of wages but also on the developments *in the sphere of ideological economic and personal attitudes of the workers concerned and the necessary political and class attitudes that flow from this vast area of a very complicated problem.* *Special type of trade union schooling for the T.U. leaders* in various industries is very necessary for this new problem, which is becoming widespread in our developing economy. The days of the old hand-cart, which put all work, goods, skills and wages in the well-known three categories of skilled,

semi-skilled and unskilled work and wage norms have become an outdated instrument except in the areas of predominantly manual work. In numbers, however, even now, they are still a big force.

*The problem of wages or salaries in areas, where the middle-class employees predominate and where no production of goods is involved, has as much wide and deep a significance as the industrial wage.* This arises from the fact that in this area the numbers involved are very large and the workers, or employees as they like to call themselves, are, in their bulk, drawn from the middle-class, which possess literacy and intellectual equipment and also numbers. In some areas, they command, even without being technicians, strategic points in the economy, as in *Banking*.

This middle-class employee has in the last few years secured sizable advance in his salaries and wages, thru struggles and organisation. But this advance does not cover the large masses in the *teaching profession*. The deadlock in payment of dearness allowance to *Government employees*, is also throwing millions into crisis.

The leadership of the ruling party has shown a peculiarly mulish attitude in this respect. They will insist on *paying different rates of both salaries and D.A. to employees in the Centre and those in the States for the same kind of work.* The problem of giving D.A. at Central rates is still not being resolved and they had a big and determined strike of the Maharashtra State Government employees on this issue which lasted for thirty-seven days. While nine states are already paying D.A. at Central rates, the others, by not accepting this simple principle of "*standardisation*" and *equalisation of rates and payment in the salary sphere on a national scale*, are showing their continuing adherence to outmoded approaches.

The successes achieved by the Bank Employees' struggles have made their rates and levels of payment *the standard to measure the value of payment to "middle-class labour"*. Though everyone knows that the successes of the Bank employee are

also partly due to special and strategic position that Banking as such holds in the day to day running of the economy, the organisational skill and determination of the rank and file and the leadership in struggles, has also played a big role in this development. And hence the middle-class employee, along with his class IV partners, *has been able to take the valuation of the salaried office and table work to a much higher level than before.*

In the vast numbers of this class of work-force, the *teaching profession*, running into millions, has remained at a far lower level of valuation than is justified, whether economically or socially.

In the categories of “intellectual labour”, *the scientific and technical “worker”*, if he may allow us to call him so, still remains an unorganised force. Their best representatives take to individual solutions of their problem, by resorting to “migration” and weakening the country and the people by the “brain-drain”, and the skilled labour-power drain. The wage and salary policy of the Government leadership and the dominance of shady elements in certain sectors of scientific and technological activity, (not perhaps immune from imperialist links) seem to be mainly responsible for this lag and drain. And yet it is a matter of pride for the working-class, the intelligentsia and the country that many of our fine intellectuals and scientific workers, who can produce nuclear energy and the ‘Aryabhata’, have not fallen a victim to the anti-social escapist drain. And so, this question of salaries, wages, remuneration, privileges, grades, status and honour of those who remain has to be a part of our working-class movement. Intellectuals, however high, cannot remain alive and work only by the brains and the ribbons of honour.

## 11

It is not the intention of this note nor is it possible, here and now, to review the wage position in every single area of employment, industrywise or occupationwise. But since we have noted some points in the positions of the organised industrial workers



as well as the middle-class employees, a reference to the unorganised and not so industrialised sector and also some trades and occupations in what are partly infrastructure areas is necessary.

Due to inflation, the rise in prices and cost of living, the scarcity of supplies and other calamities, every section of workers had to go into action to demand wage-increases and new dearness allowance rates. *The result is that during the process the old wage-structure had to undergo wide changes. Wages have had to be revised upwards in every sphere.* But this does not mean a very big or permanent gain, *in real wage* except in some areas. The reason is that wage-rises to compensate for inflation do not mean rise in real wages. But it is also a fact that in many industries and trades, the increases were not restricted to neutralisation of rise in prices but *were of a positive nature* in conditions of *rising rates of profit* of the employing classes.

Such for example was the rise in Port and Dock workers or of the hand-cart workers in Port area of Bombay (the Matadi worker). In north India in some states, transport being wholly dependent on trucks these workers, have an excellent position (perhaps not yet used fully), to win wage-increases, despite the oil crisis, whose cost in any case is passed on to the customers.

The workers in *Municipal and Local Self Government areas and municipal services*, numbering nearly two million have *the most undefined structure of wages*. It is not standardised even on state levels, let alone, the national level.

Another trade, which is the most organised and the most mobile and highly exploited is *the construction worker*. In this, in such areas as road-building, house construction etc. *women workers* do as hard a work as men workers, even harder. And being subject to *migration* from site to site, due to the nature of the work, these workers, moving about as a complex group of *whole family units*, have *the least protection in wages and none at all in conditions of work*. If there were any such concept as

a natural wage and work policy in terms of protection of the workers' conditions of work and payment, the construction worker should have got it long ago. The T.U. movement also has not been able to do much due to its own weaknesses, heightened by the migratory, contractor-ridden and constantly shifting nature of the work, the worker and the employer also, though there are large established construction companies also in this sector.

What is the position of work and wages of the ubiquitous *Bidi industry*, which exists both in rural and town areas, and is both of small and large scale, and which inspite of its ragged appearance has not failed to produce some big millionaires from its frail-looking but profit-making fingers?

And last of all in this series, we will refer to that great giant in size, *the agricultural labourer*.

Of the total working population of 180 million at the end of March 1971, *the wage and salary earners numbered about 72 million that is 40 per cent of the total*.

These 72 million wage and salary earners were made up as follows :

47.5 million were agricultural labourers.

17.5 million were in the organised sector.

7.0 million were in the unorganised non-agricultural sector.

*In weightage of numbers the agricultural labourer is the single largest force in the nation-wide composition of our working-class*. In his origin, he is the product of British Imperialism and modern capitalism. The ruined peasant turned into a labourer flocked to the towns to form the first generations of the Indian working-class.

Today, in modern conditions of capitalism he is forced into two positions. He works as an agricultural labourer on the farms of the landlords, kulaks, money-lenders and so on.

And when he gets the opportunity, he migrates to the construction sites and new factories as an unskilled labour force.

Quite a part of them then turned into unskilled workers in the new factories.

The newly developing industries in the public and private sector, which have come up or are coming up, get their working force from their agricultural labourers, the adivasis and the harijans etc. While a new working-class is built up this way, there is another use to which they are put by modern capitalism. And that is to use this large mass, as a constant pressure at the gates against the employed workers to break their strike struggles or depress the wage rates. They are used as a *standing reserve army of the unemployed* against the employed workers, to acquiesce in the demands of capital and not revolt.

But the vast majority of them cannot be carried to the towns that way. They migrate just in response to their own need of work and the competition on the labour market and the fight to secure a job, for which they have to migrate.

But millions have to stick to the land. And now in the recent period this vast working force has taken to trade union forms of organisation and action.

We cannot go into a deeper discussion of this new front of working-class organisation and action. The agricultural labourers' wage-rates are no longer what they were some years ago. Apart from the factor of inflation and price-rise and the growing commercialisation and mechanisation of agricultural production, the worker's wage rates in industries have also had their effect on the rates in the countryside.

During the last twenty years despite the uneven development of capitalism, the Government planning process has spread quite a large number of giant-size plants in various parts of the country with their new townships and the new working-class. This new growth has spread its effects in the surrounding countryside and its people and particularly the agricultural labourer and the poor peasant. The new demand for labour in the new centres of industry and mining enabled the agricultural labourer to raise his price of labour power and thus secure a new wage-rate from his landlord or kulak employer. Thus his own

strength aided by the neighbouring worker in the new industries has objectively helped the agricultural labourer to rise to higher levels of wages, living and organisation. This is an effect reverse to what the capitalist or landlord wanted to happen.

If the unions of the industrial workers can take the lead in organising the agricultural labourer and help him to build his own leadership, not only the threat to the rising industrial wage levels can be fought but the political aims of the democratic revolution also can be realised more quickly.

One extraneous factor which operates in the field of determination of wages is *the factor of caste or religion or tribe of the worker offering for hire*. This does not operate much now in the organised industrial sector. But it does operate in the areas of agricultural labourers or unskilled labour in the country-side. The agricultural labourer groups which come up for hire from the harijan castes or tribals are, by that very factor, paid less. It is the old feudal yard-stick that is used to decide the new concept of free labour power and its price.

The upsurge of democratic ideology and the important place it is given in education and propaganda, including the Constitution are helping to demolish this factor in labour-capital relationship, which essentially is based on notions of *equality and not hierarchy*. From this very fact also arises the concept of equal pay for equal work in relation to women. But one must not forget that these feudal factors still retain their force, though weakening every day.

## 12

### Now to sum up :

The Indian Economy has made some very significant strides in industrial development in the last twenty years.

The vital steps in this direction have come mostly from the public sector. But private capital investment and accumulation also occupy strategic positions and have acquired sizable dimensions, including monopoly growth.

The economic structure on the basis of which this new development has taken place, is essentially a capitalist structure. Its basic character, however, is somewhat comouflaged by the state-ownership of very vital and essential lines of production and distribution.

The fact that 40 per cent of the working population, that is 72 million out of 180 million in 1971, could be classified as wage-and-salary earners shows how widespread capitalist relations of production have become. Yet they are not so strong as the numbers would suggest because 47.5 million of these are based on agricultural labour relations. This relation is not based on the use of machinery and large-scale capitalist farming. And hence it has not got that weightage and force in socio-economic development and class relations as the working-class in the industrial sector has. Even then the agricultural labourers' number and their class relations do provide a strong base for the anti-feudal democratic revolution and an ally for the industrial working-class.

The wage and salary relation in organised industry is said to embrace about 17.5 million. In this, too, the hard core, the proletariat in the organised industries, the real vanguard of the working-class, may come to about five million or so. Total employment on the basis of wages and salaries in the organised sector is shown to be about 17.5 million.

However for our purposes of wages and salaries and their basis in capitalist relations, we may take all the 17.5 million as well as the 47.5 million as the total working-class, in which the wage-earning core of long-term standing in the established manufacturing and mining industries forms the basis of the real proletariat.

On the question of wages, value and surplus value, we must carry our scientific ideas to the T.U. movement and all workers.

We must reject, as we have always done, the wage-price spiral theory and that wages are responsible for rise in prices.

Inflation is not due to rising wages. Hence we demand full protection against rising prices, in the form of D.A. and other measures.

We assert our right to bonus and fight for its application to all areas of employment, where wages and salaries are paid.

We must fight for getting the CDS cancelled with immediate effect both on wages and D.A. account.

*The movement for revision and raising of wages and re-casting our wages system and raising it to higher levels must be planned and launched on an all-India scale.*

In order to do this, a Committee of trade unions and experts should be set up by the AITUC. We should seek cooperation of other T.U. centres and bodies where possible.

For this a comprehensive review of wage and work-norms should be prepared by the AITUC, relying on the knowledge provided by leaderships.

We should reject the Poverty-Line concept of minimum wages and all the other implications of the Wage Review Committee appointed by the Central Government.

We should reject the idea of a Central Wage Commission or Wage Board, prescribing wage-norms and rates for the whole country.

Wages must be negotiable and negotiated by bipartite collective bargaining in any suitable form, which is representative of the organised workers' opinion.

The new form, which has temporarily emerged, that is the workers' side being represented by the All-India T. U. centres and the plant representatives of recognised unions should be given a further trial.

We do not thereby give up our insistence on recognition of unions by ballot or the modified formula which was agreed to in tripartite discussions.

The concept that there is or should be such a thing as a national wage is, in present conditions, detrimental to the working-class. Wages must be negotiated plant and industry-wise or region-wise or industry by industry, on an all-India scale.

We do not agree to define a national minimum as such or a Poverty Line minimum. We, for the present, may be guided by the need-based minimum wage concept, on an all-India basis. This also by now is becoming static and gradually will be outdated in its present terms and norms and will call for a revision upwards.

The wage concept apart from its varying compositions, must include in its totality, the concepts of bonus and benefits, whose field must be widened to include all areas of employment. The agricultural labourer is yet far away from these additions to his wages. In his case even to begin with, the intervention of the state has to be sought and has to play a big role. Without democratic state intervention, the agricultural labourer is extremely helpless. The solidarity of the organised workers' T.U. movement with him is very much behind the needs. It has to be built on a wider and deeper scale.

In the case of the wage and salaried workers in the organised industries, the *Benefits component* (PF, ESI, Gratuity, Paid Holidays, anti-Hazard and pollution and industrial diseases insurance, etc.) has to be enhanced by the state and employer, as it all comes from the surplus value, we produce for them.

The wage-capital relationship or worker-capitalist relationship is based on concepts of equality and hence the right to collective *bargaining*. As such it negates feudal hierarchical ideology. The more it spreads to tribals, the harijans and others and draws them into capitalist production, the more it helps to demolish feudal ideology and assists the negation of castes etc. The ideological approach of our unions must be enhanced.

In the same sphere falls the important demand of equal pay for equal work with regard to women workers.

*For ideological training as well as for equipping the cadres and leaders on the question of wages and allied questions and*

*for functionaries, the state organisations should establish T.U. education centres.*

In the present crisis of the economy, the unions must fight for the public distribution system of food and other essential commodities, on factory and office basis as well as regional basis.

In this period of crisis, the wages-front and struggles assume the highest importance. Hence, consultations should be held industry by industry and region by region on this question. This process should be completed (by October this year?) and plans of all-India and all-Industry actions should be drawn, discussed and coordinated. A mighty wage-rise movement, including backward and forward areas and all industries and trades has to be built up in order to put a check on monopoly profits and concentration of wealth, in order to improve working-class living and take democracy forward.

The AITUC should plan and bring about a united movement, in forms that may be suitable in each segment.



## PAPER TWO

# ON BONUS, D. A., AND BENEFITS

### BONUS

The changes that the concept, the law and practice of Payment of bonus have undergone in our country are the saga of a determined struggle of the working class. The first ever bonus paid on an industrial basis was the "War Bonus" paid to the Cotton Textile workers of Bombay at the time of the First World War. This was by way of compensating the abnormal rise in prices.

However the workers continued to struggle for a uniform and regular payment of bonus. Bombay Government appointed a Bonus Dispute Committee in 1929. This Committee decided that Bonus was primarily an 'ex-gratia' payment.

Thus Bonus for a long time remained an 'ex-gratia' payment dependent on the will of the employers and undoubtedly on the bargaining capacity of the workers. The struggle continued.

In 1950 the matter was before the Labour Appellate Tribunal when a dispute between the Bombay Mill Owners' Association and the Rashtriya Mill Mazdoor Sangh was under adjudication. The L.A.T. held that where the industry could not pay a living wage "bonus must be looked upon as the temporary satisfaction, wholly or in part of all the needs of the employees".

In 1958 the Supreme Court held that a claim for bonus must satisfy two conditions: the wages paid to the workmen must fall short of what can be properly described as a living wage and the industry must have earned profits.

Thus, by this time, after a decade of freedom, and after a relentless struggle, the right of the working class for bonus was recognised but its quantification was made dependent on the twin test of low wages and good profits.

It was in 1964 that the Bonus Commission made the first change in the concept of bonus. A minimum bonus of 4% of total wages (Basic + D.A.) was virtually declared the first charge and was to be paid in all circumstances, whether the undertaking had made a profit or had incurred losses. And above this the Bonus was to be a share in profit after meeting the prior charges.

This was thus a big achievement of the workers. Minimum Bonus had now become part of guaranteed annual wage and was not dependent either on the level of wages or the profits. And above all, bonus was now recognised a statutory right.

The battle now centered round the following demands :

- (i) Extending the Bonus Law benefits to all undertakings. Under the law, undertakings employing less than 20 workmen, new undertakings for a period of 6 years or upto the time they begin to earn profits whichever is earlier, non-competing public sector undertakings, Government departmentally managed undertakings were exempted from payment of any bonus.
- (ii) The ceiling of 20% should go and the prior charges that are heavily weighted in favour of employers should be revised. The allocable surplus should not be 60% of available surplus; it should be raised at least to 80%.

What must be noted is that Bonus had now become an inseparable part of wages and an inalienable right of workmen. Bonus is now a non-recurring wage to meet the non-recurring expenditure of the workman and his family.

In December 1965, the Government of India announced the extension of the benefits of the Payment of Bonus Act to non-competing public sector undertakings. They were to calculate on the basis of Bonus law but pay as 'ex-gratia'.

However Departmentally run undertakings, and the Municipal Services are denied bonus even now.

Since then another victory has been secured by the trade union movement, the minimum has been raised to 8.33% of total wages.

The employers have done everything to knock away the Minimum bonus in case of losses on the basis of all sorts of "fundamental rights". They have lost the battle. The Government wanted to help them through the Khadilkar formula of 5% minimum and that upto 8.33% dependent on profits. Even this was resisted and ultimately the minimum of 8.33% was won in 1971.

The trade union struggles today on the Bonus front are centering around :

- extension of the benefits to all sectors of employment
- quantum above the minimum to be made negotiable and subjected to collective bargaining.

The trade unions are opposed to the ceiling of 20% bonus. In the Bonus Review Committee the INTUC representative Shri Ramanujam is reported to have asked for raising the ceiling to 25%. But the HMS representative Shri Mahesh Desai has asked for removal of ceiling.

The employers have been asking for amending section 34 (3) of the Payment of Bonus Act which permits unions and managements to enter into agreement for bonus on a formula different from Bonus Act formula. This provision has been used by most unions to secure bonus upto even 40% of wages. The employers want that this provision should go and ceiling of 20% should in no case be allowed to be crossed.

Most unions are agitating for higher bonus above the minimum. This demand arises out of different reasons. Firstly, the unions are not prepared to go by the Balance Sheets which are no true indicator of Actual Profits. Secondly, they feel a big gap between their earnings and the essential expenditure — between their performance and the prosperity of the employers.

The demands of the trade union movement, on this score could be summed up as follows :

1. The benefits of Bonus law should be extended to all the sectors of employment. No section of employers should be exempted.
2. The minimum should be raised to 10% of total earnings inclusive of fringe benefits.
3. The formula to arrive at available surplus is based on the big business representatives' single-man minute of dissent in the Bonus Commission Report and should be revised. The prior charges are weighted against the workers.
4. The ceiling of 20% should be removed.

It is necessary that all the individual struggles of the various trade unions on account of Bonus should be combined for a united action on the above demands.

#### DEARNESS ALLOWANCE

There is absolute anarchy in the Dearness allowance payable to the workmen in our country. That dearness allowance is a right of workmen to compensate the rise in the cost of living is now accepted. But in practice it is denied to vast sectors of employment.

A big section of workmen have no dearness allowance. The sweated labour covered by Statutory Minimum wages are mostly denied the cost of living allowance provided under section 4 of the Minimum Wages Act of 1948. Certain States like the Punjab, the West Bengal have provided cost of living allowance to these workmen.

Then, there are vast sections of workmen who have fixed D.A. with no bearing on the consumer price index.

In the Central and State Government employees' sector, the battle of D.A. has taken a tortuous course. The Central Government employees have been demanding rise in the D.A. commensurate with the rise in consumer price index. The State

Government employees have been asking parity with Central Government employees. The local bodies employees and the village level workers have been demanding parity with State Government employees.

The Third Pay Commission has given a formula for revision of D.A. after a rise in the Consumer Price Index to the extent of certain points.

The Central Government is denying this to its employees. The State Governments in theory cannot refuse parity with Central Government but in practice deny and delay it.

In cases where the D.A. is linked up with the Consumer Price Index, the neutralisation is not uniform and in no case 100%. Here also it is in some cases graded on the State basis and neutralisation tapers off as it goes up in income ladder. This has resulted in totally disrupting the system of differentials in wage rates as the earnings of skilled categories are eroded by the rising prices and low level of neutralisation through the D.A.

And above all this, has come the Compulsory Deposit of 50% rise in D.A.

The trade unions are therefore fighting a big struggle on the question of D.A. The demands are :

- (i) D.A. must be made compulsory in all the sectors of employment and full neutralisation should be guaranteed.
- (ii) The compilation of Consumer Price Index is defective and is not indicative of the real rise in prices in the consumer market. The matter must be investigated by a committee inclusive of Trade Union representatives and the compiling rectified. A committee inclusive of trade union representatives should supervise the computation of consumer price index at the various Centres and at the Central level.
- (iii) The sweated labour covered by statutory minimum wages should in all cases be given cost of living allowances as provided in the Act.

- (iv) The Trade unions should note that even though D.A. is part of the wages, the wage is meant to meet the vital needs of the workman and his family and it cannot be permitted to be eroded; and all said and done, D.A. is a poor compensation for the rise in prices. The unions should therefore fight for stabilisation of prices through a public distribution system of food and essential requirements like cloth, etc.
- (v) The Compulsory Deposit Law depriving the workman of his earned wages and D.A. should go.

## OTHER BENEFITS

Under this chapter must be included such fringe benefits like special allowances for special risks involved, for working in difficult conditions or hazardous areas, health and maternity benefits, old days benefits, Housing and unemployment benefit.

Some of these pertaining to special risks, difficulties and hazards in work have to be worked out on an industry-cum-area basis. With regard to Health and old days benefits we have at present :

- (i) The Employees' State Insurance;
- (ii) The Employees' Provident Fund; and
- (iii) The Central Gratuity Act.

It must be admitted that the trade unions, by and large, do not pay sufficient attention to the working of the Employees' State Insurance and the Employees' Provident Fund schemes.

Both these are very inefficiently managed. The Employers have eaten away to a tune of Rs. 25 crores of EPF amount and Rs. 17.5 crores of ESI contribution.

The insured persons are denied proper treatment and they have to suffer a lot to get the cash receipt.

The trade unions have been demanding that both these should be the responsibility of the employers and the State as it is in all the Socialist countries. But here both are contributory

and the worker, even after paying money from his earnings, is denied benefits.

The state governments are refusing to increase their contribution to ESI. The demands of the trade union movement are :

1. The workers should be represented on the management of both these schemes. There is no point in running them as virtual Government departments.
2. The ESI should be streamlined to provide hospital and all specialised treatment to all the insured employees and their families.
3. The mismanagement and inefficiency at present is making the workers averse to ESI and demands are being raised by some that individual undertakings should be exempted from ESI. The ESI should be better managed and extended to all the sectors of employment. Individual undertakings providing better amenities on a non-contributory basis should be allowed to function as at present.
4. The ESI functioning should be simplified so that the IPS are not subjected to any harassment in matters of treatment for themselves and their families and in payment of benefits due.
5. The Employees' Provident Fund Scheme should be extended to all sectors of employment and the contribution should be raised to 8.33% in all cases.
6. The procedure for sanctioning loans from the P.F. accumulations should be simplified and liberalised.

With regards to old age benefits, the trade unions are demanding that the Central Gratuity Act be extended to all the sectors of employment.

The Trade Unions should demand a scheme of unemployment benefit to at least reduce the suffering of unemployed to some extent.

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PAPERS FOR

**SPECIAL CONVENTION  
OF  
ALL-INDIA TRADE UNION CONGRESS**

**IN DEFENCE OF  
WORKERS' RIGHTS AND DEMOCRACY  
AGAINST  
IMPERIALISM, MONOPOLY CAPITAL AND RIGHT REACTION**

**INDORE  
26-29 JUNE 1975**

## NOTE

The volume contains nine papers prepared in connection with the AITUC Special Convention at Indore on 26-29 June 1975.

Two papers relating to Wage Policy and Bonus-D.A. are printed separately and therefore not included in this volume.

Those who prepared the papers are K. G. Sriwastava, N. K. Krishnan, Y. D. Sharma, T. N. Siddhanta, Indrajit Gupta, Indradeep Sinha, Mohit Sen and Raj Bahadur Gour.

*New Delhi*  
22 JUNE 1975

*AITUC Secretariat*

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## Paper—4

### ON TRADE UNION RECOGNITION AND WORKERS' RIGHTS

Most basic and vital trade union rights are:

1. *Recognition of Trade Unions;*
2. *Right of Collective Bargaining; and*
3. *Right to strike.*

Unfettered right of formation of Trade Unions of the choice of the workers and to function it through freedom of speech and assembly are covered under item one.

Article 19(a), (b) and (c) of the Constitution gives the right to freedom of speech and expression, the right to assemble and the right to form association and unions.

In the name of fighting mushroom growth of trade unions, more and more restrictions are being imposed on formation of trade unions, officials are allowed to interfere in the internal affairs of the TUs, delay and deny registration of TUs. TUs of certain categories of wage-earners are being denied registration and benefits of TU laws on the plea that they are not covered by the term 'industry' as defined in TU legislation.

Right to assemble is not freely available and is restricted by imposition of restriction under Section 144 Cr.P.C. not only when strike situation develops but in many places and areas even in normal times. Permission to hold meetings are given at the sweet will of the bureaucracy—without assigning any reason.

In some of the private sector and public sector units, where the township surrounding or nearby the plants are owned by the employers, besides the bureaucracy of the Government, employers' permission is also to be obtained for meetings and processions, even cultural functions and this is denied arbitrarily. Recently on 13th April 1975 though police had permitted an IPTA show organised by the Hindalco Pragatisheel Mazdoor Sabha, Renukoot, at Ramalila Grounds was stopped by the management when the show was on

and in the disturbance this caused a popular Dy.S.P. was injured and later died.

Freedom of speech and expression is restricted, not only that the press and the Radio and television media are by and large controlled by monopolists and the Government; making it difficult for workers and trade unions to put up their points of view.

After the World War I, when League of Nations and ILO were formed; various Governments and employers accepted these three principles mentioned above. To implement them they decided to adopt through tripartite organisation of ILO to adopt Conventions and recommendations; which after ratification by each State should be implemented. The ILO has also a machinery to hear grievances against violations of these Conventions and bring home to the Government concerned to conform to the Convention it has ratified. Conventions Nos. 87 and 98 pertain to Freedom of Association and Right to organise, protection of the right to organise and Collective Bargaining (enclosed as appendix 'B'). These conventions and recommendations are very loosely worded and leave crucial issues to be decided according to national laws and customs. Yet this machinery had been and can be used to pressurise Governments to a limited extent. After the 1968 Central Government strike such a complaint was made by the national TU centres in India and an enquiry was held by the ILO with the Government of India. As a result the latter had to expedite disposal of cases.

Latest recommendations of ILO in the year 1971 (workers delegates wanted it to be a Convention but were defeated in voting when employers and most of the Government representatives united to oppose it) on the subject reproduced as Annexure 'C'.

In India these three vital principles have yet to secure unequivocal admission and adherence from the Government and the employers as a class.

Yet, it is a fact of life that in India trade unions of industrial workers, middle class and even intelligentsia (including Central and State Governments and certain Defence employees) have fought and won the right of strike in practice.

The Government tries to penalise strikes by declaring a strike as illegal. This distinction of legal and illegal strike is not only arbitrary but also unscientific and should go.

Economic crisis both of inflation and depression in a capitalist society are solved by throwing the burden on common man. The working class—wage earner—suffers a lot. Organised working class fights it with strike struggles to maintain its living and working standards. And everytime this happens a new law in some form or other is brought forward to curb his fighting capacity. The essence of these laws are to curb strike struggles and create illusory machinery to divert the attention of backward or weaker sections of the working people. This happened in our country also.

After the strike wave of 1928, in 1929, again with the struggles in 1937 and 1946 the new Congress Governments in States the same year passed laws. Their essential purpose was to curb strike-struggles and introduce conciliation and adjudication in the then Bombay Province (which included industrial centres), like Bombay, Ahmedabad, Sholapur, etc. After independence and consequent upon the 1946 wave of strike struggles (not only by the old organised trade unions but also new unions) of Railways, Post and Telegraphs, Defence civilians etc. etc. the I.D. Act of 1947 was passed. Bombay and after that U.P. and M.P. also brought their State Acts. A new machinery of conciliation and adjudication bringing State interference and litigation and declaring strikes illegal with various penalties was introduced.

Bombay workers opposed the 1937 Act by a general strike on 7th November 1938 when as a result of police firing two workers died.

After independence the ruling circles were not satisfied with laws only. They engineered division of workers for political and ideological reason—to run a TU directly inspired and run by the Congress party and formed INTUC. The logic followed and by now each political party has formed a TU organisation. This division of TU movement helps the employers and the ruling party.

As if all this was not sufficient, a Bombay Industrial Relations Act was enacted and later the States of M.P. and Gujrat followed it through which the TU organisation of the ruling party was given exclusive status of 'representative union' in major industries through a procedure of ascertaining majority following by the bureaucracy in the Government.

A Central law on recognition was enacted in 1947 but as it was not enforced, it lapsed.

In none of these laws the above mentioned three principles were accepted.

In the year 1957 when Second Five Year Plan envisaged stress on the growth of heavy industry a proposal came from the Government through the tripartite machinery of ILC introducing i) minimum need based wage, ii) wage fixation through Wage Boards, iii) Code of Discipline and Model Grievance procedure, and iv) Labour participation in Management.

A provision of recognition of trade unions through a procedure of verification of membership as a *moral* binding was made. Verification of Membership when a particular union has unequal right to collect Membership dues inside the Factory with all facilities as against others, has a very serious draw back. Verification by the bureaucracy under the same ruling party to which the union belongs was another handicap. Still the AITUC accepted it because for the first time though on moral basis, an avenue for recognition of trade unions was opened. The Code of Discipline in its working has proved that it is yet another weapon in the hands of employers and the Government in delaying and denying workers' due. Same was the experience of wage boards. Besides delaying for years these did not concede need-based minimum wage and implementation of unanimous or near unanimous recommendations also became a problem in the absence of any legal backing. AITUC therefore fought for bipartite wage negotiations and the first such set up came into existence in the Steel industry in the year 1969, followed by in several other industries since then.

Labour participation in management has been a dismal failure and even acknowledged by the Government and employers. AITUC has rejected the latest proposal of the Government to nominate workers directors on the Board of management. AITUC (and this has been agreed to by INTUC and HMS also) has demanded that the workers participation in Management in *Public Sector* should be from shop level in the Factory and upto Board of Directors with effective powers at all levels i.e. shop, Factory and Directors level. AITUC suggested that where there are more than one union, these workers' representatives should be elected by the workers of the plant/industry. Some of the Government announcements pay lip sympathy to it but nowhere this concept of workers participation in management has been accepted and implemented. INTUC is

satisfied at having representatives on Board of Directors in several Public Sector concerns.

Bipartite wage negotiations with more than one union on industry and establishment basis has succeeded in Steel, Coal, Cement, Oil, Banks, LIC, BHEL, HAL, BEL and HMT units, Port and Dock, and at State level in various industries particularly in Textiles and Engineering. In Sugar & electricity at national level it partly succeeded. In this form of collective bargaining at one stage or another intervention of State either as employer or otherwise was called for in Steel, Coal, Cement, LIC, Port & Dock and Sugar.

This is by far the best arrangement in the present circumstances.

Central Government Employees also came to a bipartite settlement about their arrears of D.A. and some of the issues in 1974 and 75 as against the earlier pattern of settlement through three Pay Commissions and Dass and Gajendragadkar Commissions.

After the 1960 strike of Central Government employees in which for the first time Railways, Civilian employees of Defence, P&T and other departments of Central Government employees participated, the government came forward with a scheme of Joint Consultative Machinery. This is a bipartite machinery at 3 or 4 levels with representatives of recognised trade unions. In Railways, P & T and Defence they had earlier bipartite machinery of Permanent Negotiations with recognised trade unions. The new machinery was more restricted in that it kept out the non-employee office-bearers of the union/Federations (Allowed ex-employee office-bearers at the discretion of the Government); banned discussion of individual cases in JCM and provided a machinery of arbitration. It was said to be over and above the existing privileges but in practice mostly neither of the forums are functioning. The idea behind it was to do away with the strikes and this was amply clear when after 1968 Central Government employees strike and 1974 Railway strike, it was suspended as a punishment for more than a year and a half and in various departments it is functioning to an extent, though not at all levels. This machinery is useful to settle minor issues but basic issues of wages, D.A. and service conditions are still governed by the decisions of Pay Commissions. Currently, the issue of DA formula after reaching the index of 272 according to the recommendations of 3rd Pay Commission are under bilateral discussions.

Bilateral negotiations at national level in Bank started in 19 when first agreement was signed. Since this has expired fresh talks for another agreement is going on.

National Labour Commission was appointed in the year 1967 to review the whole gamut of labour laws under the Chairmanship of Ex-Chief Justice of Supreme Court Shri Gajendragadkar. It submitted its report on 28. 8. 69. Com. Dange who was representing AITUC on it resigned from its membership in 1968 when the Commission was utilised by the Government to deny Central Government employees need based wage and fight their strike-struggle.

In all respects-right from the registration of Trade Unions to recognition of trade unions, its bargaining rights and right to strike; the recommendations do not unreservedly accept the above three principles. The procedure is made more cumbersome and the interference of State increased. As such the recommendations were not acceptable to any trade union. Employers and the Government had also reservations about certain items. INTUC stood by its notes of dissent. Two tripartite meetings to discuss the report failed to bring any unanimity. Efforts of Mr. R. K. Khadilkar, the then Minister for Labour to introduce a labour legislation on its basis with some changes was opposed by the TU movement (except INTUC) and had to be shelved.

It has been acknowledged on all hands for the last several years that the present industrial relations laws are totally inadequate and out of date to say the least. The recommendations of National Commission of Labour also could not be the basis of any new legislation. The Prime Minister called a conference of representatives of trade-unions on 20th—21st May 1971. It served only one purpose in that all the Trade Union centres (except INTUC) clearly and in an unambiguous manner rejected the present labour policy and the suggestions made out of the recommendations of NCL made by the 29th Session of LIC. It demanded among other things recasting of the whole of Industrial relations law and machinery so as to provide for compulsory and direct collective bargaining between the employer and the union, in every field of employer-employee relations and do away with the recourse to the machinery of law courts in any shape or form.

Later on the Government of India appointed a Committee of representatives of INTUC-AITUC & HMS to suggest changes in



the industrial relations law. It held several meetings and positive results were likely to emerge out of it but for the obstinacy of INTUC representative who insisted that new Industrial relations law on the basis of understanding between the three TU organisations should not apply to States which have BIR or such other acts as also in cases where unions have been recognised under the 'Code of Discipline'. Therefore no united recommendations could be made by this Committee.

In the year 1973 the Union Labour Ministry again drafted a new labour legislation. Its contents have not been disclosed. But from the press reports it is evident that it has been drastically changed in the course of discussions among the various Ministries of the Government of India (including employing Ministries) and State Governments. Its fate and details are still uncertain. The inadequate and out of date laws still rule the roost.

It is necessary that a movement should be launched for bringing forward new industrial relations law, which does not give power for the Government to interfere with the democratic functioning of trade unions, accepts the principle of recognising trade unions which has majority following to be determined through secret ballot, ensure bipartite collective bargaining and does away with the concept of illegal strike.



*ANNEXURE-B—1*

*FREEDOM OF ASSOCIATION AND PROTECTION OF THE  
RIGHT TO ORGANISE: CONVENTION NO. 87, 1948*

*Article 2*

Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.

*Article 3*

1. Workers' and employers' organisations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organise their administration and activities and to formulate their programmes.

2. The public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof.

*Article 4*

Workers' and employers' organisations shall not be liable to be dissolved or suspended by administrative authority.

*Article 5*

Workers' and employers' organisations shall have the right to establish and join federations and confederations and any such organisation, federation or confederation shall have the right to affiliate with international organisations of workers and employers.

*Article 6*

The provisions of Articles 2, 3 and 4 hereof apply to federations and confederations of workers' and employers' organisations.

*Article 7*

The acquisition of legal personality by workers' and employers'

organisations, federations and confederations shall not be made subject to conditions of such a character as to restrict the application of the provisions of Articles 2, 3 and 4 hereof.

#### *Article 8*

1. In exercising the rights provided for in this Convention workers and employers and their respective organisations, like other persons or organised collectivities, shall respect the law of the land.

2. The law of the land shall not be such as to impair, nor shall it be so applied as to impair, the guarantees provided for in this Convention.

#### *Article 9*

1. The extent to which the guarantees provided for in this Convention shall apply to the armed forces and the police shall be determined by national laws or regulations.

2. In accordance with the principle set forth in paragraph 8 of article 19 of the Constitution of the International Labour Organisation the ratification of this Convention by any Member shall not be deemed to affect any existing law, award, custom or agreement in virtue of which members of the armed forces or the police enjoy any right guaranteed by this Convention.

#### *Article 10*

In this Convention the term "organisation" means any organisation of workers or of employers for furthering and defending the interests of workers or of employers.

#### *Article 11*

Each Member of the International Labour Organisation for which this Convention is in force undertakes to take all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organise.

## ANNEXURE-B—2

### RIGHT TO ORGANISE AND COLLECTIVE BARGAINING CONVENTION, 1949 (No. 98)

#### *Article 1*

1. Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment.

2. Such protection shall apply more particularly in respect of acts calculated to—

- (a) make the employment of a worker subject to the condition that he shall not join a union or shall relinquish trade union membership;
- (b) cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities outside working hours or, with the consent of the employer, within working hours.

#### *Article 2*

1. Workers' and employers' organisations shall enjoy adequate protection against any acts of interference by each other or each others agents or members in their establishment, functioning or administration.

2. In particular, acts which are designed to promote the establishment of workers' organisations under the domination of employers or employers' organisations, or to support workers organisations by financial or other means, with the object of placing such organisations under the control of employers or employers' organisations, shall be deemed to constitute acts of interference within the meaning of this Article.

#### *Article 3*

Machinery appropriate of national conditions shall be established, where necessary, for the purpose of ensuring respect for the right to organise as defined in the preceding Articles.

#### *Article 4*

Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers' organisations and workers' organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements.

#### *Article 5*

1. The extent to which the guarantees provided for in this Convention shall apply to the armed forces and the police shall be determined by national laws or regulations.

2. In accordance with the principle set forth in paragraph 8 of article 19 of the Constitution of the International Labour Organisation the ratification of this Convention by any Member shall not be deemed to affect any existing law, award, custom or agreement in virtue of which members of the armed forces or the police enjoy any right guaranteed by this Convention.

#### *Article 6*

This Convention does not deal with the position of public servants engaged in the administration of the State, nor shall be construed as prejudging their rights or status in any way.

## ANNEXURE—C

### PROPOSED RECOMMENDATION CONCERNING PROTECTION AND FACILITIES TO BE AFFORDED TO WORKERS' REPRESENTATIVES IN THE UNDERTAKING

The General Conference of the International Labour Organisation, having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Fifty-sixth Session on 2 June 1971, and Having decided upon the adoption of certain proposals with regard to protection and facilities afforded to workers' representatives in the undertaking, which is the fifth item on the agenda of the session, and Having determined that these proposals shall take the form of a Recommendation, adopts this day of June of the year one thousand nine hundred and seventy-one the following Recommendation, which may be cited as the Protection and Facilities for Workers' Representatives Recommendation, 1971.

#### I. METHODS OF IMPLEMENTATION

1. Effect may be given to this Recommendation through national laws or regulations or collective agreements, or in any other manner consistent with national practice.

#### II. GENERAL PROVISIONS

2. For the purpose of this Recommendation, the term "workers' representatives" means persons who are recognised as such under national law or practice, whether they are—

- (a) trade union representatives, namely representatives designated or elected by trade unions or by the members of such unions; or
- (b) elected representatives, namely representatives freely elected by the workers of the undertaking and who do not represent a trade union or its members as such.

3. National laws or regulations, collective agreements, arbitration awards or court decisions may determine the type or types of workers' representatives which should be entitled to the protection and facilities provided for in this Recommendation.

4. (1) Where there exist in the same undertaking both trade union representatives and elected representatives, appropriate measures should be taken wherever necessary, to ensure that the existence of elected representatives is not used to undermine the position of the trade unions concerned or their representatives and to encourage co-operation of all relevant matters between the elected representatives and the trade unions concerned and their representatives.

(2) Such measures might include, in accordance with national law and practice, the association of the trade unions concerned with the appointment of elected representatives, for instance through submitting lists of candidates; the holding of regular meetings between elected representatives and trade union officials and representatives; the making available of trade union training courses to elected representatives; and the granting to elected representatives of the assistance and advice of the trade union leaders and experts.

### *III. PROTECTION OF WORKERS' REPRESENTATIVES*

5. Workers' representatives in the undertaking should enjoy effective protection against any act prejudicial to them, including in particular dismissal, based on their status or activities as a workers' representative or on union membership or participation in any union activities.

6. (1) Where there are not sufficient relevant protective measures applicable to workers in general, specific measures should be taken to ensure effective protection of workers' representatives.

(2) Such measures might include all or some of the following:

(a) definition of the reasons justifying termination of employment of workers' representatives in a manner more restrictive than that applicable to workers in general;

(b) a requirement of prior authorisation by an independent body, public or private, or by a joint body, before the dismissal or any unfavourable change in the conditions of employment, of a workers' representative;

(c) a special recourse procedure open to workers' representatives who consider that their employment has been unjustifiably

terminated, or that they have been subjected to unfair treatment;

- (d) in respect of the unjustified termination of employment of workers' representatives, provision for a more severe sanction than in respect of the unjustified termination of employment of workers in general and, unless this is contrary to basic principles of the law of the country concerned, for the reinstatement of such representatives in their job, with payment of unpaid wages and with maintenance of their acquired rights;
- (e) provision for laying upon the employer, in the case of any alleged discriminatory dismissal or unfavourable change in the conditions of employment of a workers' representative, the burden of proving that such action was justified;
- (f) recognition of a priority to be given to workers' representatives with regard to their retention in employment in case of reduction of the work force.

#### 7. (1) PROTECTION AFFORDED UNDER THIS RECOMMENDATION SHOULD ALSO APPLY

- (a) to workers who are or have made known, through such appropriate procedure as may exist, their intention to be candidates for election or appointment as workers representatives; and
- (b) to workers who have ceased to be workers' representatives.

(2) The period during which such protection is enjoyed by the persons referred to in subparagraph (1) may be limited by the methods of implementation referred to in Paragraph 1 of this Recommendation.

8. Upon termination of their mandate, workers' representatives who are reinstated in their employment should retain all their rights, including those related to the nature of their job, to wages and to seniority.

#### IV. FACILITIES TO BE AFFORDED TO WORKERS' REPRESENTATIVES

9. (1) Such facilities in the undertaking should be afforded to workers' representatives as may be appropriate in order to enable them to carry out their functions promptly and efficiently.



(2) In this connection account should be taken of the characteristics of the industrial relations system of the country and the needs, size and capabilities of the undertaking concerned.

(3) The granting of such facilities should not affect unduly the efficient operation of the undertaking concerned.

10. (1) Workers' representatives in the undertaking should be granted the necessary time off from work, without loss of pay or any social benefit, for carrying out their representation functions in the undertaking.

(2) In the absence of appropriate provisions, a workers' representative may be required to obtain permission from his immediate supervisor or another appropriate representative of management designated for this purpose before he takes time off from work, such permission not to be unreasonably withheld.

(3) Reasonable limits may be set on the amount of time off which is granted to workers' representatives under subparagraph (1) of this Paragraph.

11. (1) In order to enable them to carry out their functions effectively workers' representatives should be afforded reasonable time off for attending trade union meetings, training courses, seminars, congresses and conferences.

(2) The extent to which and the conditions under which such time off should be afforded, including the question of whether it should be determined by the methods of implementation referred to in Paragraph 1 of this Recommendations.

12. Workers' representatives in the undertaking should be granted access to all workplaces in the undertaking, where such access is necessary to enable them to carry out their representation functions.

13. Workers' representatives should be granted access to the management of the undertaking and to management representatives empowered to take decisions, as may be necessary for the proper exercise of their functions.

14. In the absence of other arrangements for the collection of trade union dues, workers' representatives authorised to do so by the trade union should be permitted to collect such dues regularly on the premises of the undertaking.

15. (1) Workers' representatives acting on behalf of a trade union should be authorised to post trade union notice on the premises of

the undertaking in a place or places agreed on with the management and to which the workers have easy access.

(2) The management should permit workers' representatives acting on behalf of a trade union to distribute news sheets, pamphlets, publications and other documents of the union among the workers of the undertaking.

(3) The union notices and documents referred to in this Paragraph should relate to normal trade union activities and their posting and distribution should not prejudice the orderly operation and tidiness of the undertaking.

(4) Workers' representatives who are elected representatives in the meaning of clause (b) of Paragraph 2 of this Recommendation should be given facilities similar to those enumerated in subparagraphs (1), (2) and (3) of this Paragraph.

16. (1) The management should make available to workers' representatives such material facilities and information as may be necessary for the exercise of their functions.

(2) The conditions for making such facilities available and the extent of such facilities may be determined by the methods of implementation referred to in Paragraph 1 of this Recommendation.

17. (1) Trade Union representatives who are not employed in the undertaking but whose trade union has members employed therein should be granted access to the undertaking, subject to prior notification being given to an appropriate representative of the management.

(2) The determination of the conditions for such access should be left to the methods of implementation referred to in Paragraph 1 of this Recommendation.

### *'Bonded labour' system still in existence*

The system of 'bonded labour or forced labour' is still in existence, in some form or the other, in some of the states and Union territories, says UNI quoting an official report.

A *few state governments, which had denied existence of such an* outmoded and obsolete system earlier, the report points out, confirmed its prevalence when questions on the subject were raised in Parliament.

In Uttar Pradesh, the practice of bonded labour called 'begar' is an offence under Section 386 of the IPC. Some surveys, however, have revealed the existence of bonded labour locally known as 'mat' in Dehra Dun District. 'Begar' in one form or the other, prevailed in Banda district as well.

Under the 'mat' system when a 'kolta' is under debt, he starts working as 'mat' to his money lender simply in lieu of interest till he repays the principal amount.

In Unnao district, there is a system of 'begar', called 'lagbangh'.

It was reported that in Ratlam, Morena, Jhabua and Mandasaur in Madhya Pradesh, the system is prevalent in a mild form with regional variations of name and intensity.

In Rajasthan, the Rajasthan 'Sagri' System Abolition Act 1961, had been enforced in the state. The other such Act existing in the scheduled areas is Rajasthan Agricultural Debt Relief Act, 1951. However, it is reported that in some backward areas, particularly in Dungarpur district, the 'sagri' system was prevalent.

In Andhra Pradesh, the practice of bonded labour was found to be prevalent in the scheduled areas of Sirkakulam, Visakhapatnam, West Godavari and East Godavari.

In Bihar, a quick survey was conducted in the district of Palamau by a study team of the commissioner in July, 1973 which revealed that bonded labour existed there.

A study was also conducted by the state Tribal Research Institute Ranchi, during 1973 in which 27 villages (Bandara block and Ranka

**block) and 25 villages from other blocks were covered. Majority of the bonded labourers belonged to kowra tribe and Bhuiya caste**

**In Orissa, a study, conducted in Koraput district in 1972, revealed the prevalence of 'gothi system' in the Gurupur sub-division. But, it was found to be a sort of labour contract.**

**In Tamilnadu bonded labour was not prevalent. But a system of labour which was generally taken as that of bonded labour, was prevalent in the district of Nilgiris. The Chetty ryots of Gudalur taluk employ hill tribals belonging to Paniyas and Kuttunayakans as labourers to work in their paddy fields.**

**(TIMES OF INDIA, MONDAY, MAY 5, 1975.)**

## Paper—5

### ROLE OF THE PUBLIC SECTOR IN NATIONAL ECONOMY AND POLITICS, ON WORKERS' PARTICIPATION IN MANAGEMENT

Throughout the history of developing countries since their attainment of political independence, the question of the role of the state in their industrial and economic development and particularly the role of the state sector has constantly been in the very centre of ideological and political struggle between the various classes.

The capitalist monopolies of the imperialist countries are vitally interested in the preservation of a system of private capitalist enterprise, as well as of the technical and economic backwardness that goes back to pre-capitalist modes of production, in the former colonies. This helps their neo-colonialist aims of continuing the exploitation of the peoples of their former colonies.

A state which seeks to ensure economic independence through modernising the economy, carrying out largescale industrialisation, especially in Department I and the intensification of agriculture and building up a national scientific and technical potential and modern infra-structure, becomes the main obstacle in the way of the neo-colonialist policies of world capital, whose shock-brigades are the multi-national corporations today.

This is why the public sector in the economies of the developing countries comes under heavy attack from imperialist quarters.

And this is also precisely why the workingclass and working masses and all progressive sections of opinion in the developing countries support the strengthening and expansion of

the public sector and strive to direct the spearhead of public sector policy against foreign and internal monopolies.

The public sector in India, as in other developing countries pursuing the capitalist path, is not "socialism" as sections of the national bourgeoisie would like to picture it. It is state capitalism. But it is *anti-imperialist* state-capitalism, radically different from imperialist state-monopoly capitalism to be found in the United States or the countries of Western Europe. It performs a progressive role in not only developing the productive forces, but in doing this on a *national* basis, reducing the economic dependence on foreign capital, on imperialism.

The specific nature of state capitalism in India (and in similarly developing Third World countries) as embodied in the public sector consists in the following:

— State capitalism grew up and developed in response to the need for rapid elimination of technical and economic backwardness in those countries which in the recent past were colonies;

— State capitalism in India and similar countries at the present time bears an anti-imperialist, anti-colonialist character and is aimed at defending and consolidating political independence and attaining economic independence by means of industrialisation on a national basis;

— State capitalism is developing in these countries in a period when a world socialist system already exists and is going from strength to strength, after the collapse of imperialism's colonial system and when the balance of forces between imperialism and socialism has changed decisively in favour of socialism. The growth of progressive forces throughout the whole world, the exacerbation of the class and political struggle as regards the choice of paths of development, minimise the possibility that this sort of state capitalist might follow the path which state capitalism took when it appeared in 19th century in Japan, Germany, Russia and other countries;

— Anti-imperialist and anti-colonialist states promoting state-capitalist development (such as India) are pursuing a progressive foreign policy of peace and non-alignment;

— In the light of recent changes in the alignment of class and political forces, the assumption of power by national democrats in a number of developing countries who have opted for a socialist course (Syria, Somalia, Algeria, Burma, Guinea, etc.) have created conditions in these countries for the *anti-imperialist* state sector to evolve into an *anti-capitalist* state sector, a *qualitatively new stage of development*.

Such are the features of state capitalism in the developing countries and the prospects of its future evolution, which determine the attitude of the workingclass towards the public sector.

Precisely because of these specific features of the public sector in the developing countries, the most reactionary forces inside these countries with the backing of foreign monopoly capital resist with all their might the expansion of the public sector. This resistance ranges from the political activities of reactionary parties in Parliament and outside aimed at wrecking the economic plans of progressive Governments, to economic sabotage and price-rigging designed to "prove" that the public sector is a total failure in terms of efficiency of functioning and the criterion of profit-making, the provoking of disorders and the organisation of conspiracies. Chile is the most striking example of this.

Generalising on the activities of foreign and internal monopolies in regard to the public sector in the developing countries, Prof. Ulyanovsky in his recent book "Socialism and the Newly Independent Nations" says:

"Foreign monopolies are rabid enemies of state enterprise in industry, although they usually attempt to conceal this. They persistently demand that the state should only concern itself with building up the infrastructure. The local monopolies strive to turn the state sector into their own stronghold, a means of monopoly exploitation of the people by wresting the state sector from under the control of bourgeois-democratic institutions and gradually by various subtle means, subordinating it to their own ends making wide use for this purpose of corruption tactics which in many countries have come to represent a major threat to national interests. During the first stages of the struggle to gain control of the state sector local monopolies

sometimes do not demand that state enterprises should be sold, but merely insist that businessmen should be taken on to run these enterprises or that some of the shares of these state enterprises be quoted at stock exchanges so as initially to turn them into mixed companies. Then the monopolies' demands increase, till they end up by calling for the complete transfer of state enterprises to private hands. Without adopting the unpopular stance of complete rejection of the need to develop state enterprise the local monopolies, supported in this by their foreign counterparts, try to cultivate within the milieu of the national bourgeoisie reactionary, anti-national tendencies and, together with the foreign monopolies, demand that state initiative should be limited to the sphere of the infrastructure. This policy plays into the hands of foreign capital in that it serves to undermine the national bourgeoisie as a whole." (ibid, pp. 517-518)

The inherent contradiction of the public sector in the developing countries like India which pursue the capitalist path consists in that although its creation and expansion are in the national interests, it is in the first place private capitalism that seeks to derive maximum benefits from its activities. This is clearly seen in Indian experience ever since 1956. Thus the main fruits of the "green revolution" in realising which the public sector played a decisive role went to the capitalist landlord and the rich peasant. Monopoly houses like the Tatas and Birlas have thrived and increased their assets manyfold by loans from the public sector institutions. They have increased their profits manyfold by purchasing at lower prices the products they need from state-owned plants—steel, electricity, chemicals, machinery, equipment—and by enjoying special freight concessions from the state-owned Railways.

The monopolists also resell at higher prices scarce goods bought from state enterprises—not for expansion of production for which purpose this money is designed, but for usurious speculation for which purpose this money is designated, but for usurious and blackmarket operations through secret and illegal ways.

The monopolists have also freely used, for the purposes of their own aggrandisement, the infrastructure facilities created



by the public sector plants set up in backward areas and regions.

In every public sector industry, the workingclass and progressive forces have to wage a constant class and political struggle against such pro-monopolist policies and activities and against Government's economic policies permitting public funds to be turned into a means of private profiteering.

State capitalism in India has not smoothed over the contradictions inherent in capitalism as such, but rather served to intensify them. Growth of largescale inter-branch disproportions, of unutilised capacity both in the public and private sector, growth of unevenness of economic development in various States and regions, of increasing conflicts between various strata of the bourgeoisie in the private sector itself—these have become marked in the recent period in India, together with further growth of the giant monopoly houses. The workingclass and trade unions, as well as the Left and democratic forces, have to intensify their struggle to overcome these contradictions on the basis of a broad coalition of the anti-monopoly forces.

The contradictions inherent in the public sector growing and expanding in a country like India pursuing the capitalist path of development can be finally resolved only as a result of the nationalisation of the big monopoly houses and abolition of the private sector. This means revolutionary changes whose aim is to go over to the non-capitalist path of development. In the ripening of conditions for such changes, the growth of the share of the public sector in the national economy is of great importance. That is why the struggle for expanding the public sector and defending it from inroads and aggression on the part of both foreign capital and internal monopolies becomes one of the crucial sectors of the class struggle in India. On the success of this struggle depends in each particular case the fate of this or that public sector enterprise or industry.

## II

In evaluating the place of the public sector in Indian economy and formulating the tasks of our trade union movement

with respect to the public sector, the following specific features must be kept in mind:

(1) The public sector in India has made steady development since 1956, barring the slack period during 1967-69 when there was a virtual plan holiday. The share of the public sector in India's reproducible tangible wealth which was only 15 per cent in 1950-51 increased to 25.6 per cent and 35 per cent at the end of the Second and Third Five-Year Plans respectively. In 1970-71, it was estimated at 43 per cent. In 1972, 282 public sector companies accounted for 48 per cent of the paid up capital of all companies in India.

All this is sufficient indication of the importance of the public sector in India's economy.

(2) In the development of the public sector enterprises in India, a major role has been played by economic assistance from the socialist world in general and the Soviet Union in particular.

The fact that the development of the public sector in India has markedly come in the basic and heavy industries, including oil extraction and refining, with the decisive aid coming from the socialist countries, and that this has played a major role in reducing India's dependence on the imperialist countries, testifies to the growth of anti-imperialist and anti-monopoly possibilities of this sector.

The public sector in India has also strengthened the defence of the country by increasing industrial production in general and the production of defence equipment like electronic equipment, aircraft, etc.

The public sector has considerably strengthened building up of a national cadre of modern managers, engineers and technicians and contributed to building up of our own research, modern technological, and technical know-how potential.

(3) The latest report of the Bureau of Public Enterprises regarding the working of the public sector industrial projects during 1973-74 shows that the public sector in India today has attained steady growth in critical industrial sectors and that this development has indeed reached a significant turning point as far as its importance for Indian economy is concerned.

The old-time criticism against the public sector that it is a continuous drain on the exchequer is now totally invalid. But that in itself is not enough to characterise the working of the public sector projects. Certain significant developments have to be taken note of.

The total resources generated by the public sector enterprises during the fourth Plan period came to Rs. 4,380 crores. Out of this, Rs. 3,120 crores went to the exchequer by way of contributions under different heads. The public sector enterprises contributed Rs. 70 crores by way of dividends, Rs. 564 crores as interest on Government loans, Rs. 230 crores as income-tax and Rs. 2,256 crores as excise duty.

Take some more statistics. In 1973-74, seventy three enterprises earned a total net profit of Rs. 160.75 crores, while 41 enterprises showed a loss of Rs. 91.62 crores. Thus the working results of the 114 running enterprises show a collective net profit of Rs. 64.42 crores as against Rs. 17.74 crores in 1972-73. In 1971-72, the net working results had showed a loss of Rs. 19.02 crores.

The net profit is expected to swing upward to Rs. 150 crores in 1974-75.

This improved performance was without an upward revision of prices of their products. The better results are due to better maintenance of plants and equipment, proper materials management and comparatively better labour-management relations.

The year 1973-74 was also the last year of the Fourth Five-Year Plan. The Fourth Plan had set a target of Rs. 1,265 crores of internal resources to be generated by the public sector. As against this, the achievement at the end of 1973-74 was Rs. 1,260 crores or 99.6 per cent of the target. However, the significance of this is better appreciated when one compares it to actual generation of internal resources at the end of the third Plan which was a mere Rs. 287 crores.

The year-wise growth of internal resources by the public sector enterprises during the fourth Plan brings out certain interesting points. In 1969-70, the first year of the fourth Plan, internal resource generation was to the tune of Rs. 194 crores.

In 1970-71, this figure rose to Rs. 204 crores or by 5.2 per cent, in 1971-72 to Rs. 215 crores or by 5.4 per cent, In 1972-73 to Rs. 260 crores or by 20.9 per cent and 1973-74 to Rs. 387 crores or by 48.8 per cent.

Compared to 1968-69, the last year of the third Plan, the increase in the first year of the fourth Plan was 36.6 per cent. The last two years of the fourth Plan were again marked by a spurt in the growth rate of internal resources. This is directly attributed to the sustained improvement in the financial performance of public enterprises during these years.

Some of the internal resources generated have been ploughed back by the public sector enterprises for financing renewals, replacement, modernisation and capital improvements. The extent of deployment of internal resources for capital expenditure averaged about 27 per cent in respect of 41 enterprises. The extent of self-financing of growth has been over Rs. 50 crores each in respect of Hindustan Steel, Indian Oil, Fertiliser Corporation, Shipping Corporation of India, Oil and Natural Gas Commission, Hindustan Aeronautics and Air India.

The total number of employees in the various groups of public sector undertakings increased to 13.14 lakhs in 1973-74 as against 9.32 lakhs in 1972-73, according to report of the Bureau of Public Enterprises for 1973-74. The increase in the number employed in the public sector enterprises in 1973-74 was of the order of 3,82,057 or 41 per cent over that of 1972-73.

During the same period, the total outgo on account of salaries and wages and other benefits including bonus showed an increase of 45 per cent over the previous year: it was Rs. 541.05 crores in 1972-73 which rose to Rs. 786.40 crores in 1973-74. The average annual emoluments per employee worked out to Rs. 5,983 during 1973-74 as against Rs. 5,804 during 1972-73. The report has attributed the increase in salaries and wages mainly to the increase in dearness allowance, benefits arising from new wage settlements and annual increments.

The total expenditure on employees' welfare through allo-

cations for housing, education and medical facilities amounted Rs. 52.51 crores in 1973-74. On a total capital employed of Rs. 5,256 crores in 1973-74, the return worked out to 5.2 per cent. Net profit after tax as percentage on equity also improved significantly from 0.6 per cent in 1972-73 to 1.9 per cent in 1973-74.

The capacity utilisation in the manufacturing group of industries registered a significant improvement. Forty-five units recorded a capacity utilisation of more than 75 per cent as against 41 in the previous year. In 23 units, it ranged between 50 per cent to 75 per cent as against 16 in the previous year. Only 16 units operated below 50 per cent capacity utilisation during 1973-74 as against 25 in the previous year.

### III

Though nationalisation measures and the development of the public sector gathered special momentum after the split in the Congress in 1969, with nationalisation of the 14 big commercial banks, of Indian and foreign General Insurance Companies, of the coal-mines and of 103 sick textile mills and of the Government acquiring 74 per cent of the shares of the ESSO, yet all the nationalisation measures were partial and incomplete. Not only that, under the pressure of the monopoly houses, the Congress Government in some cases has been allowing these houses to enter into what was earlier the proclaimed preserve of the public sector. The expansion of TELCO and TISCO, the establishment of Goa fertilizer factory and mini-steel plants of the monopoly houses are such instances.

The proposal to convert the lendings of the public sector financial institutions of the monopoly houses into equity capital has been practically scuttled because it would have resulted in the virtual nationalisation of most of the companies of the monopolists, including TISCO. The concept of joint sector is now interpreted by Tata and others in such a way that it will result in the handing over of all the public sector undertakings to the monopolists. They want that Government should provide the finances and bear the risks, but

the management and decision-making power should rest solely with them.

The recent Subramanyam-T. A. Pai plan for a "national sector" to be formed by selling public sector shares to the private sector is nothing but a scheme to allow the monopolist houses to bring the public sector under their complete control. Though public opposition to this plan has initially given it a jolt, the danger still remains of step-by-step implementation of this plan in practice.

It is significant that J. R. D. Tata has recently come out with a scathing attack against the public sector and raised the "Red bogey" in this context. This synchronises with the Right-reactionary fascist movement being organised under J.P.'s leadership. And it is no accident that J.P. himself has recently come out attacking and opposing the public sector.

In the coming period, following the rout of U.S. imperialism in Indo-China, increased U.S. imperialist economic pressure against India and inroads of the multi-national companies into Indian economy will operate against the public sector in India as one of their main targets of attack.

In such a situation, defence of the public sector, against all attacks and inroads by foreign and internal monopolies, the struggle to improve its efficiency and profit-making capacity, fight for expansion of the public sector and for its entry into the field of vital consumer industries essential for an effective public distribution system (such as textiles, sugar, drugs, oil, etc.) and an organised continuous struggle to democratise the management of the public sector and ensure effective working-class participation in this management at all levels from the shop-floor upwards, is the prime task of the workingclass and trade union movement. It is essential part of the fight against Right reaction and the fight to shift the political life of the country to the Left. It is essential part of the *political struggle* of the workingclass for the national democratic revolution in India and the transition to socialism.

In the present conditions of our country, this struggle and the struggle to improve workingclass conditions in the public sector undertakings aid and supplement each other. Together,

they add up to the two-pillar policy, the basic line of the AITUC towards the public sector.

Our trade unions in each public sector industry have to concretely study the specific problems of that industry and evolve concrete application of the above general line to the specific present-day conditions and problems of that industry.

The workingclass and trade unions in the public sector enterprises have to combat the attacks on the public sector coming not only from the Right, but also from the Left-sectarians who only harp on its negative features and exaggerate its failures.

#### IV

The present bureaucratic system of management of the public sector enterprises in India is one of the biggest obstacles hindering efficient and purposeful functioning of the public sector and effective realisation of its full anti-imperialist and anti-monopoly potentialities. With a few notable exceptions, the personnel manning top management positions in the public sector are drawn from the civil service or from the private sector and function as anti-workingclass bureaucrats and as saboteur-agents of the monopolist houses.

Unless this system of management is radically overhauled and effective workers' participation in management *at all levels from the shop floor upwards* ensured, the public sector cannot play its due role in the realisation of national-democratic perspectives.

It must be emphasised in this connection that workers' participation in public sector management, if it is to be really effective and not just nominal, must mean *participation in actual policy-making and decision-making* at all the appropriate levels.

As far back as 1973, the AITUC had put forward a concrete scheme for such effective workers' participation in public sector management. The Parliamentary Committee on Public Sector Undertakings also made recommendations in the same direction two years back.

As far as the *form* of workers' participation in management

at all levels is concerned, this needs a consensus of agreement among the various central trade union organisations who wield influence in the public sector and are committed to making it successful. At the same time, it is quite clear that the machinery envisaged for such participation must include a *vital role for the recognised union* in the case of the factory as a whole. This necessarily means a new democratically-oriented industrial relations policy in the public sector, including statutory compulsory recognition of trade unions on the basis of workers' secret ballot and recognition of the right to strike.

As far as the *content* of workers' participation in management is concerned, the issues coming under its purview naturally depend on the particular level of its operation.

In relation to the enterprise and the industry as a whole, workers' participation in management will necessarily involve the trade unions adopting a *positive role* in relation to problems of production and *actively intervening* on issues such as:

(1) Combating corruption and acts of sabotage, including pilfering, arson and communal riots fostered by reactionary forces. Eliminating waste and improving efficiency.

(2) Effective and economic use of raw materials.

(3) Concretely countering the monopolists' plans to infiltrate and undermine and weaken the specific role which the public sector has to play in an industry.

(4) Democratic and correct pricing policies, to combat pro-monopolist bias.

(5) Full utilisation of installed capacity which necessarily means diversification of production, as well as more state control over the monopolies in order to bring them within the orbit of centralised planning.

(6) Establishment of machinery to coordinate effectively policies and the working of public sector enterprises which are closely linked with each other (such as coal, steel and the railways).

(7) Radical changes in lending and credit policies of public sector financial institutions (nationalised banks, LIC, etc.).

(8) Evolving a system for training suitable cadre for managing the public sector efficiently.



Workers' participation in management in the public sector is of course not to be confused with the development of class-collaborationist attitudes or a "no-strike" policy on issues of workers' just demands in this sector. In fact, it is only on the basis of safeguarding and extending workers' rights and interests that their conscious and willing cooperation can be enlisted for defending, strengthening and extending the public sector.

Finally, it must be emphasised that to bring about such workingclass participation in public sector management, very sharp struggle on the basis of widest trade union unity is needed against some of the present Government policies.

Workers' participation in management in the public sector should not be viewed in isolation from the struggle for basic structural changes in society as a whole. Otherwise, there would be serious danger of opportunist trends of economism, syndicalism, etc. being bred in the workingclass. Any genuine strengthening and extension of the position of the public sector and weakening of the positions of monopoly in the economy are ultimately bound up with *radical democratic transformations in the sphere of the political and state structure also*. This means the workingclass has to fight for bringing about shifts in the general correlation of class forces in the country in its favour, in the very interests of basic defence and expansion of the public sector itself. Workers' participation in management in the public sector has, therefore, to be viewed in this context. Defence of the public sector is inseparable from the struggle to change the policies of the government to give them a consistent anti-monopoly, anti-imperialist direction. This poses the question of workers' participation in the formulation and execution of policies, as well as in the actual management of public sector concerns.

On the basis of an *all-sided comprehensive class understanding of its significance*, in the concrete context of today's Indian situation, workers' active participation in the management of the public sector at all levels can be a powerful weapon in the hands of the trade union movement to *intervene* and project the active role of the workingclass in the national economy.

(May 26, 1975)

## Paper—6

### THE ROLE OF TRADE UNIONS IN THE STRUGGLE FOR PROTECTION OF ENVIRONMENT AND PEOPLE'S HEALTH

The problem of the protection of human environment has acquired great importance in recent years.

More and more voices are being raised in protest against the growing pollution of air and water and damage to fauna and flora as a result of industrial activity.

The position is indeed very serious in the advanced capitalist countries of the world such as USA, Japan, U.K., Federal Republic of Germany, France, Italy, etc. In these countries, the capitalist system has distorted the relation between man and his natural environment. Private ownership of the means of production has led to reckless exploitation of nature and abuse of air and water resources without regard to the health and well being of the present generation or the future generations.

The large number of industrial plants in these countries and particularly in the Chemical process industries are discharging millions of tons of effluents into the various rivers and the seas. They are also releasing vast quantities of impurities into the atmosphere.

Some apologists for the capitalist system blame modern industrialisation for this state of affairs. They hold scientific and technological revolution responsible for the pollution of air, water and soil.

This is a distortion of the reality. It is not the scientific and technological revolution nor the growing industrialisation which is the root cause of pollution.

The responsibility for this growing menace rests squarely on the monopoly capitalists entrenched in the multinational corporations and the Governments which support them.

In their greed for making quick and maximum profits, the capitalists refused to make adequate investments and take time-

ly measures for the protection of human environment. They refused to make use of available scientific and technical equipment to treat their effluents and wastes in order to render them harmless. Now, with growing protests on all sides and specially in the face of increasing trade union action on this question, the monopolists have launched a new propaganda drive to deny and cover up their criminal responsibility in polluting the human environment.

They say that pollution is unavoidable. It is everywhere, even in the socialist countries. "We are all polluters", they say. They counterpose poverty vs. pollution and employment vs. pollution.

This is a false propaganda in the same way as it is false to say that there is inflation everywhere, even in the socialist system. In the socialist system there is no inflation, no monetary crisis, no energy crisis and no pollution crisis! We shall see later on what the socialist countries are doing to protect their environment against industrial pollution, whether primary or secondary pollution.

The socialist state and the socialist industry do not adopt a fatalistic attitude towards this problem. They do not tell their people that environmental pollution is the price which industrial countries must pay for the scientific and technical progress. They take the necessary measures in a planned way from the very beginning of an industrial project to ensure healthy natural environment in the interests of the people, just as they ensure safe and healthy working environment inside the plant.

There is an inseparable link between the working environment inside a plant and living environment outside the plant. The socialist industry and the trade unions in a socialist country pay close attention to both.

There is also an inseparable link in a capitalist country between the workers struggle for better working conditions and that for better living conditions.

The same factors which create difficult and dangerous working conditions at the work place are also mainly responsible for pollution of environment and creation of difficult and dangerous living conditions.

And, of course, the same class is responsible for creating both the social problems.

The national and international monopolies who are constantly intensifying the exploitation of the workers are also responsible for the damage to living environment. The struggle of the trade unions against these national and international monopolies must also include the struggle for all round environmental protection.

We must also severely condemn the destruction of environment as a consequence of war or as a method of warfare.

Seven million hectares of land in Vietnam alone was poisoned and laid waste by chemical warfare by the U.S. Government.

The danger of Nuclear pollution increases with the increase of Nuclear Power Plants. Then there are the French nuclear explosions in the Pacific in defiance of world wide protests.

The 8th World Congress of the Trade Unions held at Varna, Bulgaria in October 1973 summed up the situation in Chapter VII of the Charter adopted there in the following words: "Although the fundamental social activity and the sole creator of wealth, labour often makes for inhuman conditions for the workers. The reality of labour under capitalist management is first and foremost the continued existence of physically exhausting and often dangerous jobs, fragmented and performed at high speeds in modern production and assembly lines submitted to capitalist rationalisation.

"The erosion of the workers' physical, nervous and mental strength, accelerated by the continued existence of stress, tension and excessive working hours, as well as the absence of any satisfaction in the work, extends into external environment. Hundreds of millions of workers are not only degraded and physically and intellectually exhausted, but also suffer from damage to their environment.

"In the majority of capitalist countries, the same factors in the deterioration of working conditions constitute the major cause of the pollution of nature. They extend to the areas where people live and relax, so that the damage and nuisance which affects the workers is increasingly affecting the whole of society.

"The environment for hundreds of millions of men and women in the underdeveloped countries is often marked by

famine, by a wasted childhood because of appalling conditions of nourishment, hygiene and education, and by the existence of tens of millions of unemployed. The environment is also often marked by "Modern" industrial pollution and by the creation of shanty towns in those towns which have become the centres of foreign investment aimed at exploiting the peoples of the underdeveloped countries and at pillaging and destroying their resources."

### **The Situation in India**

The W. F. T. U. Charter, quoted above, has noted the simultaneous existence of appalling poverty and "modern" industrial pollution in the developing countries.

The WFTU description also applies to the Indian situation today.

Ours is a vast country with an area of 3.28 million square kilometres. Its population in 1975 has reached nearly 600 million with an annual rate of growth of about 2.5%

Nearly 80% of the population live in rural areas and only 20% in urban localities.

While we have highly developed industrial cities and a large number of modern industrial plants, 75% of our people are dependent for their livelihood on agriculture. This agriculture is mainly carried on in a primitive way.

Leaving aside the European countries, our use of chemical fertilizers as compared to some other Asian countries like Japan and China is very small. Japan uses 347 Kgs of Chemical fertilizing per hectare, China uses 302 Kgs per hectare, whereas India uses only 12 Kgs per hectare. Of course, our consumption is on the increase and we have developed a sizable chemical Fertilizer industry.

We have ten oil refineries, but our per capita consumption of oil produced is one of the lowest in the world. We consume only about 22 million tons of oil in a year.

If we take cement industry, we use only 26 Kgs per capita in a year as against 365 in Japan, 343 in USSR, 342 in USA, and 305 Kgs in U. K.

The per capita consumption of synthetic fibres in India is only 0.3 Kgs per year whereas in Japan, UK and USA it is 6.2 Kg 8.2 Kgs and 11.1 Kgs, respectively.

These examples reveal the relative backwardness of our country in what are called Chemical Process Industries. And such industries, by their very nature have the greatest impact on the environment.

These industries include all branches of the Petroleum and Chemical industries such as oil refining, Petrochemical Fertilizers, Pharmaceuticals, Pulp and paper, Rubber, Cement, Ceramics, etc.

Chemical processing industries are potential sources of pollution as they handle large quantities of toxic and hazardous materials. They also discharge large quantities of harmful efflux and effluents into the atmosphere, the hydrosphere and the lithosphere leading to pollution of air, water and the soil.

It may be mentioned here that chemical processes are no longer confined to only specific industries but have become an integral part of all major industries. Therefore the pollution problems caused by the use of toxic and hazardous chemicals are no longer confined to the chemical industries and are also relevant in the case of many other industries.

Notwithstanding the limited development of our Chemical industries, there have been several serious cases of deterioration of environment in India. In big cities, we always have had traditional pollution of environment through industrial and domestic smoke, gases, dust and domestic refuse.

Certain legislative measures were adopted to control such pollution. Acts were passed to control air pollution in big industrial cities like Calcutta (1905), Bombay (1912) and Kanpur (1958). These acts are quite inadequate to deal with the present situation.

There is as yet no All India legislation to control air, water and soil pollution. The municipal regulations are very lax. There are almost no regulations of any kind outside the municipal limits. The industrialists enjoy unlimited freedom to exploit and pollute the natural resources of air, water and the soil in their own private interests.

This is the experience of the workers employed in and the

people living in the neighbourhood of many chemical process plants. There is widespread pollution of air and water in certain parts of Bombay. There has been formed in Bombay a Society for clean Environment. This society organised a Seminar on air pollution control techniques in September 1973 in co-operation with the Central Public Health Engineering Research Institute, Nagpur and Central Labour Institute, Bombay.

The report of this Seminar which has been published by the Central Labour Institute contains much useful material on the extent of Air pollution in industrial centres in India and the various ways to control it. But this Seminar dealt only with air pollution and did not discuss water and soil pollution.

Last year, there was a Seminar in Kanpur which dealt with the problem of water pollution in India. It highlighted the serious menace of river water pollution by the riverside plants which discard their wastes and effluents in the rivers. Some-time back there was a case of the pollution of the Ganges river in Bihar by the Barauni Oil Refinery which allowed oil waste to flow into the Ganges.

Widespread pollution of environment and specially of water has taken place in the area of several fertilizer plants, paper and pulp making plants, synthetic fibre plants, cement plants, etc. It is not possible to give the details here due to lack of space. The AITUC delegation, taking part in the Third Asian Trade Union Seminar held in New Delhi in December 1973 had submitted many of these cases during its contributions to the Seminar, a report of which has been brought out as an AITUC publication.

Most of the plants which are guilty of seriously polluting the environment belong to the monopolists, national or international or sometimes a combination of both.

The Birlas have acquired particular notoriety in this respect. Their cement plants, paper and pulp plants or synthetic fibre plants like Mysore Cements, Orient Paper, Nagda Rayon plant or Kerala Rayon pulp and fibre plant, etc. have come under heavy criticism from the AITUC and the public for causing damage to environment, fauna and flora and public health.

A very serious case of water and air pollution and damage to public health was recently exposed in another Birla concern in

Goa, viz. Zuari Agro Chemical Ltd. It is a joint concern of Birla Gwalior Private Limited and U. S. Steel Corporation Incorporated Pittsburg, U. S. A. The equipment for this factory has been supplied by the Toyo Engineering Corporation, a Japanese concern. It has been financed by the American collaborators and a consortium of U. S. financial institutions, the International Finance Corporation, the USAID, the LIC, etc.

This Rs. 60 crore fertilizer plant, situated 36 Km south of Panjim has played havoc with the air, water and soil of that area. It failed to take necessary technical precautions and install the machinery to treat the effluents before releasing them.

There was widespread protest against the havoc caused by this factory which was led by the trade unions. Com. S. A. Dange, General Secretary of the AITUC demanded the closure of this factory till remedial measures were adopted and environmental pollution brought under control.

As a result of popular agitation, the Government intervened and ordered the closure of the plant.

Heavy fine has also been imposed on a unit of the Titagarh Paper Mills in Orissa for polluting the nearby waters.

The greed for more and more profits on the part of the national and international monopolists is the decisive cause of such environmental pollution.

In the face of popular resistance against their polluting activities, the monopolists demand that State must take protective measures to save the environment. This is nothing but an attempt to make the community pay the price for the industrialists' greed and folly. The trade unions must fight against this and demand that industry must be made to pay for all preventive measures to save the environment. Where things have gone beyond prevention and damage has already been done, the industry must be made to adequately compensate the loss. But the emphasis must be on prevention instead of compensation.

In view of the growing outcry against pollution in western capitalist countries and more stringent regulations and stronger resistance by the workers and their trade unions, the monopolists are also transferring heavily polluting operations to deve-



veloping countries where environmental regulations are either absent or are not so strict.

The trade unions must expose and fight against this policy of the multinational corporations.

Genuine protection of the environment is possible only through sustained struggle against the monopolists and their anti-people activities.

In this task the trade unions must build the broadest possible unity by

- creating broad based trade union committees for struggle against pollution and by drawing into the movement all organisations representing the general public; and
- by actively participating in the different local, state and national organs created for the protection of human environment.



## Paper—7

# ON THE ROLE OF MULTI-NATIONALS, THEIR THREAT TO OUR ECONOMY AND INDEPENDENCE—THE NEED TO DEVELOP INTERNATIONAL SOLIDARITY OF WORKING CLASS

## I

### GROWTH AND SIZE OF MULTINATIONALS

The multinational or transnational corporations are giant monopolies whose sphere of activities and capital accumulation have extended beyond the national boundaries, in search of exploitation of cheap labour and raw materials and market for maximising profits. The tremendous gains of the scientific and technological revolution (STR) in the advanced capitalist countries while expanding their already achieved vast productive forces, have led to further concentration of capital and have given birth to that new form of organisation of monopoly capital, the multinational corporations. The break-neck speed towards capital concentration and accumulation took place in the post Second World War period increasing the assets of the multinationals to huge proportions. It is estimated that the annual output of foreign subsidiaries and enterprises with foreign capital by 1970 totalled to 300,000 million dollars. American firms account for two-thirds or about 200,000 million dollars and West European firms for the remaining one-third or 100,000 million dollars of the aggregate international output. According to the **Transport Workers of World** (No. 2, 1974) quarterly journal of TUI Transport, 50 major US corporations have 1568 foreign facilities, of which 21 are in India.

**Gross National Product of Certain Countries compared with the Annual Turnover of Ten Multinational Companies:**

Gross National Product		Turnover	
Switzerland	20.48	General Motors*	24.30
Yugoslavia	14.02	Ford Motor	14.98
Finland	10.20	Royal Dutch Shell	10.80
Chile	7.39	General Electric	8.73
Columbia	6.61	Mobil Oil	7.26
Peru	5.92	Texaco	6.35
Cuba	4.80	Western Electric	5.86
Algeria	4.18	Gulf Oil	5.40
Morocco	3.34	Dupont	3.62
Libya	3.14	Hitachi	3.33

(in thousand million dollars in 1970).

\* Figure for 1969.

(World Trade Union Movement, May 1973)

The newly created values of each of the ten largest multinational companies in 1970 exceeded the figure of 3000 million dollars, which is more than the gross national product of 80 countries in the same year. Obviously the US multinationals are the largest which provide half the amount of global foreign investments in the developing countries. In some regions, such as Central and South America, two-thirds of the total amount of direct investments come from the USA and the remainder from Great Britain, Canada, the Netherland and West Germany.

The late President Salvador Allende speaking about Chile said: "The companies who became proprietors of our Copper-considered generously—invested more or less 15 to 18 million dollars fifty years ago and they have taken away in this period about 4500 million dollars." He further said: "...while throughout the world these great consortiums have taken an average profit of not more than 7 or 9 percent, in our country and at different times these figures reached an incredible profit of 60 percent, 70 percent and 190 percent."

In the USA, 200 multinational companies control 60% of production. It is estimated that by 1985, 200 multinational companies are expected to control 90% of production in the capitalist world. From 1950 to 1971, direct overseas investments by US multinationals increased seven-fold from 11.8 billion dollars to over 78 billion dollars.

Profits abroad, extracted through intensive exploitation of overseas labour and through monopolisation of technology and markets are as much as four times larger than similar activities in home markets. US Department of Commerce figures show that for corporations investing in the less industrialised nations between 1950 and 1965 the amount of profit leaving those countries was 264% of the capital inflow. This is in contrast to Europe and other developed areas, where the profit outflow was 74% of capital inflow. Industrially developed nations, according to Mexican economists, repatriated from developing nations profits amounting to 22 billion dollars during 1965-70; twice as large as their promised overall assistance to developing countries during the entire development decade 1960-70 (**Economic Times**, 4 August 1974).

At the end of 1960s, Japanese overseas investment was nearly 3 billion dollars, but by the end of 1972, it more than doubled to 6.8 billion dollars. It is estimated that by 1980, it will grow to 42.5 billion dollars.

The multinationals are thus giant monopolies whose tentacles are spread throughout the capitalist world, with huge capital, both for investment and speculation, whose assets, turnover and profits are much more than Gross National Product of the large majority of the nations, and supported economically, politically and militarily by the imperialist states of their origin in their quest for maximising profits.

## II

### MULTINATIONALS IN INDIA

Largescale investment of British capital and domination of transnational British companies started in India in the second-half of the last century in the wake of complete colonial rule. British companies dominated in tea, coal, jute and engineering industries, in banking, insurance and trade. Despite some disinvestments and repatriation of capital at about the time of independence and immediately thereafter, British capital still maintains an edge over other foreign investments and in the share of foreign collaboration agreements. Out of the total

number of 4244 collaboration agreements till the end of September 1974, U.K. accounted for 1042; the USA—800; West Germany—701; Japan—405; Switzerland—215; France—183; Italy—118; East Germany—85; Sweden—76; followed by other countries.

According to the latest data available the total foreign private investment in Indian industries at the end of 1972 amounted to Rs. 1750.4 crores. Out of this amount, the UK tops the list of investors with an investment of Rs. 632.3 crores followed by the USA with an investment of Rs. 485.9 crores. According to a recent survey, no less than 740 multinational companies are operating in India either as Indian subsidiaries of foreign companies or as branches of foreign multinationals. As many as 538 multinationals are operating in India as branches of their principals, while the rest are operating through majority participation in Indian companies. Among the Indian companies with foreign majority participation, the largest number is from the UK, followed by the USA. The UK has 140 companies in India as subsidiaries of various companies incorporated in the United Kingdom. The USA has majority participation in as many as 28 companies. Most of the American multinationals in India are operating as their own branches and are, therefore, wholly owned and controlled by the United States.

Besides investment made in companies operating as their own branches, all the multinational companies together have invested Rs. 186.78 crores as their share in the Indian subsidiaries. The UK has invested Rs. 119.96 crores as their share in Indian companies operating as subsidiaries of multinationals incorporated there. As many as 56 of these are fully owned by the UK. The US multinationals have invested Rs. 23.49 crores as shares in Indian companies. The American trend is towards operating companies as branches of their own multinationals rather than investing in Indian companies. The US has 11 companies with full shares from American multinationals that operate as Indian subsidiaries. West German investment in Indian Companies amount to Rs. 4.57 crores. A multinational from Canada has invested Rs. 11.72 crores in one Indian company. Nine Swedish multinationals have invested in Indian companies

Rs. 6.63 crores and two with 100 per cent Swedish capital. 7 subsidiaries of Swiss multinationals with total investment of Rs. 7.95 crores are functioning in India, and one company with 100 per cent Swiss capital.

Among the 101 Corporate Giants (Public and Private sectors) in India in 1973-74 listed by the **Economic Times** (March 24, 1975) in terms of assets, leaving aside the Government companies numbering 40, in the private corporate sector there are as many as 18 companies which are branches or subsidiaries of foreign multinationals. In terms of assets the largest is the Indian Aluminium and in terms of sales, the Hindustan Lever tops list of foreign multinationals in India.

In the list of 100 large private sector corporations there are 19 companies with majority foreign share holding. Major units among these are Indian Aluminium, Dunlop India, Union Carbide, Philips India, Bata India, Ashok Leyland, Brooke Bond, Good Year, Pfizer, Burmah-Shell and Siemens India.

The nineteen foreign companies together owned total assets of Rs. 755 crores which formed 18.5 per cent of the total assets of all the 100 large corporations.

Union Carbide, Philips India and India Tobacco were among the top profit earners in the private corporate sector in 1973-74.

During the decade 1960-70, the Reserve Bank of India conducted two surveys of foreign financial and technical collaborations in Indian industry. The latest one for the period 1964-1970 appeared in the **Reserve Bank Bulletin** of June 1974. The second survey covered 877 companies in the private sector of which 197 were subsidiaries, 433 minority participation and 247 pure technical collaboration companies. Of these, 620 companies or 70% of the companies covered had technical collaboration arrangements involving 1,098 effective agreements. U. K., USA and West Germany taken together accounted for about 70 percent of the agreements, with UK 35 percent, USA 19 percent and West Germany 15 per cent. With regard to foreign collaboration the subsidiaries dominate which is reflected in the net outflow of foreign exchange and according to the Reserve Bank study, "Dividend remittances constitute the largest component of the foreign exchange outgo from the host country on account of foreign collaborations."

According to the study, India has been a net loser and the balance has been negative; the net outflow of foreign exchange during the period 1964-70 has been of the order of Rs. 891 crores on account of imports by these companies far exceeding exports. According to Prof. Michael Kidrin (quoted in the article "Foreign Collaboration in Indian industry" by Ruddar Datt, **Economic Times**, 25 April 1975) during 1948-61, "the foreign investors as a whole had taken out of the country's general currency reserves three times as much as they had directly contributed. The situation has not changed even in the seventies." Foreign multinationals have been permitted in low priority consumer industries like cigarettes, boot polish, cosmetics, soap, detergent etc. They are of late being further allowed entry into marine products industry, hotel industry, and ready to wear garments. The plunder of foreign multinationals in the Drug industry is too well known.

The Reserve Bank of India study brought out the harmful effects of foreign collaboration on our economy and the draining of resources from the country. Even in respect of transfer of technology, the real control is exercised by the multinational corporations, as the bulk of the transfer is carried out through the subsidiaries and minority participation companies, which are the adjuncts of the giant multinational corporations.

In the subsequent periods the remittances have further gone up.

Besides financial drain by way of remittances, adverse terms of trade, over-invoicing and under-invoicing, outmoded technology and machineries, harmful processes of production, etc. are imposed which result in shortfall of production, frequent breakdowns, with inevitable adverse repercussion on the national economy. Incredibly high overcharging of drugs and formulations by the American multinationals are already well known.

According to the study of the **Economic Times Research Bureau** (21 April 1975), of 202 Indian subsidiaries of multinational corporations, the process of Indianisation (reducing foreign equity share to 40 percent) has not made much headway. Issuing of bonus shares has in fact artificially boosted the foreign held share capital with consequent increased outflow of dividends.

Particularly those subsidiaries and branches of multinationals whose shares are not quoted in the stock exchanges such as, Asbestos cement, Colgate Palmolive, Cadbury fry, Corn Products, Parry & Co., Abbot Laboratories, Firestone Tyre & Rubber, Lipton, Malayalam Plantations, IBM World Trade Corporation and Indian Leaf Tobacco Development Corporation, continue to be majority-owned foreign companies. Over the years the foreign companies have enjoyed unfettered freedom to operate in sheltered market conditions and also have diversified into more profitable consumer goods industries where returns are very high.

### III

#### **THE ROLE OF MULTINATIONALS**

With huge accumulation of capital drawn from all parts of the world, the powerful multinationals, mostly of US origin, operate with the full support of the homestate on an international scale, move their capital from one country to another depending on labour cost, strength of currencies, tax levels, remittance facilities, the degree of economic and political stability and of social climate with the sole object of maximising profit. They threaten national sovereignty and economic independence of countries and prevent with the assistance of the home state the free disposal of the material, financial and human resources of the host countries. The imperialist home states of the multinationals by means of economic pressure, blackmail and subversion and also direct intervention seek to protect and perpetuate the exploitation of the multinationals. In the recent period many such instances have come to light the outstanding of which is the grim episode in Chile where the two US multinationals, the ITT and Kennecott Copper were directly involved.

In his inaugural address at the World Trade Union Assembly held at Santiago Chile in April 1973, the late President Allende gave a detailed account how the ITT in conjunction with the US State Department and the CIA plotted and mounted a concerted assault against Chile beginning from the attempt to prevent Allende's election as President in 1970.



The capitalist countries and the monopolies are trying to maintain their domination on newly independent countries by neocolonialist method which are closely linked with the policy of state monopoly capitalism of intensified exploitation of workers in home countries.

To safeguard its economic interests, imperialism endeavours to secure support of elements, such as feudalists, certain sections of the bourgeoisie, profiteers and others. It tries to establish links with certain intellectuals, bureaucracy, civilian and military reactionaries, political elements and groups. They try to install Governments loyal to the multinationals and overthrow those not amenable to multinational interests. The main objective is to ensure continued exploitation and for that to secure a dominant position in the economy and political life through economic and political infiltration and subversion. The Chilean episode exposed threadbare the close coordination between the multinationals, the State Department and the notorious CIA and with internal counter-revolutionary forces. The international monetary agencies like the World Bank, IMF, etc. dominated by the US Government, also serve the same object. In Chile too the IMF and other financial bodies established a financial blockade against the Popular Unity Government in order to provoke a breakdown of the Chilean economy and pave the way for the overthrow of the legal Government.

Against the consortium of banana exporting countries of Latin America and its decision to protect national interests by increasing export tax against draining out of resources, the United Brand and its subsidiaries resorted to cut in export, paralysed the harvest as a form of blackmail and also resorted to bribery. The then US Treasury Secretary George Schultz declared that the State Department should not accept "this arbitrary increase".

It is already well known that the multinational corporations and their subsidiaries set apart illegal political slush funds. Revelations so far made by the American Senate Committee on multinationals expose the methods used by the Gulf Oil, United Brand and the largest arms exporter, Northrop.

The multinationals are a threat to the working people, to job security, to democratic and sovereign rights. The multinationals

move from one wage area to relatively depressed wage area to get the benefit of cheap labour and also where the trade union movement is relatively weak. The flight of capital is accompanied by flight of jobs.

Apologists of Multinationals try to propagate the theory that the multinationals are mere economic or industrial organisations, albeit giant, which possess vast amount of investible capital and of scientific and technological know-how. And that the developing countries short of capital accumulation and in need of technical know-how should take advantage of the resources of the multinationals instead of railing against them. The Chilean episode, more than ever, exposed the vicious character of the multinationals, their threat to the national economy, sovereignty and independence of the host countries.

Almost every country and also the United Nations have woken up to vicious nature and activities of the multinationals, as a threat to sovereignty and national economy wherever they operate. The debate on the question of restraining them, shackling them and their activities with a code of conduct is still continuing. The overwhelming opinion is that they constitute a veritable danger to democracy and social progress that they do not stop short from adopting any tactics and method to retain their domination and to ruthlessly remove any obstacle in the way of their maximisation of profit.

#### IV

### **STRUGGLE OF THIRD WORLD COUNTRIES AGAINST MULTINATIONALS**

The battle being waged by the Third World countries to regain control over their natural resources and to establish a new and fairer international economic relations in confrontation with the capitalist powers and monopoly capital and above all, with the US imperialism, is essentially a struggle against the predatory role and activities of the multinationals and the states backing them. During the last two years a series of important meetings have highlighted the significance and prospects of this struggle.

The Andean Pact of 1971 in Latin America, the Algiers Conference of non-aligned countries held in September 1973, the Dakar Conference (February 1975) of developing countries on raw materials and the latest Havana Conference of March 1975 are landmarks in this worldwide struggle against imperialism, neocolonial exploitation and the multinationals.

The OPEC, above all the Arab Oil producing countries unitedly acted in October 1973, against the oil multinationals, the notorious seven sisters who have so long been plundering the oil resources of West Asia, maintaining their domination by pitting one against another Arab country, propping up one regime or another.

The Special Session of the United Nations General Assembly held from 9 April to 2 May 1974 called on the initiative of Algeria exposed the rapacious nature of the present international economic relations, the true character of imperialist aid, trade and exchange and adopted a Declaration in the teeth of violent opposition of the USA and Britain, West Germany and Japan, on the establishment of a new International Economic Order.

The struggle of the international trade union movement against the activities of the international monopolies which find immediate expression in redundancies, on wages, trade union and democratic rights of the workers is an integral part of the worldwide struggle against neocolonialism and subversion of independence and sovereignty, and against the multinationals launched by the Third world countries aided and supported by the socialist world. In this struggle, closer economic and other relations with the socialist countries have assumed crucial importance for the Third world countries because socialist aid and assistance, and trade with socialist countries help strengthen economic independence, in thwarting neocolonial machinations. In the struggle against multinationals, it is one of the foremost tasks of the international trade union movement to develop international solidarity with the developing countries in their struggle for a new international economic order, and against the menace of neo-colonialism.

## WORLD TRADE UNION MOVEMENT AND THE MULTINATIONALS

The world trade union Assembly on multinationals held in Santiago, Chile on April 10-15, 1973 which was attended by WFTU and WCL and organisations affiliated to ICFTU and autonomous organisations called for multi-level coordinated trade union struggle against the multinationals on company basis, regional and international levels.

The 8th World Trade Union Congress at Varna, Bulgaria in October 1973 in the Charter stated: "Coordinated international action against the multinationals' international strategy of super-exploitation is becoming an urgent and essential task for the trade unions. Through drawing all the conclusions from the domination of multinational companies and in their struggle against the multinationals and their states, the workers and their trade unions must establish clear plans to oppose the power of the international monopolies with a united front of workers, their trade unions and solidarity with the struggle of the international working class. It requires above all, the use of the following measures:

- \* a systematic exchange of information between trade union organisations on all living and working conditions within the same company operating in different countries;
- \* the drafting of a joint platform of demands for the workers within the same multinational company;
- \* the creation of a coordinating committee made up of trade union delegates and representatives from factories within the same multinational company". The charter elaborated the concrete forms of cooperation of all trade unions and demands on which the united action can be feasible.

The Asian Seminar on Multinationals organised by the ICFTU at Tokyo in October 1973 after recognising the need for investment and technology which according to it, the multinationals can provide, called for an enforceable international code of conduct for the multinationals to regulate their activities.

But international working class solidarity is yet to develop  
\*o effectively counter the multinationals and their activities.

The Havana General Council (October 1974) of the WFTU also put forward some proposals for developing united action by the entire international trade union movement against the multinational companies.

The WFTU General Secretary told the Extraordinary Bureau meeting held in Berlin in January 1975 that "a certain rapprochement exists with regard to the stands of the three international trade union centres and there is a beginning of an understanding on these subjects in their activity in the UN and its specialised agencies."

The united struggle against the multinationals has to be lifted to a higher level by coordinating actions within firms on the basis of a jointly adopted programme of demands by the entire international trade union movement.

There are isolated instances of solidarity actions of workers such as in Dunlop-Pinelli, Renault, Lip, Imperial Typewriter, certain trade level conferences also have taken place. But a powerful united movement against the multinationals and their might is yet to develop on an international scale.

The policy document of the WFTU Extraordinary Bureau meeting has indicated two basic issues on which international trade union solidarity is required to be built up. Firstly, international coordination of the struggle against the multinational companies and secondly, the organisation of international working class solidarity in the struggle for the full political and economic independence of all peoples.

## **MULTINATIONALS AND SOCIALIST COUNTRIES**

It is often argued by apologists of multinationals that when the Soviet Union and other socialist countries are establishing relations with the multinational companies, even allowing to exploit their natural resources, why not the developing countries who are in dire need of both capital and technology should likewise take help of the multinationals for the development of their economy? Advocates of cold war policies in the international trade union movement have launched a

slandrous campaign against the socialist countries' economic relations with the multinational companies which according to them, help to strengthen the might of the latter, that is, the might of the workers' and people's worst enemies. This is essentially an attack against the policy of peaceful coexistence, against the normalisation of international relations, economic and trade relations between socialist and capitalist countries. These sections of trade union leadership have found, according to Georges Seguy, "a new war horse to trot out", against the socialist countries and also against trade union unity and united action against the multinationals. In respect of the exact character and implication of the economic relations between the socialist countries and multinationals of the capitalist countries, confusion is prevalent even among well-meaning trade unions.

Trade unions along with other anti-imperialist forces are fighting for the advance of international detente and peaceful coexistence, for extension of economic and trade relations between socialist and capitalist countries. Multinationals are a reality of the capitalist economy and the fact that they dominate in major branches of the economies of the capitalist countries particularly those of the greatest technological and scientific importance, is not the responsibility of the socialist countries. To set free the economy from the domination of multinational companies is primarily the responsibility of the working class and other anti-monopoly forces of the home countries of multinationals.

This apart, utilisation of foreign technical advances and know-how by a country with socialist economy where the means of production are in the hands of the State and working class is in state power, has to be viewed differently.

Even in the early days of construction when Soviet Union was isolated and surrounded by hostile imperialist powers, Soviet Union did try and could secure whatever foreign technology was available for speedier development of the national economy.

It is not technology that breeds exploitation, but private ownership of technology used for private profit.

In Socialist countries technology and also western technology is utilised for speedier development of socialist economy in the interest of the working people. The enterprises built with the participation of multinational companies do not eventually become subsidiaries of these companies, but remain property of the socialist states and of their people. Expansion of mutually profitable trade and the orders received from the socialist countries enable the capitalist countries to create new jobs and to save hundreds of thousands of workers from unemployment.

The logical follow up of detente is the development of economic relations between socialist and capitalist countries which is beneficial from the political, economic and social point of view for further strengthening of the socialist economies, for consolidating international detente, for creating favourable conditions for democratic advance in the capitalist countries.



## Paper—8

### BIG BUSINESS HOUSES : PROFITS : PRICES : BLACK MONEY : CORRUPTION

No structural changes, in the Indian economy, of a democratic and radical character are possible without removing the road block created by the concentration of wealth and industrial power in the hands of the big business houses, Indian and foreign. The growth of these houses, and continuing proliferation/diversification of their activities, are the direct outcome of Government policy, which believes that economic growth and production depend on providing more and more "incentives" to the private sector and a "favourable climate" for investment.

The revolutionary trade union movement must give top priority to the task of fighting the Government's pro-monopolist policies as an essential component of the struggle to break the power of the Big Business houses and their stranglehold on the economy.

The 75 monopoly houses listed in the Monopolies Inquiry Commission represent the concentrated power of Big Business. This is the reactionary force which is the principal agency for entry of foreign collaboration into the private sector, and which is Enemy No. 1 of a democratic public sector and the non-capitalist path of economic development.

#### *GROWING ASSETS:*

Recent official data, supplied in the Lok Sabha on 18-4-75, shows how the assets of these 30 largest houses have been steadily growing during the period 1971-73:



## STATEMENT

*(Parts (a) & (b) of the Lok Sabha Starred Question No. 700 for 18.4.1975)*

S. No.	Name of Group	No. of undertakings	Value of Assets (Rs. crores)		
1.	2.	3.	1971	1972	1973
1.	2.	3.	4.	5.	6.
1.	Tata	20	535.86	579.87	608.66
2.	Birla	48	487.11	548.96	601.76
3.	Mafatlal	14	166.87	185.41	224.39
4.	I.C.I.	7	136.94	135.21	145.68
5.	Thapar	26	120.47	126.71	139.51
6.	ACC	4	129.16	134.37	139.27
7.	Oil India	7	84.08	117.35	134.20
8.	Scindia	4	87.39	107.26	133.93
9.	J. K. Singhanian	25	107.16	118.88	121.78
10.	Sarabhai	18	95.90	120.25	129.87
11.	Shri Ram	4	110.68	109.31	115.27
12.	Walchand	14	94.81	93.69	100.25
13.	Kirloskar	13	73.57	77.01	83.45
14.	India Aluminium	1	64.04	80.96	83.34
15.	Bangur	25	75.65	77.62	81.19
16.	Indian Tobacco	4	74.74	74.75	81.01
17.	Larsen & Toubro	7	57.08	66.38	79.54
18.	Kasturbhai Lalbhai	12	64.79	70.53	76.94
19.	Macneill & Barry				
	Binny	15	67.16	69.20	71.54
20.	Kamani	15	44.06	55.99	64.90
21.	Hindustan Lever	1	45.55	63.46	64.10
22.	Mahindra & Mahindra	10	47.64	56.59	62.22
23.	Modi	9	49.23	57.46	62.13
24.	Khatau (Bombay)	27	49.47	53.95	57.12
25.	Bhiwandiwalla	2	35.15	44.35	56.43
26.	T.V.S.	15	48.84	50.32	55.28
27.	Dunlop	2	43.79	41.56	54.47
28.	Bajaj	16	43.80	42.11	54.06
29.	Naidu G. V.	12	38.43	47.01	52.45
30.	Brooke Bond	9	44.08	47.24	48.92

*Note:* 1. The 30 largest houses have been indicated in this statement in order of the figures of assets shown for the year 1973.

It should also be noted that the assets of all foreign companies operating in India have grown ten times, from Rs. 256 crores in 1948 to approximately Rs. 2535.2 crores at present.

It is against such a background that Mr. J. R. D. Tata has the cheek to complain in public that the private sector is being squeezed out from the mixed economy, and Government is acting under Communist pressure!

### HOW PRIVATE IS THE PRIVATE SECTOR?

This enormous Big Business sector in the industrial economy could perhaps not have attained its present dimensions but for the funnelling into it of vast Government funds. These have been mainly in the form of:

- = Advances by the nationalised banks
- = Loans by State financial institutions, and Purchase of company shares by Government and the public financial institutions, viz. IDBI, IFCI, LIC, UTI and ICICI.

Available information in regard to the all-India aggregate of advances by the 14 nationalised banks to 75 monopoly houses, outstanding as on 18.7.69, 30.6.72, 29.6.73 and 28.12.74 gives the following picture:

	(Rs. in crores)			
	18.7.69	30.6.72	29.6.73	28.12.74
(i) 75 large industrial houses	440.28	522.68	568.79	582.32
(ii) All borrowers	1819.40	2949.40	3480.80	3827.44
(iii) Percentage of (i) to (ii)	24.2%	17.7%	16.3%	15.2%

As against this generosity of the nationalised banks towards the monopolies, the 5 public financial institutions set up by the Government of India have sanctioned loans of over Re. 1 crore each to 253 private companies. The total of such loans amounted to no less than Rs. 837.42 crores on 31.12.74. Out of the 253 companies concerned, 80 received loans of more than Rs. 3 crores each. The bulk of the beneficiaries are undertakings attached to one or other of the monopoly houses, with Tata's and Birla's in the lead.

Similarly, the State Bank of India had, by 31.12.73, loaned Rs. 1627 crores to various private companies of which those managed by the 75 monopoly houses received Rs. 304.97 crores.

Thus, if the total loans made to private sector industry by the 14 nationalised banks, 5 public financial institutions, and the State Bank of India are added up the total comes to over Rs. 3,000 crores. We may be sure that not even 1 per cent of this amount has gone to the smallscale sector.

Nor have the public financial institutions lagged behind in the matter of giving equity support to the private sector by purchase of company shares. They hold more than 25 per cent of the paid up capital in each of 129 companies, representing a total investment of Rs. 76.83 crores as on 31.12.74. Even a giant like TISCO has 39 per cent of its equity shares held by the public financial institutions. Equity of the value of Rs. 25 lakhs and over is held by these institutions in 70 companies of the monopoly sector.

The huge octopus of Big Business has thus been fattened on public funds consciously, fed it by the Government and its agencies.

#### **PROFITS:**

Big Business has utilised its powerful base and its vast resources to ensure a high profit rate for itself, despite all its loud weeping and wailing about lack of investment climate, depressed market conditions, etc.

This is amply proved, for example, by the Reserve Bank's Study of the finances of 355 large public limited companies (with paid-up capital exceeding Rs. 1 crore each) for the year ending 31.3.74. The study shows that their profits after tax, rose by Rs. 56 crores to Rs. 280 crores in contrast to a fall of about Rs. 14 crores in 1972-73, despite a further slow-down in the rate of growth of net sales (7.5 per cent as against 10.5 per cent).

Gross profits, which had improved by only Rs. 9 crores in 1972-73 increased by Rs. 94 crores to Rs. 690 crores during 1973-74. At the same time, there was a fall in the amount of dividend distributed (Rs. 118 crores as against Rs. 132 crores),

and a steep rise in profits retained (Rs. 162 crores as against Rs. 92 crores). The total gross assets formation of these 35<sup>7</sup> companies in 1973-74 amounted to Rs. 801 crores as against Rs. 538 crores in the previous year.

"The year 1973-74", observes the Reserve Bank Bulletin, "was marked by a higher rate of growth in capital formation brought about by higher fixed assets formation as well as inventory accumulation rates". In other words, higher profits were used at the cost of the community, the working class and even the ordinary shareholders, to expand the activities and resources of these companies and to corner and stockpile essential raw materials and goods.

### **BLACK MONEY:**

It is now common knowledge that huge illegal (undisclosed) profits are being minted by many of these big business firms, and this is one of the primary sources of generation of black money which is the root cause of large scale inflation and corruption in our society.

Big business has been able, over the years to amass vast unaccounted wealth, including foreign holdings, by indulging in a highly organised system of economic and financial malpractices and manipulations which have gone largely unpunished. This has been due to the collusion of the top bureaucrats which wields great executive power in the State administrative apparatus, as well as to the pro-capitalist outlook and sympathies of many important Ministers who while seeing all, still refuse to see anything. Such a class-oriented State machinery can be easily penetrated, corrupted and misused by the power of big money in the hands of big business. The end-result has been the emergence of the "parallel" economy of black money.

A few of the widely practised and well-known techniques of black-money operations by large industrial houses are as under:

#### *\* Evasion of Income tax and wealth tax*

Net arrears of the former stood at Rs. 576.42 crores on

31.3.75 as against Rs. 527.43 crores a year earlier. For wealth tax arrears the corresponding figures were Rs. 25.04 crores and Rs. 19.90 crores.

*\* Unauthorised production in excess of licensed capacity*

This method ensures production for the black market, evasion of excise duties, and particularly helps big manufacturers to capture the market when demand exceeds supply.

A recent glaring example is that of Philips (India) which has been permitted for 3 years to go on producing far in excess of licensed capacity; not only is no action taken for such blatant contravention of the law, but the unauthorised capacity is duly regularised after detection.

	<i>capacity</i> <i>Licensed</i>	Production (Millions)		
		1972	1973	1974
GLS Lamps	8.00	19.85	20.81	23.23
Fluorescent Lamps	1.5	3.62	3.30	4.25

*\* Fictitious/inflated claims for tax relief in the name of Development rebate, write-off of capital and revenue expenditure allegedly spent on company's research, etc.*

The magnitude of operations under this and similar heads can be gauged from one recent case. For the assessment years 1971, 1972 and 1973, Hindustan Lever claimed a total amount of Rs. 309.23 lakhs under these three heads, knowing from experience that such claims would be accepted although the bulk of the Company's "research" is not at all vital to the country's requirements, and consists of items like perfumeries, aromatic oils for manufacture of toilet soaps and cosmetics, etc.

*\* Securing of large advances from banks and financial institutions for 'productive' purposes against hypothecation of non-existent stocks, and then diverting the loan monies to activities like cornering of shares, building up of inventories, etc.*

Numerous such cases have come to light, one example being the complaints on whose basis criminal charges are pending

against R. N. Goenka and his associates in respect of Express Newspapers Ltd. and the National Jute Co. It is amazing that nationalised banks can sanction loans without even taking the trouble of physically verifying whether the hypothecated stocks of paper, jute, etc. actually exist or not.

\* Under-invoicing of exports, over-invoicing of imports, illegal transactions in import licences, diversion of quotas of imported or 'controlled' materials to the black market, benami transactions in shares:

(Jute companies, Jaipur Udyog, etc.)

\* Defalcation of workers' dues in respect of Provident fund and ESI is yet another source, from which crores are misappropriated for unaccounted purposes.

\* Illegal and artificially-boosted profits are also earned through what the MRTP Commission politely calls "restrictive trade practices", i.e. private agreements between companies whereby they can fully exploit the market for certain commodity or commodities by imposing certain conditions or restrictions on their dealers and buyers and by fixing prices to their mutual advantage.

Some of the more common restrictive practices relate to territorial restrictions, maintenance of agreed uniform prices, market sharing, exclusive dealings, restricting output and supply, granting of concessions and rebates, discrimination between customers, etc.

Cases filed before the MRTP Commission show, for example, how this type of ganging up for higher profits has been done by 8 leading tyre manufacturers, 8 rayon manufacturers, 10 electric lamp manufacturers, and similar groups in machine tools, chemicals and textiles.

Bata India Ltd. is charged with requiring its suppliers (small scale manufacturers) of footwear to supply exclusively to the company, preventing them from enlarging their capacity, and requiring them to sell surplus quantities at prices fixed by it, etc.

The common practice of deliberately cutting down produc-

tion in order to create artificial shortage, high prices and higher profits is well known as in the case of sugar, vanaspati, cloth, etc.

\* Only time and experience will show the use or misuse of funds which are currently being mopped up from the public in the form of deposits by *non-banking* companies. Some of the country's leading big business undertakings have now resorted to this practice of offering, through Press advertisements, higher rates of interest than those offered by the banks and thereby adversely affecting the latter's capacity for deposit mobilisation.

As on 14.3.75 Parliament was informed that companies can invite/accept deposits without the Reserve Bank's approval! There is no check on the proposed utilisation of the deposit monies and even copies of the advertisements soliciting deposits do not have to be filed with the Reserve Bank before being published! If this is not open encouragement to utilise public money for unaccounted (i.e. black money) operations, what it is!

#### *MULTINATIONALS ACTIVE:*

It is well to remember that, in addition to Indian monopolies, the activities of foreign-based multinational corporations are on the increase in our country, with all their economic and political implications, and their proficient techniques of price-rigging and "softening up" the administration in order to obtain undue concessions and facilities by the back-door.

The "New York Times" has already revealed that US companies operating in India has their contactmen inside key Government departments and spend enormous sums in bribing those who can misuse their official powers to give them advantage.

A foreign study of 50 *selected* US multinational corporations has revealed that 17 of them (Borg-Warner, Caterpillar, Cummins, Dow Chemical, Firestone, Ford, Goodyear, Honeywell, Ingersoll-Rand, International Harvester, IBM, IIT,

Otis Elevator, Sperry Rand, Singer, Union Carbide and Warner Lambert) are operating 21 plants in India.

However, it is also worth quoting the official reply to a question in the Lok Sabha on 30.4.75:

"There were 538 branches of foreign companies and 202 Indian subsidiaries of foreign companies in India on 31.3.1973. These foreign companies can be deemed to be multinational corporations since they control production or service facilities in two or more countries.

The profits/dividends remitted abroad by the branches of foreign companies and Indian subsidiaries of foreign companies during 1971-72 and 1972-73 were Rs. 32.95 crores and Rs. 39.11 crores respectively."

Needless to say, these figures do not account for huge undisclosed sums which are illegally remitted abroad by a variety of methods generally in collusion with the foreign exchange banks.

Another development in recent years has been the so-called "diversification" of activity into new fields by the foreign corporations, e.g. Indian Tobacco Co. into hotels and deep-sea fishing, Union Carbide into razor blades and manufacture of ready-to-wear garments, and so on. This way, these international giants are being permitted, in the name of bringing foreign exchange earnings into India, to mint higher profits, rig up prices, eliminate competition from Indian entrepreneurs and add to the volume of their overseas remittances.

#### *SELL-OUT TO BIG BUSINESS*

Recent trends in Government of India's policy show further appeasement of the big business houses and surrendering to their pressure for more concessions and less controls.

Thus, for example, the dividends restriction imposed in 1974 has been withdrawn; public sector shares are proposed to be sold to private investors; State Industrial Development Corporations have been advised to sell their equity holdings in concerns started by them; in the name of "liberalisation", all controls on licences (import and export) have been vir-



tually removed and so on. Messrs. Subramaniam and Pai are running riot and are receiving the applause of the captains of Big Business.

It is no wonder that the tall claims of having checked the price-rise by last year's wonderful package of "anti-inflationary" measures, based mainly on wage-freeze and credit squeeze, have ended in smoke and prices are again rising under the inevitable compulsions of capitalist crisis.

*Wholesale Price Indices*

	Week ending	Week ending
	5-4-75	3-5-75
Food Articles	355.6	369.1
Raw Materials	283.9	286.2
All Commodities	306.1	312.0

Such is the grim picture as we meet.



## Paper—9(a)

### WORKER—PEASANT UNITY—THE ORGANISATION OF AGRICULTURAL LABOURERS AND POOR PEASANTRY

1. For the advance of democratic movement, the agrarian movement has acquired in today's situation of deep crisis and stagnation of the national economy, crucial importance and urgency. Social unrest and conflicts have accentuated due mainly to the widening disparities in income and wealth and concentration of land in fewer and fewer hands. Raging inflation and galloping prices have further accelerated the redistribution of wealth in favour of the richer sections in the agrarian sector. The land reform laws enacted in different states have failed to break the land concentration. On the contrary by virtue of the policy of capitalist development in agriculture big farmers and kulaks have been economically strengthened, their grip on the rural life has been tightened. The countrywide land struggle in 1970 forced the Government to adopt the policy of drastically lowering the ceiling on landholding on family basis. The state Governments thereafter took three years to somehow complete the process of enacting revised ceiling laws on the basis of guidelines indicated by the Government of India. It is admitted now that technological changes alone has not been able to break through the stagnation that has lately set in in the agricultural production. The euphoria of so-called *green revolution* is gradually petering out despite pumping of huge amount of resources into the agrarian sector during the two decades of planning. The latent productive forces in agriculture can only be released by structural changes in the agrarian economy. The land ceiling laws are easier passed than implemented. Out of officially estimated 38.29 lakh acres to be declared surplus, only 2.16 lakh acres have been declared surplus. Out of it, only 19,557 acres have been distributed till March 31, 1975. Besides loopholes in the laws themselves, implementation against the stiff resistance of the landlords and big farmers and their agents in the Governments, is an issue of fierce struggle. It involves changes in the relation of forces in the agrarian sector. In the advent of such a countrywide struggle the working class and the trade unions must

throw their full weight in support of and in solidarity with the agricultural workers and poor peasantry in their struggle for implementation of land ceiling laws and redistribution of land. The agrarian movement is the largest contingent of the democratic movement. The Right reactionary forces are trying hard, although as yet unsuccessfully, to win over to their side the peasantry by taking advantage of widespread discontent and simmering unrest. It is therefore one of the foremost political tasks of the organised working class to forge close link with the agrarian movement and build unity with the peasantry for the advance of the democratic movement.

2. During the two decades of planning despite land reform and land ceiling laws and pumping of enormous amount of money into the agricultural sector, on the one hand, land concentration has accelerated, and on the other hand agricultural production has failed to keep pace with the possibilities and requirements. During the decade—1961-1971, the percentage of cultivators in the total working population in the rural sector has gone down from 52.8 (99.6 million) to 43.3 per cent (78.2 million) while the proportion of agricultural workers has increased from 16.7 per cent (31.5 million) to 26.3 per cent (47.5 millions).

Cultivators have been more and more dispossessed of their means of production swelling the ranks of agricultural workers. The agricultural workers along with poor peasants constitute nearly 50 per cent of the total working population in the rural sector.

It must be remembered that our country is still agrarian. Out of the total population in 1971 of 547.9 millions, the rural population constituted as many as 438.8 millions and 109.1 millions urban population. Not only that the main bulk of the population is rural, but 45.74 per cent of our gross national product also comes from agriculture. Our major traditional industries are agro-based, viz. Textile (Jute and Cotton), Sugar, Vegetable oil, etc. Monopolies including foreign monopolies, the multinationals continue to dominate important spheres of economic activities connected with agriculture—such as, oil, fertilizers, pesticides, agricultural implements, besides drugs, vegetable oil, etc. They dominate the foreign trade in agro-based commodities. They not only exploit the workers, hold the national economy to ransom, but more so the growers of these commodities. Jute, cotton, sugar cane growers continue to suffer from price manipulations by the monopolies and traders. The trade unions

of these industries ought to take initiative in forming joint front with the growers against the common enemy—the monopolies and speculators, and against the persistent policy of the Government to pamper these sharks.

3. The agricultural workers who constitute 26.3 per cent of the rural working population are not only victims of economic exploitation, but are almost constant victims of vicious social oppression, they being mainly harijans and tribals. With growing consciousness among the agricultural workers and spread of the movement to assert their rights—economic and social, the agricultural workers face increasingly violent attacks of the upper caste rich peasants and landlords, in which the latter get overt and covert support and connivance of the state machinery. In fact, casteism is used as a handy weapon to fight against the agricultural workers and their demand for human and economic rights.

The agricultural workers who have to remain unemployed for a large part of the year are the worst sufferers of inflation and high prices. In times of scarcities and famine conditions they happen to be the first victims. Even a large section of the cultivating peasants who unlike the richer sections have to resort to distress sale of their produce, equally suffer as they are more buyers than sellers of foodgrains and other agricultural goods. Barring the State of Kerala where commendable legislative and other steps have been taken, in no other State there is any worthwhile machinery to implement whatever meagre wages are fixed under the Minimum Wages Act.

It is an urgent task of the working class to forge unity with its closest allies—the agricultural workers and poor peasants in their struggle for better wages, against social oppression, for implementation of land ceiling laws and on other demands.

4. Trade unions have so long extended general support to the demands of the agrarian movement. But solidarity actions have been few and far between.

Trade unions in agro-based industries like cotton, jute and sugar can concretely workout programme of joint action against the monopolies who deprive the growers of remunerative price and also exploit the workers and can lend their hands in building up organisation of growers. Many new industries and projects have come up both in public and private sectors in rural and tribal areas in various

parts of the country. Workers engaged in these industries mostly come from the surrounding areas. Trade unions in these industrial units and projects should avail of the opportunity of organising the peasantry in these areas and can demonstrate concretely worker-peasant unity which will eventually strengthen the democratic movement. Employees and unions particularly in nationalised banks and the AIBEA can secure active support and mobilise the poor peasantry in the struggle for changes in the credit policy of the banks which are till now oriented towards the kulaks and landlords.

From general support to concrete solidarity and supportive actions by the working class with the agrarian movement, against instances of social and caste oppressions, should be the orientation that the trade union movement has to bring about.



## Paper—9(b)

### A NOTE ON SOME PROBLEMS RELATING TO THE SPEEDY IMPLEMENTATION OF LAND CEILING LAWS

1. The stagnation in agricultural production during the last few years has served to dispell some of the euphoria created by the so-called "Green Revolution" and to once again bring to the fore the urgent necessity of expediting the implementation of land reform laws, particularly the land ceiling laws.
2. The behaviour of the index of foodgrains production (base= triennium 1961-62=100) during the last twentyfive years clearly demonstrates that the two spurts in production have been caused by two distinct factors. While during the years 1950-51 to 1960-61, the index rose from 74 to 99.1 largely under the influence of the initial measures of agrarian reforms—such as the abolition of intermediaries—it continued to stagnate round 100 till 1965-66 till a new impulse was imparted by the high-yielding seeds programme. As a result of this programme, the index rose to 133.9 in 1970-71. Since then there has been a decline to 132 in 1971-72, and to 121.2 in 1972-73. Even the partial recovery in 1973-74 has not taken the index beyond 130.3. The high-yielding seeds programme seems to have spent out its momentum. The Agricultural Prices Commission has found itself perplexed over this stagnation in agricultural production and sought unsuccessfully to explain it either by the failure of the fertiliser programme or the irrigation programme.
3. Studies conducted by a number of high ranking officers and economic experts have clearly brought out the inhibiting role of absentee landlordism and sharecropping and similar other systems of insecure tenancy which are acting as constraints on the rapid spread of the high-yielding programme, on the application of high cost inputs and even on the full utilisation of the irrigation potential created by some of the major irrigation works. The narrow "enclaves" of the limited number of farms of the self-cultivating landlords and rich peasants have well neigh exhausted their possibilities of growth

and only a vigorous programme of broadening the base of the new technology through thorough-going agrarian reforms can unleash the vast latent forces of production lying dormant in the multi-million peasantry tilling nearly three fourths of the land.

4. This is not merely a peasant problem. Agriculture provides food for the entire nation and raw materials for nearly 45 per cent of our industries. Agriculture contributes a little less than 50 per cent of our national income. Moreover, the peasantry constitutes the biggest market for our industrial products. Hence agrarian reform is a national problem vitally affecting our national independence and self reliance.

5. "The unsatisfactory performance of the agricultural sector", remarks the *Economic Survey* for 1974-75, "is the root cause of the stagnation of national income and the acute inflationary pressures which have emerged since 1972-73". This situation has been seized by certain right reactionary forces to mount a ferocious offensive against all that is progressive in the country's policies, seeking to subvert parliamentary democracy and frustrate agrarian reforms. A rightwing party has unashamedly come forward with the blatant demand for a "moratorium" on land ceilings.

6. The delay in the implementation of the land ceiling laws is undoubtedly the primary cause both for the stagnation in agricultural production as well as for the counter offensive of right reaction. Although it is now nearly three years since the Chief Ministers' Conference of July 23, 1972, following which the "national guidelines" for amending the land ceiling laws were drawn up these laws are nowhere near implementation. The utmost that the ministry of Agriculture and Irrigation have claimed is that "the year under review saw the virtual completion of the process of amending the ceiling laws in the light of the national policy. Among the states, the only exception is Manipur which is still in the process of revising its law; the revised Maharashtra bill as passed by the state legislature still falls short of the requirements of the national policy and, therefore, President's assent has not been accorded to it."

(Annual Report—Page 63)

7. A land reform law is as good as the machinery of its implementation. A picture of this machinery can be obtained from the following admissions made in the Agriculture ministry's report:—

“The process of implementation has already begun in almost all the states. Since our system of law provides adequate opportunity to the affected parties to raise objections, prefer appeals against and seek revision of the various decisions, the process of implementation has necessarily to be slow and the resultant progress not spectacular. Nevertheless, about 24,300 hectares of surplus land has vested in the state and over 7,300 hectares have already been distributed to the eligible category of persons. The process of implementation has received serious setback in some of the states, notably Gujarat, Punjab, Haryana and Orissa as a result of the laws of these states having been challenged in the court of law.” (*Ibid.* page 63)

8. This dismal performance in the sphere of implementation has been seized by the landlords to further partition and transfer their holdings to *benami* owners while conducting a most ferocious offensive against the sharecroppers, against tenants in general and against the agricultural labourers in order to grab more and more land thereby swelling their illegal possessions. The dilatory procedure before the ceiling determining authorities and the constant recourse to writ litigation in the High Courts are mere smoke-screens thrown by the landlords in order to hide their real drive of stealing and concealing more and more land.

9. These developments are not entirely unexpected. Important foreign observers like Gunnar Myrdal have already come to the conclusion that “neither the political will nor the administrative resources for a radical, or for that matter, any fairly effective land reform, are present”. (*Asian Drama*, Vol. II. Page 1380). At the same time, the masses are resurgent and are vigorously pressing forward for a thorough reform of the outmoded agrarian system. Hence, some sort of a compromise is struck, the main outlines of which have been picturesquely described by Myrdal. “Under the banner of social and economic revolution, land reforms and other institutional changes of a radical character will be talked about and occasionally enacted into law in some form. Very little reform will actually be accomplished and even greater inequality may result from both Government policies and developments beyond governmental control such as the increase in labour force... The trend would thus seem to be towards capitalist agriculture though its advance is hampered in various ways and denied in official ideology”. (*Ibid.* Page 1384)



10. Few will dispute that this is a fairly realistic portrayal of the existing state of affairs made by an observer by no means unfriendly to the capitalist social order and in no way hostile to India and her ruling classes. The only snag in the argument is that the author has forgotten the resurgent masses who may “explode the molecule” and totally upset the nicely balanced equilibrium of radical promises combined with conservative practice. Or before that comes to happen this dichotomy between radical promises and reactionary practice may so disillusion the masses as to enable the right reactionaries to seize power and give an official go-by to all talks of land reforms.

11. This uneasy situation poses a challenge to the ruling elite to vigorous measures to implement its solemn promises in order to speedily overcome the agrarian crisis and rouse and galvanise the rural working masses. The real test of a political will to implement the land ceiling laws is to streamline the machinery of its implementation. This machinery, as experience has shown, suffers from two major defects. *Firstly*, the law leaves too many loopholes to the landlords to delay and even evade the implementation of the land ceiling laws. *Secondly*, this machinery is totally devoid of any popular element and therefore, incapable of speedily and properly implementing the ceiling laws even with the best will in the world, which too, as we have observed, is sadly lacking.

12. The time has, therefore, come to give a deep thought to the whole procedure and machinery of implementation. The situation, as described above, indicates the need for the adoption of the following measures:—

i) An immediate amendment of all the land ceiling laws, if necessary by an ordinance protected by a further constitutional amendment, empowering the Government to straightway declare that all surplus land, over and above the prescribed ceiling will immediately and unconditionally vest in the state free from all encumbrances—On and from a particular date and calling upon the landlords to apply for exemption of the areas under their cultivating possession up to the prescribed ceiling;

ii) An open call to all share-croppers, other kinds of tenants and agricultural labourers to file before the prescribed authorities a return giving details of the lands cultivated by them and praying for fixation of fair rents;

iii) Formation of special committees charged with the responsibility of fixation of ceilings and determination of fair rents consisting of representatives of the Government and of such political parties as are committed to the speedy implementation of the programme of land ceilings and other land reform measures;

iv) A declaration cancelling the settlement of all waste lands and Government Khas Mahal lands with persons already owning land above the prescribed ceiling;

v) Stay of all consolidation proceedings pending the determination of ceilings and fixation of fair rents for tenants;

vi) Appointment of special tribunals to speedily restore to the tribal peasants all lands from which they have been illegally alienated by the moneylenders;

vii) Recognition of ownership rights of agricultural labourers on existing homesteads, grant of free house-sites to those without homesteads and collective fines on landlords who burn down houses of agricultural labourers or otherwise commit atrocities on them.

13. Many economists have challenged the very wisdom of the policy of imposing ceilings on agricultural holdings and distributing surplus lands among the landless labourers and poor peasants. Dandekar and Rath, for example, have argued that "the redistribution cannot reduce the number of such uneconomic holdings. Indeed it lifts the landless into this category and vastly increases the number of uneconomic non-viable holdings". And then they forecast a dismal future for these "nonviable holdings": "most probably, the small uneconomic holders, old and new, will sell their land and turn landless. The entire operation of redistribution may thus be nullified." (Poverty in India—Political and Economic Weekly—January 9, 1971)

14. This dismal forecast, though seemingly logical, is yet based on a total misconception of the ultimate aim of the programme of ceilings and redistribution of land. Ceilings and redistribution are only means to an end and not ends in themselves. They are preparatory steps to the advance towards the cooperativisation of the small holdings. It is true that the small holdings by themselves have no future. As a matter of fact, under the inexorable law of concentration of property under capitalism, even the middle-sized and some of the large-sized holdings have no future. They are bound to be devoured by the big sharks of capitalist landlordism sooner or later.

But such a development will be extremely costly for a country like India. With the existing pressure on the land, such a development will only accentuate the problem of landlessness, unemployment and poverty for tens of millions of dispossessed farmers, thereby creating an explosive situation that may lead to the blowup of the entire system. Hence, the only prudent course is to go ahead with the programme of ceilings and redistribution of land and then consolidate these tiny and scattered old and new small holdings into cooperative enterprises beginning with mutual-aid programmes and service cooperatives. With suitable state aid these cooperatives can better serve the nation by increasing the supply of foodgrains and industrial raw materials than the large farms are doing today. In fact, they can do more to alleviate rural unemployment by embarking upon a vigorous programme of wide-spread agro-industries which cannot otherwise be started.

15. Uneconomic holdings are certainly non-viable under capitalism. But they become viable if they are pooled together in cooperatives. With our country's commitment to the socialist pattern of society, there should be no difficulty in adopting this non-capitalist path of agricultural development.



## Paper—10

### STRENGTHENING OF NATIONAL INDEPENDENCE, NATIONAL ECONOMY AND PARLIAMENTARY DEMOCRACY

The depth of the crisis into which our country and our people have been plunged is evident by the fact that 27 years after independence all the basic gains that were made as a result of our struggle for freedom are in jeopardy. There is the distinct menace of the reversal of strides that our nation has made in the fields of the buildup of our freedom, our economy and our democratic institutions. It would be the height of criminal complacency were this menace to be overlooked or under-estimated.

Our freedom is threatened by the buildup of the US armed ring around our country—Diego Garcia, the lifting of the embargo on arms supply to Pakistan, the reactivation of the naval forces of SEATO, the huge arms sales to Iran and the Persian Gulf States—from the one side and the subversive activities of its Maoist colluders on the other. It is threatened by the economic squeeze that the U. S. imperialists, its multi-nationals and its affiliates are putting on vital sectors of our economy. Our national economy faces dangerous pressure not only from outside but from the blackmail and production holdup of the Indian monopolists and landlords who have virtually seized the major capacities for the production of essential consumer commodities or wage goods as they are called. And our democracy is under attack from the “party-less” attack of internal reaction fed by and representing the same bloc of forces that constitute the danger more directly and openly in the other two spheres just mentioned.

2. But why is the menace assuming such proportions and why should the tocsin be sounded? Are not all these dangers something that any nation has to live with and will have to

live with so long as the worldwide transition from capitalism to socialism is not completed? True, these dangers do emanate basically from the fact that world imperialism, in particular US imperialism, though weakened is still powerful, ferocious and even grown more desperate. The imperialist man-eater is on the prowl looking for "soft" victims who may not be in a position to fight it off, chase it away and wound it some where.

But is India "soft" victim? To some extent, yes. And that precisely is why the danger is so great. We are vulnerable. And the reason for this is basically that the ruling class and the ruling party have put our country on the capitalist path of development and continued to place our country in the world capitalist division of labour. And it is this path that is in a state of what can be termed its own general crisis.

What are the elements of this general crisis? The slow-down of the already tardy pace of the growth of the national economy to barely around 3% annually, hardly giving scope for accumulation and extended reproduction. Both in industry and in agriculture even the momentum of the 1955-65 decade has not been maintained but considerably slackened.

The failure to break the poverty barrier so much so that even government statistics admit that in the past decade those living below the poverty line—officially defined as around Rs. 28 or so in 1973-74 or Rs. 20 in 1960-61 prices—have swelled to around  $\frac{2}{3}$  of the population. The existence and spread of poverty is not only a tragic fact for our vast millions but constitutes the material base for both demoralisation and desperation on a national scale which puts everything in jeopardy.

The spurt in unemployment and inflation, Dr. A. K. Sen of the London School of Economics has estimated that a full one third of India's 186 million work force (in 1971) is unemployed while the 453 employment exchange that are spread all over the country report that 8.5 million are unemployed representing a 35 per cent increase in the past 18 months. Here again personal tragedies are also an enormous national waste testifying to the fact that the capitalist system in our country is increasingly unable to utilise the production forces which it has itself created. And the price rise has gathered a momentum of a cumulative 20 to 25 per cent annually which has

made a mockery of any attempt at planned development. Based as it is on the Government's policy of deficit financing, the tremendous pileup and proliferation of blackmoney and the stockholding as well as production slowup by the monopolists and landlords, inflation acts as a major income redistributor in favour of the lords of industry and the land and acts as the destabiliser of the meagre means of living of the masses.

The tie up with the imperialist contries which now requires as much as Rs. 634 crores or more in repayment of loans annually, almost an equivalent amount in the reverse transfer of technology and repatriation of profits, royalties and fees amount to well over Rs. 100 crores—to calculate the loss from nonequivalent exchange is practically impossible but is bound to be more than debt servicing to say the least.

Despite cutting the sorry tale short one has to mention the growth in the assets and power of the 75 monopoly houses which now own over 55 per cent of the non-banking assets of the private sector and their tie up with the landlords and capitalist land owners through the mechanism of the wholesaler—dominated commodity market.

All this has led to the virtual collapse of even the limited but absolutely indispensable partial planning which had been part of the gains registered by the nation. In the second year of the implementation of the Fifth Plan there is no Fifth Plan! A vigorous effort is being made by forces of the Right within and outside the ruling party and the state apparatus to convert our economy into a fully market economy and push it on to the path of dependent capitalist development as has happened, e.g. in Brazil.

An inherent aspect of the general crisis of the capitalist path of development is the crisis of parliamentary democracy. What we are witnessing today is a near breakdown of the "normal" mechanism of bourgeois rule. We see that the gaining of huge majorities does not provide stability for the ruling party. We see that increasingly even policy decisions and measures passed by political authority remain unimplemented. We see the rule by ordinance, suspension of assemblies, curtailment of fundamental rights by MISA and under the emergency. We see the unprecedented corrosion of the democratic

process by the power of big money and corruption. We see the repeated failure of the forces of the Right, representing the neocolonialists, monopolists and landlords, to use the mechanism of parliamentary democracy to come to power. We see these Rightist forces increasingly taking to extra-constitutional, extra-parliamentary methods of struggle, including both mass movements and individual terrorism, to create anarchy and chaos so as to establish ultimately a neocolonist dictatorship. And in this task it is interesting to find the "left" opportunists and the Maoists joining in.

This crisis of the "normal" mechanism of bourgeois rule is actually not accurately assessed when it is merely put down to the discontent of the masses. Certainly they are discontented but to say that is to say next to nothing. What is happening in our country is the increasing turn of ever widening sections of the masses towards the search and the struggle for an alternative path and an alternative system. It is just at this moment, therefore, that counter-revolution rushes forward to try to intercept the discontented masses in the name of "total revolution".

As a matter of fact, the crisis of the "normal" mechanism of bourgeois rule is in our country a sign that the rule of the bourgeois class as a whole is in crisis brought on by intra-class differences as well as by and in conjunction with the rising discontent and struggle of the masses. What is coming to a close are the halcyon days of one class and one party rule.

3. The question that has now to be posed is why should the working class, the trade unions and the toiling people be at all interested in such matters as strengthening national independence, national economy, and the system of parliamentary democracy? After all, the job of the working class, surely is to fight for socialism and in the interim for higher wages, DA, bonus and the like. Fight for a bigger share of the cake until the entire cake belongs to the class and its toiling brethren!

Unfortunately, life is not so unilinear nor the revolutionary process so straight. The problem of problems for the working class is the problem of transition. Certainly, not for a moment

must it forget its objective, i.e. to fight for socialism. Neither for a moment must it forget to fight for a better price for 's labour power. It should not forget either that the abolition of the wages system is its goal or that a slave who does not fight to be a better paid slave will never be in a position to fight for the overthrow of slavery. But what is the working class to do in a situation where the country, its freedom, its economy, its democracy are threatened? Can it afford to confine itself to economic struggles, on the one hand, and abstract propaganda for socialism, on the other? Moreover, is it not clear that the working class can neither win its immediate demands nor advance in the direction of socialism, without winning allies? And how are allies to be won in the concrete situation of crisis in which the country has been plunged? Further, are not the forces—the imperialists, the monopolists and the landlords—who seek to utilise the crisis for purposes of a reversal and throwback—the chief enemies of both the immediate and the ultimate struggles of the working class? Winning the battle of democracy is indispensable for winning the battle of socialism.

Thus, the working class has to intervene in this given crisis not to save the capitalist system nor to line up behind one section of the capitalist class. It has to intervene to see that what the nation and the class as a part of it has gained is not lost to the worst enemies of both. It has to join hands with all those who are interested in preserving these gains and in repulsing those who would destroy them, including sections of the ruling class and party. It has only to visualise as to what would happen were India to lose its sovereignty, the national economy to pass under the total control of the neocolonialist-monopolists-landlord combine and the parliamentary democratic system to be replaced by authoritarian and even fascist forms of rule. Would this help the struggle of the working class or create still greater obstacles in its way? The question was only to be asked to be answered.

Incidentally, one point should be made clear. And that is that defence of parliamentary democracy is not to be equated with the defence of the right to vote every five years, though that right is precious. It is even more a matter of defence of



the democratic rights like the right of organisation, demonstrations, strikes and meeting. If parliamentary democracy goes it is not only the right to vote but these rights also. It is these rights that are essential for the working class and the toiling people in general.

Another point requires clarification and that is the difference between bourgeois or parliamentary democracy and fascism or Right reactionary rule. It is often demagogically asked as to whether arrests, beatings, firings and the like are not taking place under the present dispensation. They are and where is a single country of bourgeois democracy where this does not take place! But under fascism what happens is a qualitative worsening of the situation. The most aggressive sections of the monopoly capitalists rule in the fascist form without any democratic rights of protest and action for the people. As a matter of fact, fascism can be defined as the rule of monopoly capital without democracy. Under fascism trade unions are not merely attacked, they are not allowed to exist. Workers who fight are not merely arrested but shot out of hand or forced to live underground. Concentration camps becomes the home of working class fighters and democrats unless they manage to live the hunted lives of underground revolutionaries.

The difference can best be understood by a concrete example. In the period before the late comrade Allende was voted to the office of president of Chile there was a bourgeois democracy with arrests and firings but also the right to vote for this great champion of socialism! And when he was killed and democracy was murdered—that was fascism. The period prior to Allende's victory and the period after his murder—that illustrates the difference between bourgeois democracy and fascism.

4. The final question that will be posed and sought to be answered in this paper is: how will the working class fight in order to defend national independence, the national economy and parliamentary democracy?

Can it fight this battle on its own? Obviously, it cannot fight this battle effectively without unity in its own ranks but the fight for its own class unity and the fight to unite with other democratic sections are not two fights but two forms of the same fight. Indeed, it is one of the gravest and greatest defici-

encies of the working class and the entire democratic movement in our country that a system of alliances has yet to evolve and be built and advance. The working class remains a class in itself and can never become a class for itself without taking the lead in bringing into being such a system of alliance. The working class after all cannot emancipate itself without emancipating all the exploitation and the oppressed. And in order to do this the working class has to take up the fight of the others who work, suffer and struggle. It has to come before these others as their best friend and champion. It has to come before the toiling and democratic masses and the entire nation as the best fighter against their worst enemies. Both for its sheer self-preservation and for its advance the working class has to emerge as a national force even as it always has to uphold the banner of international class brotherhood.

Can the working class and its allies ever win this battle by preserving the status quo? Obviously not since it is the status quo itself that has bred and will continue to breed these monstrosities which menace all that is healthy and progressive in our nation. The fight to defend our freedom, national economy and parliamentary democracy has to become an integral part of and grow over into the struggle for radical, democratic socio-economic transformations. In the very interests of our nation and its democracy the socio-economic base of the Right has to be weakened and then eliminated. The fight against the right requires action against the multinationals, the Indian monopolies and the landlords. It requires action against the tie up of our economy with that of world imperialism, the drain that it leads to. It requires the strengthening and extension of the public sector and its democratisation. It requires the consolidation and development of our all-sided relations with friendly socialist countries, above all the Soviet Union. It requires stern struggle against all those policies and actions of the government and the ruling party that are anti-popular and that take the shape of compromises with and concessions to the Right. It requires the most strenuous effort to increase the political weight, influence and capacity for shaping national policies on the part of the working class and other democratic sections of our people.

It involves as a perspective the replacement of the present government by a new democratic coalition that would genuinely represent the working class and all other democratic forces including those which even now are in the ruling party and its government. The present one class and one party rule either at the centre or in the states cannot any longer be relied upon even to preserve the gains of the past much less open the way to the future. As part of the struggle to advance to this perspective comes the battle to shift the policies of this government to the left, to weaken the stranglehold of the bureaucracy which has practically set up a dual power within the Indian state, to curb the influence of reaction from within and outside on the government and the state as a whole.

To put in slogan form: one must fight the Right to move left and move left to fight the Right. In this crucial battle and confrontation which is at the very heart of the Indian situation today there is absolutely no ground for pessimism even as we eschew all complacency. We are witnessing the qualitative intensification of the general crisis of capitalism which means the weakening of our main enemy—world imperialism. We are witnessing the qualitative strengthening and increase in influence of our best friend—the Soviet Union and other friendly Socialist States. We are witnessing the tremendous radicalisation of our masses and the growing cohesion of their ranks. We are witnessing the retreat of the Right in States where the working class, its allies and their representatives stand up against it. There is every reason to believe that revolution in India would advance by crushing counter revolution.

Let the victory of Vietnam be not only an inspiration but a portent.



## Paper—11

### ON SOME PROBLEMS OF T. U. ORGANISATION

It is intended to pose here certain problems of trade union organisation in respect of (i) individual unions, (ii) State and Federal Centres and (iii) United Front organisation and functioning.

Trade union organisational activity has developed new dimensions and acquired additional responsibilities. In conditions of today—conditions of a deep-going economic crisis, the economic demands of the working class and the spontaneous trade union action for these demands assume political dimension. When from this experience grow certain political demands. Certain questions of Policy that the Govt. has to give up or adopt. Those political demands become demands of the trade union movement. For example, from the economic demands arising out of inflation and from the confrontation between the trade union movement and the Government has emerged a democratic platform of socio-economic policies as opposed to the bourgeois policy represented by Compulsory Deposit law and attack on worker's earnings.

Trade union organisation has to meet these new requirements and challenges too.

Trade union bodies by and large function on a more or less "active leaders passive masses" pattern. But this situation changes when unions move into struggles and strike actions. The leading bodies of unions are usually narrow and not representative and broad based. There is a big gap between the union leaders and the shop level activists where our unions particularly are not recognised. But this shortcoming applies to unions not guided by us, even when they are recognised.

It is therefore very necessary that the leading bodies of the unions are fully representative and broadbased whether

recognised or not. This will inspire confidence among all the sections of workers and help to rally them behind the union.

These bodies must function regularly and democratically. Union conferences should be regularly held. Democratic functioning results in wider dissemination of information and creates broader sanctions for the decision taken. This results in better striking power of the workers and better bargaining power for the union.

One other aspect of T. U. organisation that must be emphasised is organising the unorganised, expanding the T. U. membership. This requires special attention and efforts. The reasons that keep the workers away from the union may be manifold. They should be examined and met. There must be regular check up by the leadership of the fall or rise of membership periodically.

Then there is the question of membership of unions belonging to the other TU centres. Organised efforts have to be made if unity has to be built from below and if overwhelming majority of the workers are to be brought into a single union.

Workers adhere to unions of other centres for a variety of reasons. There will be political loyalties or sectional appeals operating. Organised efforts have to be made. A whole complex of organisational activity—of campaigning below among the workers, of approach to other unions and their cadres, of dialogue with them or polemics, and above all of a variety of forms of struggle and of forms of united action will have to be worked out and adopted, without losing our identity on matters of thinking and approach in a broad way.

This brings us to the question of TU agitation and propaganda. Our TU agitation and propaganda is far from satisfactory. Trade Union journals or propaganda pamphlets do not reach the mass of TU activists, not to speak of members. Propaganda pamphleteering is not done as frequently as possible, even sometimes during strike struggles. Meetings, discussions, seminars and the like are rarely organised to disseminate information and educate the workers. Struggles and strikes, movements and agitations must be critically reviewed by the leadership and conveyed to the rank and file.

Such are some of the most urgent organisational tasks, of functioning a union, of building a union and of TU agitation and propaganda that confront us.

It is of key significance that State and Federal Centres function properly. Herein lies the key to improving the functioning of individual unions too. State Executives should regularly meet to review the organisational position and fill in the organisational gaps. They should coordinate the TU movement in the State or in the industry, work out slogans of action, review movements and bring out TU propaganda literature. They must plan meetings and hold regular conferences.

Streamlining the functioning of state and Federal centres is of utmost importance.

With regard to organisation of United action we have to deal with two types of united action.

One type of united action, that must be consciously promoted and would be more and more necessary is that between say Bankmen and peasants in the sphere of agricultural credit, between cotton growers and cotton textile workers and so on and so forth.

Here again all-India centres and state centres have to take initiative in such matters. Conferences, joint meetings and issue to issue united action committees will be the immediate forms of organisation in this field.

The second type of united action has to be between the unions of various affiliations. This is a rather complicated question and needs a careful tackling. There will be reformist unions or sections of leadership, or INTUC that would be holding the workers back from action and who would rather line up behind the employers and the Government. The role of CITU and sections of socialists would be disruptive from the other end. In a dispute and struggle, they are prone to prefer a fiasco to a settlement under the false plea that this 'revolutionises' the worker. But in fact such tactics frustrate the workers and hampers his growth.

In these circumstances we must pose the issues clearly. The united front should be entered with for a specific united action on clearly defined issues, aimed at a reasonable settlement as

a primary aim, where possible and struggle where necessary. Extraneous and irrelevant matters should not be permitted. We should not allow others to dominate the Joint Action Committees where they are formed nor do we seek to inflict our domination on others. The organisation also conforms to the limited objectives of the movement dictated by the needs of the situation. The front is neither permanent, nor does it have a leader and a team type of organisation. We meet on specific issues and avoid what divides us.

Such are some of the problems of TU organisation that need our urgent attention.

