

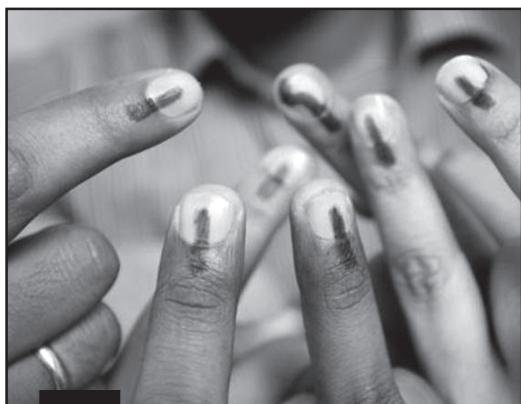
# EMPLOYEES' FORUM

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## A CONTRACTIONARY BUDGET

The Union budget 2018-19 reflects, once again, the clear commitment of NDA Government to serve the interests of foreign and domestic big corporates, while mounting further assaults on the vast majority of the working people of the country. A lot of fanfare is being created by packaging the budget as pro-poor by projecting massive expenditures on agriculture, rural development and national health care scheme of medical coverage of 10 crore households upto Rs 5 lakhs per year.

But the fact is that the expenditure on agriculture and rural development, as percentage of GDP, is reduced from 1.15 per cent to 1.08 per cent; the total health expenditure has fallen from 0.32 per cent of the GDP to 0.29 per cent; central expenditure on education has fallen from 0.49 per cent of the GDP to 0.45 per cent.

There are no allocations for meeting the expenses and for ensuring payment of deficit in price to farmers in the event of them receiving prices below MSP. The budget is silent on any policy for liberation from indebtedness for the peasantry. The allocation for food subsidy and procurement of crops is grossly inadequate to provide either support to the farmers or commitments under the Food Security Act. There is no mention of a loan waiver for the farmers groaning under debt burden who continue to be pushed to commit distress suicides. The budgetary proposals for agriculture are aimed at helping the corporate agri-businesses and have no vision for promoting farmers' welfare and fails to deliver on the demands of the farmers, agricultural workers and the poor.

The allocation for ICDS is grossly inadequate to even cover the increased cost norms for the supplementary nutrition declared by the Government. The demands to

increase budgetary allocations for SC welfare as per the population ratio and to make a law for guaranteeing the spending of these funds for SC welfare only is not taken into account.

On employment generation also, the claim made in the budget is not true. The net employment generation has turned negative in absolute terms if job-losses owing to closure of factories/establishments during the period is taken into account.

The budget remained liberal about extending concession to big business houses and shut down its eyes on the plea of supporting micro, small and medium scale enterprises (MSMEs). The corporate tax rate is reduced from 30 percent to 25 per cent to companies having Rs 250 crore annual turnover. At the same time the income tax exemption limit for the salaried and other sections of the working people remains unchanged. The employees see a reduction in the earnings on their savings.

Coming right after the introduction of GST, the government refuses to acknowledge the ground reality and overestimates the GDP growth at a nominal rate of 11.5 per cent and a real growth rate of 7-7.5 per cent. Even by these overestimated standards, the size of the total budgetary spending by the government has come down.

The budget does not seek to mobilise revenues by increasing direct taxes applicable to the rich. The proportion of the direct taxes in gross central taxes are budgeted to come down from 51.6 per cent to 50.6 per cent. The government expenditure to GDP has now reduced further from 13.2 per cent to 13 per cent. This means that there will be further reduction of employment opportunities and social welfare expenditures.

The government has been moving fast in selling out the national assets through wholesale privatisation. The budget proposes a target of Rs 80,000 crore for disinvestment of PSUs during the fiscal 2018-19. Under the camouflage of expanding railway network, the project of total privatisation of the railways is being pursued in full swing.

A shrewd, rather somewhat cruel, window-dressing has been done in the budget by way of a national health care scheme of medical insurance coverage for 10 crore households. The fact remains that there is no additional allocation for the scheme.

The budget is a typical propaganda packaging exercise by the Modi government to hoodwink the people. This contracts expenditures and disinvests public sector to reduce the fiscal deficit to appease international finance at the expense of imposing greater burdens on the Indian people. It will push the entire country in the midst of extreme and obscene income inequality. The Union Budget for 2018-19 turned out to be a deceptive one, meticulously articulated to misguide and confuse the people. It continued to remain a contractionary budget and focus of almost all government expenditures are designed to benefit only the rich and propertied business class and the common people and the workers in particular are being subjected to deeper exploitation and repression. The budget is anti-worker, anti-people and also militates against the national interest. □



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## **Simultaneous Elections: Assault on Democracy**

**Prakash Karat**

**T**he Prime Minister and the BJP are keen to enforce simultaneous elections for the Lok Sabha and the state legislative assemblies. The President, in his address to Parliament, has called for a sustained debate on simultaneous elections, so that political parties can arrive at a consensus on the issue. The case for simultaneous elections is that frequent elections impose a huge expenditure on the exchequer. It is also stated that the 'Model Code of Conduct', which comes into force before the elections, implede development activities. A series of elections every year is also a heavy burden on human resources.

The argument against enforcing simultaneous elections for Parliament and the state legislatures are not technical in nature, or, that it is impractical. The basic objection to

the concept is that it is fundamentally anti-democratic and strikes at the root of the parliamentary democratic system. To hold the Lok Sabha and state assembly elections together would require tampering with the Constitutional scheme of accountability of the government to the legislature. Under the Constitution, if a government is voted out on a no-confidence motion, or, loses a vote on a Money Bill, it is bound to resign and if no alternative government can be formed, the House is dissolved and a mid-term election held. There is no fixity of tenure enshrined in the Constitution either for the Lok Sabha, or, for the state assemblies.

In order to bring about simultaneous elections, there are various suggestions being made to amend the Constitution. One of the suggestions made by a discussion paper



released by the Niti Aayog is that if the dissolution of the Lok Sabha cannot be avoided and the remainder of the term of the Lok Sabha is not long, then a provision can be made for the President to carry out the administration of the country, on the aid and advice of a Council of Ministers to be appointed by him/her till the next House is constituted. This outrageous proposal would make the President head the executive. This is bringing an executive President through the back door.

The other corollary is that if, at the time of the dissolution of the House, the remaining period is long, then fresh elections would be held and the term of the House would be only for the rest of the remaining period, i.e., if the dissolution of the House takes place say after two years of its term, then, the election will be held for a three year term. So, actually, there will be more frequent Lok Sabha elections, which defeats the purpose, for which simultaneous elections are being advocated. Similarly, in the case of state legislatures, if there is a dissolution after a major part of the term is over,



the Governor would run the state for the rest of the term of the House. This again would mean Central rule.

The other way proposed for aligning the Lok Sabha and state assembly elections is to extend the life of some of the assemblies, or, shorten the tenure of some. The Niti Aayog paper proposes reduction in the term of the Tripura Assembly by 15 months at one extreme and extending the life of the current Bihar Assembly by 13 months at the other end. Both reduction of the tenure of the assembly, or, its extension are profoundly anti-democratic and violate the basic right of citizens to elect their legislators.

Various strategies are put forth to circumvent the accountability of the executive to the legislature and to ensure fixity of tenure of the House. One of the proposals mooted is that when a no-confidence motion is moved, it must be accompanied by a motion to elect a new leader of the House. This means that the right of the legislators to vote out a government is circumscribed and conditional to their electing a new government. The obsession with fixity of tenure and stability is a ruling class concern which is in full conformity with the neo-liberal regime.

The right of elected legislators and members of the Lok Sabha to vote out any government cannot be circumscribed, nor can the right of a ruling party which has a stable majority in the House to recommend dissolution of the House and hold early elections be also curtailed. India is a vast country with political diversity and only a federal set-up can sustain political democracy. Having elections in states at different times is one element of the federal system.

The BJP slogan is “One nation, one election”, just as it believes in “One nation, one culture, one language”. The concept of holding simultaneous election by tampering with the Constitution will only foster centralized authoritarianism. This must be resolutely opposed. □



# The 2018-19 Union Budget

**Prabhat Patnaik**

**T**he Union Budget for 2018-19 sets a new record for cynical dissimulation. To be sure there is a certain amount of “window dressing” in all budgets, but the announcement of fantabulous schemes with scarcely a paisa earmarked for them, as has happened this year, is quite unprecedented in the annals of budget-making in India.

Consider for instance the much-hyped “World’s Largest Healthcare Programme” announced in this budget, which is supposed to provide insurance cover for up to Rs.5 lakhs per family to 10 crore families constituting 40 percent of India’s population. The total sum allocated for this programme

is a paltry Rs.2000 crores, which is only Rs.672 crores more than the amount earmarked for its precursor (which provided insurance cover for upto Rs. 1 lakh per family) in last year’s budget (and that sum too was not fully spent).

Commentators have rightly noted that the insurance route to providing healthcare is totally counter-productive: it simply enriches private hospitals and insurance companies. The only sensible way for the government to provide healthcare is through public facilities, such as under the National Health Service in several European countries. Ironically, the U.S. which Page | 2 The 2018-19 Union Budget spends a larger

proportion of the federal budget on health care than Europe, has an abysmal healthcare system compared to the latter because it follows the insurance rather than the NHS route.

But let us for a moment set aside this issue. Even for an insurance scheme, the amount the government has budgeted is trivial compared to requirements. When the Rashtriya Swasthya Bima Yojana (RSBY), the original version of this programme was launched, the maximum annual benefit for a family was Rs.30000. But the insurance premium paid per family in most states was around Rs.500, i.e. one-sixtieth of the maximum benefit. On this reckoning, and assuming the same level of participation as in the original RSBY, the premium for a maximum benefit of Rs.5 lakhs should be Rs.8300; and for 10 crore families, the total premium should be Rs.83000 crores. Assuming that there is a 60:40 sharing of this premium between the centre and the states (and ignoring the fact that for the North- East the ratio is actually 90:10), and that all state governments agree to such a ratio and come on board, rather than going their own individual ways, the central budget's provision for this scheme should have been Rs.50,000 crores.

The fact that only Rs.2000 crores have been provided instead of Rs.50000 crores, suggests that the central government expects the enrollment under this scheme to be extremely meagre. It assumes in other words that the scheme will be a non- starter anyway and hence will need very little funding; and yet it hopes to derive considerable mileage from it for showing solicitousness towards the poor.

It is of course being argued that the provision of Rs.2000 crores is only for the first year, when the programme would not have taken off anyway because of the lead time required for it. But the fact that the government is simply dissembling is obvious from the figures mentioned by officials of both the Health Ministry and of the Niti Ayog. They reckon the annual insurance premium for this programme to be only around Rs.11- 1200 per family, i.e. just over twice the amount paid when the maximum benefit was Rs.30000. This is so ludicrous a figure that they either have no idea what they are talking about, or are already proceeding on the assumption that the scheme will be a dud one, even while tom-tomming it as the “World's Largest Healthcare Programme”.

The other talking point about the budget has been its supposedly pro-agriculture bias.





The main promises here have been: an increase in the institutional credit to agriculture from Rs.10 lakh crores last year to Rs.11 lakh crores in the coming year, and a minimum support price for the kharif crop that is 50 percent above the cost of production.

Now, neither of these are matters involving the budget. The increase in credit to agriculture is a matter for the banks to decide. The government cannot micro-manage bank lending, other than through setting “priority sector” norms, which the Page | 4 The 2018-19 Union Budget banks supposedly have been meeting anyway. But, as the case of “priority sector” lending suggests, what constitutes agricultural credit is defined so widely that even if Rs.11 lakh crores do go to “agriculture” this year, not much of it would actually get to the peasantry.

As for the minimum support price, simply announcing such a price that happens to be 1.5 times the cost of production means nothing, unless the peasants are actually paid that price through government procurement. Ironically, even though there have been protests against farm-price crash all over the

country recently, and potato farmers in U.P. have been dumping their crop in front of Yogi Adityanath’s residence, Jaitley claimed that the peasants in the rabi season were already given an MSP that was 50 percent above the cost of production; this only underscores the vacuity of the budget’s MSP promise for the kharif season.

This vacuity is compounded by the Modi government’s concept of “cost of production”. There are two quite distinct concepts here: one refers to the actual paid-out costs (in cash or kind) plus the cost of family labour; the other refers to this concept plus imputed rent on own land and imputed rental on own fixed capital. The Modi government’s promised MSP is with respect to the former concept, while the M.S. Swaminathan Committee which had recommended an MSP 50 percent above the “cost of production” had the latter concept in mind. Since the latter cost in the case of paddy (a kharif crop) can be as high as 50 percent above the former, the Modi government’s MSP can still even fall short of the latter cost. And even if it does happen to exceed the latter, this MSP may still not cover the interest foregone in buying fixed capital, and the transport cost.



Besides, if the peasants have to be paid a higher price but its impact is not to be felt by the poor consumers, then there has to be an expansion in government subsidy and in the scope of the public distribution system. There is no evidence that the government has even thought about issue, even as it blithely talks about doubling the farmers' income, or giving them a price 50 percent above cost of production. Clearly, these are just throwaway remarks which signify nothing.

In any case however this MSP promise has nothing to do with the budget. In the budget, compared to the revised estimate for last year, there is only a 7 percent increase in nominal terms in the allocation for the Department of Agriculture, Cooperation and Farmers' Welfare, which means a decline in allocation relative to the GDP. The "pro-farmer bias" in short is just hype.

When in addition we consider the fact that the provision for MGNREGS has been kept unchanged in absolute terms at Rs.55000 crores which does not even take into account the wage arrears, let alone the rise in prices; and that the allocation for ICDS has been slated to increase by only 7 percent compared to last year's budget (i.e. to fall relative to GDP), it is clear that Page | 6 The 2018-19 Union Budget social sector expenditure, as in previous NDA budgets, will continue to languish.

In fact the strategy of the current budget is simple: make immense noise about "helping the poor", "helping the peasants", "helping the women" and so on; do not give an extra paisa from the budget towards these ends, but promise the moon from off-budget sources; and carry out an expenditure squeeze to reduce the fiscal deficit in the face of subdued receipts caused by the switch to GST.

This squeeze on expenditure is clear from the fact that the total spending is to go up by only 10 percent in nominal terms compared



to last year's budget, which is even below the assumed nominal GDP increase. The share of central government expenditure in GDP in other words is budgeted to fall. Such a contractionary budget in the midst of a slowing down of GDP growth may appear odd; but that is what the neoliberal regime which the NDA government assiduously upholds demands of it; and it has dutifully obeyed.

The one area where it has strayed a little is in re-imposing the long-term capital gains tax; and already the stock-market has shown its displeasure at such temerity in no uncertain terms, as indeed it had done when Pranab Mukherjee as Finance Minister had tried to plug the "Mauritius route" for corporate tax evasion. No doubt, the present government will backtrack on this move, as its predecessor had done then. A government under the neo liberal regime after all has the freedom to victimize minority communities, but not to tax corporate gains.□



**Budget 2018-19**

# No money where the mouth is

**C. P. Chandrasekhar**

**B**illed as the last full budget of this second NDA government, Budget 2018 was not expected to surprise. Its primary thrust had to be a show of concern for the large mass of the deprived in India, with some focus on the agricultural sector which by all accounts has been neglected and allowed to languish over the last four years. There were therefore three questions that the budget was expected to answer. First, to what extent would pre-election imperatives be addressed with mere rhetoric and window-dressing, rather than actual measures backed with financing aimed at the neglected and marginalised sections of India society. Second, what means – actual revenue mobilisation and manipulation of figures – would the Finance Minister adopt

to achieve his irrational fiscal deficit targets, if he manages that at all. And, finally, with intense media attention making the Budget the single most important propaganda pamphlet issued every year, how would the government use it to establish the Prime Minister's claim that he is the most passionate "reformer" of all time.

On the first count, the conclusion is clear: this budget does not put money where its mouth is. As expected the budget made noises regarding special policies for the rural sector, small industry and the marginalised. But what is striking is the absence of a clear commitment of budgetary resources (as opposed to credit and other off-budget funding) to back up these claims. In the case of agriculture, for example, the allocation



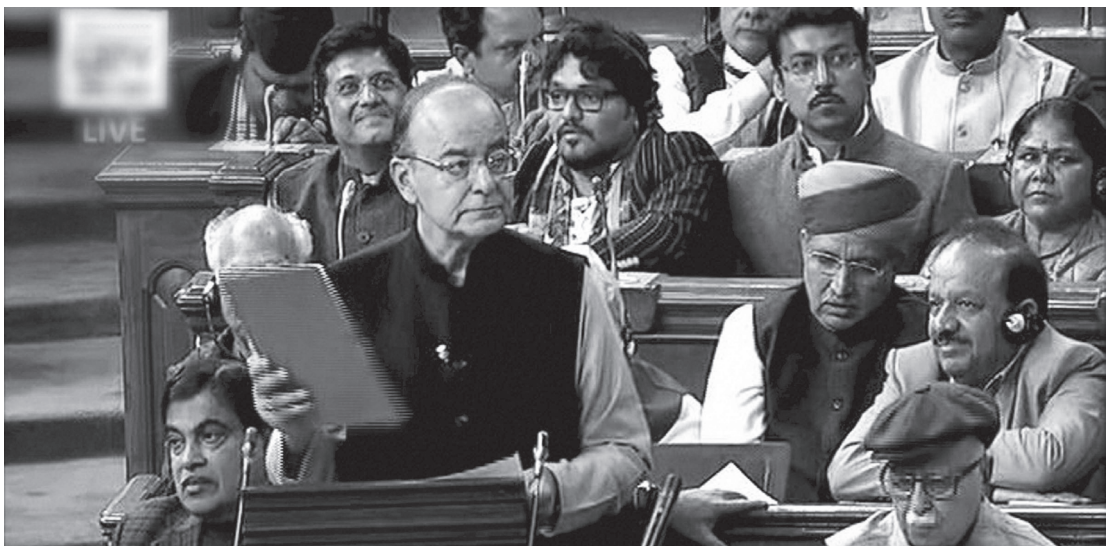
for the Department of Agriculture, Co-operation And Farmers' Welfare has been increase by just 7 per cent in Budget 2018-19 as compared to the revised estimate for 2017-18. That would be a negligible increase in real terms. Rather than significantly increasing budgetary support for a sector in crisis, which forced some state governments to accede to demands for farm loan waivers, the Finance Minister has merely promised to increase the flow of institutional credit to agriculture from Rs. 10 lakh crore to Rs. 11 lakh crore. That is not his money, but that of banks that are also reeling under a crisis. The only pro-farmer measure the Finance Minister can celebrate is the much-belated plan to implement the long pending demand from the farming committee that the M S Swaminathan Commission recommendation that floor for the Minimum Support Price for crops should be set at 1.5 times cost. But whether adequate amounts of different crops would be procured at these prices is yet to be seen.

This absence of allocations to back claims of devoting additional resources to uplift the poor and the marginalised is visible in other areas as well. The Finance Minister announced the launch of the "world's largest government funded health care programme" through a flagship National Health Protec-

tion Scheme that would "cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family per year for secondary and tertiary care hospitalization." Strangely not a single rupee has been set aside in the budget for this purpose. Nor has there been any information provided on whether discussions have been held with insurance companies who will implement the scheme and the premia they would charge. Once that is done, the whole scheme may be quietly dropped for lack of resources.

On another front, the budget speech talks of fulfilling the dreams of the poor to own their own house. Yet, the nominal allocation for the Pradhan Mantri Awas Yojana has been increased by just 3 per cent. Finally, allocations for the Rural Employment Guarantee Scheme in Budget 2018-19 have been kept at the same level of Rs. 55,000 crore as provided for in the budget for 2017-18. It is another matter that the full amount was not even spent in 2017-18, despite the overwhelming evidence that the demand for jobs in the scheme was large and wages are in arrears.

Despite efforts of this kind to keep expenses down, the Finance Minister has not been able to achieve his irrational fiscal deficit target of 3.2 per cent. The deficit for





2017-18 is (optimistically) estimated at 3.5 per cent and that for 2018-19 has been set at 3.3 per cent. What is noteworthy, is that the deficit this fiscal year has overshoot the target despite the facts that (i) finance ministry mandarins have kept some big-ticket spending items (such as expenditure on the recapitalisation of banks) outside the budget through a sleight of hand; and (ii) the government received Rs. 36,915 crore from ONGC for the its 51.1 per cent stake in HPCL one day before the budget (which takes estimated receipts from disinvestment to Rs. 1,00,000 crore as against the budgeted Rs.72,500 crore). Clearly the shortfall in GST receipts, which had taken the fiscal deficit figure to 112 per cent of that budgeted by November 2017, played a role here. What that shows is that neither is the GST delivering on its promises nor is the economy doing well from a revenue buoyancy point of view. This seems to have pushed the government into adopting what might prove

to be the one saving grace in the budget—the restoration of a tax on capital gains made on investments of more than a year in stock markets. The Long-term Capital Gains Tax that had been abolished in 2003-04 has been reinstated at 10 per cent for gains exceeding Rs. 1 lakh, and the short term capital gains tax set at 15 per cent. But if the stock market reacts adversely to this move, as it is likely to, a reversal of this before the budget is passed is a strong possibility. If it is not, the government's image of being "reformist" will take a hit among foreign investors, despite all the tiresome talk about India's achievements with respect to "the ease of doing business" in the Finance Minister's speech. Overall, the Finance Minister was left with the option of engaging in big talk while attempting to conceal the fact that he had not been able to offer much in what is a pre-election year. Unfortunately for him, the minister is not even a good orator.□



**Budget 2018**

# The Finance Ministry's Grey Shades of 'Pink'

**Jayati Ghosh**

**H**as the Union Ministry of Finance really turned gender-sensitive at last? At least according to its own lights, it has. Indeed, the creators of the Economic Survey are so excited by this new perspective that they have been moved to colour the cover of their document pink. (Presumably, no one has yet told them about how such colour stereotyping is no longer fashionable) And – instead of the usual practice of clubbing together matters relating to women with children, social sectors and other supposedly “soft” stuff – there is an entire chapter in volume I of the Survey devoted to gender and specifically the issue of son preference and its implications.

However, this chapter focuses on an area that is politically “safe”: the issue of son preference, which can then be traced back for millennia and blamed on patriarchal

traditions and social customs without emphasising the role of current state policies and the economic processes they generate. And it does little to link such son preference with the issues that are on top of the concerns that most women in India have today: the lack of economic empowerment, expressed most sharply in skewed gender distribution of assets, falling paid work participation and increase in unpaid work; and violence against women in both public and private spaces.

Further, while some attention to gender issues is certainly to be welcomed, it's worth noting that the second volume of the Economic Survey continues in its hoary tradition of rendering women almost invisible other than some references in the usual chapter on Social Infrastructure, Employment and Human Development. So, aside from this brief foray in volume I into



one particular gender concern (the falling sex ratio), not much seems to have changed overall.

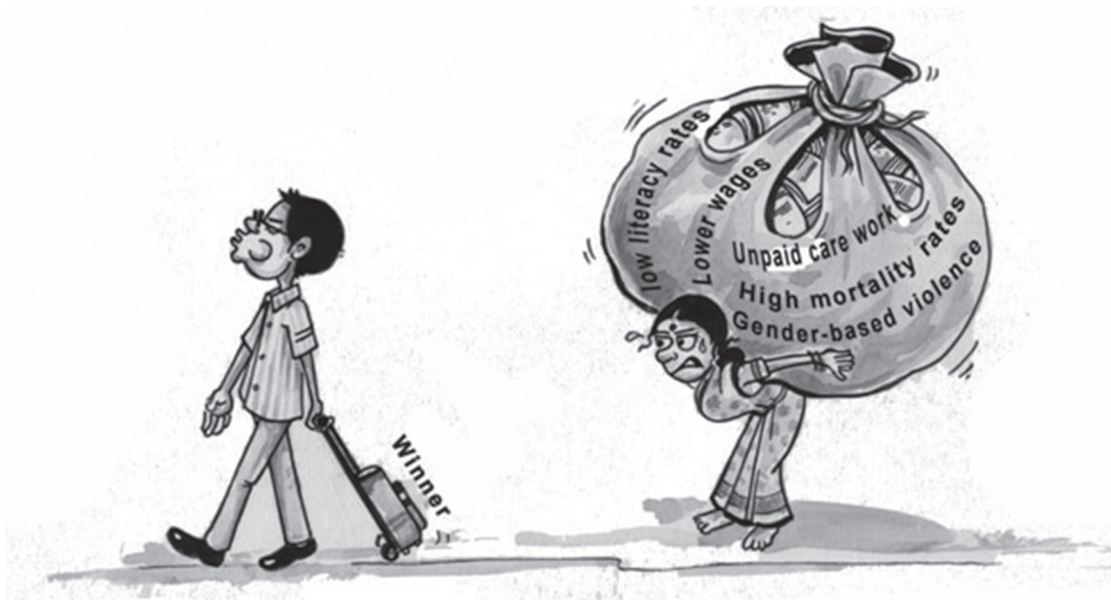
This is confirmed by the Union Budget, which continues to be as gender-blind as ever. Even the vaguely “pink” effort in the Economic Survey is whitewashed in the finance minister’s Budget speech, which contains measures that are heavily based on stereotypical gender roles for women, and even the faded pink completely disappears when we get to the actual budget allocations.

The main measures directed to women seem to be the following: an increase in coverage of the Ujjwala scheme to provide free cooking gas connections to poor women; some expansion of the MUDRA loan scheme in which three quarters of loan recipients have been women so far; and a reduction in the required contribution of women workers who are enrolled in the Employees’ Provident Fund Scheme, from 12% to 8%. The Ujjwala scheme is being touted as a complete success despite evidence that many poor women have not been able to continue with gas cylinders that have to be paid for after the first installation. The MUDRA loans provide only around Rs 40,000 on average – hardly enough to start a productive enterprise, so it’s not surprising

that mainly women (with lower expectations anyway) have been the major takers.

In any case, the increased allocations for these are relatively small, which means that even the government does not really expect bug expansion in these items. And, meanwhile, consider the areas that really do matter for women, for which the budget allocations are so low as to be downright shocking. The National Health Mission relies on the hugely underpaid labour of ASHAs who are not treated as workers by their employers (the government) and get only a fraction of the legal minimum wage. The allocation for this has been cut by Rs 672 crore relative to the current year’s spending! This suggests not only that the government is not intending to expand this public health programme, but also that it plans on continuing with the abysmally low remuneration paid to ASHAs on whom the entire system rests, with no increase even to cover rising consumer prices.

The Integrated Child Development Services (ICDS) is another massively underfunded scheme that also relies on the underpaid work of anganwadi workers and helpers – and here too the Budget allocation from the previous year has increased by only around Rs 1,000 crore, an increase of 7%





that will barely keep pace with inflation. Once again, clearly, no expansion or increase in remuneration to workers is apparently being considered.

If the government were serious about empowering women and recognising their work to ensure that it is properly remunerated, it would begin by putting its own house in order. When the government itself runs major health and nutrition programmes on the backs of women whom it does not even recognise as workers, who receive well below minimum wages and whose conditions of work are both insecure and informal, it can hardly become a champion for the rights of women workers in other private activities.

Health concerns of women are given a further bashing by the overall thrust of the Budget in moving away from public health delivery towards a promised insurance-based regime that would rely on private suppliers. Let us leave aside for the moment the obvious fact that the grandiose offer of Rs 5 lakh health insurance cover to 100 million families has not been backed by any budgetary outlay. The orientation itself is a concern, since it moves away from emphasising good quality public delivery to private based systems in which the main beneficiaries would be insurance companies, not patients. This is more than the renegeing

of responsibility by the government. It also has strong gender implications, since women tend to rely heavily on public institutions when these are adequately funded and of reasonable quality, and their absence can often mean the denial of medical care altogether.

Meanwhile, the safety of women and girls has emerged as a critical concern across the country – yet since the December 16 gang rape case caused massive public protests five years ago, matters seem to have deteriorated further. The Mission for the Protection and Empowerment of Women (which includes the Nirbhaya Fund, for what it is worth) gets a paltry allocation of Rs 1,365 crore. This trivial amount would do nothing to put in place the several measures that were outlined by the Verma Commission as essential for women's safety, and suggests that the government is really not serious about this at all.

There are many other areas in which this Budget shows the usual gender insensitivity, including in the regressive distributional impact of the tax measures, that are disproportionately likely to affect poor women. But the basic point is that the self-congratulatory note struck by several finance ministry representatives that they are recognising the concerns of women, is not only unwarranted – it may even rebound on them. □



# PNB Scam

## A type of crony capitalism

**Ajayan K. Menon**

**N**irav Modi, the billionaire jeweller, along with his relatives, scammed Punjab National Bank of over Rs 11,400 crores which is one of the biggest frauds in India's banking history. The scam in Panjab National Bank (PNB), the second largest public sector bank in India is a type of 'crony capitalism' flourishing under the NDA Government. The PNB detected a 1.77 billion dollar scam in which Nirav Modi acquired fraudulent letters of undertaking from one of its branches for overseas credit from other Indian lenders. The scam was started in 2011 and was detected in the third week of January this year. A comprehensive inquiry in the matter is highly necessary, so that the culprits involved in the said scam, meet the justice. Recently, the 'gentleman' who is involved in this scam was photographed with the Prime Minister Narendra Modi at Davos at the World Economic Forum meet last month. The NDA

Government do nothing to stop "independent India's biggest bank fraud" despite being informed of it in July, 2016. "Loot and escape" had become the hallmark of the government. This is the biggest bank loot scam of independent India and who permitted this scam to happen? Like liquor baron Vijay Mallya, former IPL chief Lalit Modi and other businessmen such as Rishi Agarwal who had fled the country after allegedly committing frauds worth crores of rupees, Nirav Modi also be allowed to escape the law.

Corporate frauds like the Nirav Modi scam, phenomenal rise in non-performing assets (NPAs), new provisions like bail-in under Financial Resolution and Deposit Insurance (FRDI) regime are a multi-pronged conspiracy aimed at weakening India's predominantly public-owned banking system. This would result in corporate appropriation of public savings besides diverting household savings



into speculative investment to fuel market bubbles. Thus, the Nirav Modi scam is not an aberration.

The complex interlinkages in the multitude of processes and policies need to be unravelled. Domestic savings, domestic investment and domestic market are the three pillars of Indian economy and were mainly responsible for largely insulating it from the contagion effect of global financial crisis. The banks account for 70 percent of India's household savings, indicating the credibility they enjoy. Public sector banks account for a lion's share of these household bank savings. Thus, the public ownership of India's financial system greatly contributed to the stability in India's banking system despite problems of work culture and associated irritants. This was even acknowledged by the then prime minister and the messiah of free market reforms Manmohan Singh in his address to the G-20 summit.

There is a systematic attack on India's public-owned financial system. This is not a policy aberration, but, an orchestrated attempt to erode people's confidence in the Indian banking system. Firstly, the mounting NPAs and the RBI guidelines to make suitable provisions for such bad loans are seriously eroding the profitability and thereby the

viability of these banks. While the common man saves his earnings in these banks, the corporates appropriate these savings. This is evident from the fact that the big corporates account for the major chunk of NPAs in Indian banks, especially the public sector banks. 12 of the largest corporate defaulters, whose names are yet to be officially revealed, account for around a quarter of the NPAs in the commercial banking system. As noted economist CP Chandrasekhar writes in *Frontline*, "When the ratio of stressed assets to gross advances in the banking system has crossed the double-digit mark, or when stressed assets are a large proportion of outstanding advances, a few borrowers account for a large share of defaults. This suggests that banks have been willing to build their loan books with a large share of advances to some borrowers, who it is now clear were potential defaulters."

File of It is difficult to believe that this can be the result of only fraudulent decision-making by few incompetent or corrupt bank officials. All these big borrowers enjoy political patronage irrespective of which party or coalition rules the nation. Thus, politician, business man, bureaucrat, criminal nexus operates so blatantly in the financial system too. This is more evident if one looks at the





recurring incidents of increasing number of corporate frauds happening in India's premier banks. The Nirav Modi episode and its manifestation is one such latest example.

A middle class law abiding citizen with clear repaying capacity finds it difficult to get a bank loan even after mortgaging his assets which are worth much more than the loan amount. A farmer has to commit suicide when he is named and shamed by banks for not being able to repay his few thousands loan as the nature and market cripple his livelihood. But, Nirav Modi and the likes can easily get away for years together by taking LOUs to the tune of thousands of crores, bypassing the core banking solutions and regulatory supervision.

The concurrent audit, internal audit, external audit, random audit and finally even the RBI audit fail to either prevent it or notice such sinister machinations by Nirav Modi & Co, catapulting India into high ranks in 'ease of committing fraud index'. Should the citizen of India believe that all this is a mere aberration and a crime committed by few individuals? It is a systemic malaise aimed at eroding the confidence of people in India's banking system, especially the public sector banks.

Despite mounting bad loans, the perception that the liabilities of these banks are backed by a sovereign guarantee has prevented a run on these banks. The controversial bail in provisions and the talk of hair cut in the Financial Resolution and Deposit Insurance (FRDI) bill 2017 precisely aims at destroying

this public perception. Surprisingly, the corporates who are playing havoc with these financial institutions with their bad repaying behaviour and fraudulent practices are the beneficiaries of their consequences too.

The deteriorating financial health of public sector banks is concomitant with policies that allow industrial houses to own banks. Such a measure would lead to further and more direct appropriation of public savings through connected lending.

Meanwhile, the loss of credibility for the banks would result in diversion of household savings into speculative sectors like capital markets. The average Indian is away from equities market due to its volatility and the inherent risks associated with it. But the major objective of weakening the banking system is to fuel investments in stock markets. This will create more stock market bubbles as the equities do not reflect the real economic trends.

If a corporate house wants to set up an industry by borrowing from a bank, it has to pay interest and show collaterals. The raising of resources in the stock markets does not need all this. Thus, diversion of people's savings from banks to stock markets would offer the big business houses with abundant and cheap fiscal resources.

But, such an eventuality would deprive Indian economy of much-needed financial intermediation to sustain its broad-based economic growth and put the hard-earned household savings at the mercy of rapacious bulls and bears. □

## **“Defend Women’s Democratic Rights”**

### **International Women’s Day 2018**

As we celebrate International Women’s Day we take stock of our conditions at present and the host of challenges confronting us.

In India we are facing an all out attack on our rights, not only as women and citizens, but most crucially, on the Indian Constitution itself, by the ruling BJP and its mentor - the RSS. Our rights were won with the active participation of women, along with workers, peasants, students, toiling people and other sections in the anti-colonial struggle for freedom, in pre Independence times. The struggles have continued and have intensified, in the past twenty five years, during which period our rights have been eroded by the pursuit of neoliberal policies adopted by successive governments at the centre. During the past few years, this process has been accelerated by the forces of communalism, which seek to impose the Hindutva ideology on us and turn our country into a Hindu Rashtra.

Women are being recast in the traditional roles of wives and mothers, while their economic and social contribution is being suppressed by the right wing forces. The leaders of the RSS and fringe elements are pronouncing fatwas on what girls should wear, where they can go, whom they can talk to, whom they can marry, how many children a woman must have etc. RSS Chief Mohan Bhagwat said that women should not

go out for work but give birth to children and look after house. Elected representatives of BJP are publically giving speeches against the women’s freedom to choose their education livelihood and whom they can marry. Inter religious marriages are termed as ‘love jihad’ and opposed openly. Couples are being murdered and it is justified by right wing political leaders. These are all utilised to advance vote bank politics based on communal and casteist divide. The fundamentalists in other religions are also reciprocating with similar kind of fatwas against the women.

Even as wives and mothers they are denied rights, domestic violence is on the increase and sex selective abortions continue unabated. Violence against women and children has been increasing steeply with scant regard for the right of women to a safe environment at work, in public spaces and in the domestic sphere.

Other bourgeois parties and leaders also have patriarchal views on women’s role in society. In the discussion of violence against women such people often argue that ‘women shall not go out late’, ‘shall not wear such clothes’ etc always putting the blame on the victim.

Women cannot face these attacks, cannot gain equality without economic security. This is the cornerstone of our







struggle for progress and emancipation. But it is this very crucial economic security which is under severe attack, by the corporates and their cronies in government, in a crisis ridden capitalist system. In India the changes in labour laws have reversed the gains made through decades of struggle by the working class and the rights of women workers have been curtailed, all in the name of “Ease of doing business”. The Union Budget 2018-19 is another illustration of pandering to the corporates under a veil of populist slogans. It is equally important to fight the patriarchal ideology. It is very important to fight the ruling ‘hindutva’ forces and expose them to defend our democratic rights as citizens.

All over the world, in many countries, right wing forces and regimes are rearing their ugly heads, but at the same time the resistance to them from the working people is also growing apace. There are anti imperialist struggles taking place in different countries. We stand firmly in solidarity with the struggles of women and people for their democratic rights, the world over.

This past year has witnessed unprecedented, huge struggles of scheme workers, workers and employees, farmers and the peasantry, in our country, of which we have been a part. Some demands have been achieved but there are many more to be won.

It is important to assert the equal democratic rights of the women and girls at every field. Resistance at all levels shall be developed against the patriarchy and politics of hatred to defend the unity of the people. It is important to bring to focus, the real issues of the people.

We pledge to continue our efforts to unite the widest sections of women and the working people in our own country for even bigger and wider struggles.

We reiterate our commitment to continue our fight until we achieve our goal of emancipation and a society free from exploitation, carrying on the glorious traditions of International Women’s Day.

**Long Live International Womens Day!**  
**Long Live Working Class Unity!□**

## INTERNATIONAL WOMEN'S DAY : HOW THE DAY BEGAN AND WHY THE FIGHT FOR WOMEN'S RIGHTS IS STILL NECESSARY

International Women's Day is a worldwide event that celebrates women's achievements – from the political to the social – while calling for gender equality. It was born at the turn of the 20th century, in a time of great social turbulence and huge struggles by working class for a better life. In the late 19<sup>th</sup> century poor women in the industrial West had entered poorly paid work in large numbers. They were channelled into sex-segregated manufacturing jobs and domestic service.

In 1909, a strike of 30,000 garment workers in the US, mainly migrant women, almost shut down the garment industry. It lasted three months and won most of the workers' demands for the right to organise and bargain collectively and for improved wages and working conditions. The next year, in August 1910, women from 17 countries met at the second International Conference of Socialist Working Women in Copenhagen. Luise Zietz suggested holding an International Woman's Day the following year to mark the garment workers' victory and provide a focus for the growing international campaign for women's right to vote.

In 1910, Clara Zetkin a leader of the 'women's office' for the Social Democratic Party in Germany – tabled the idea of an International Women's Day. She suggested that every country should celebrate women on one day every year to push for their demands. A conference of more than 100 women from 17 countries agreed to her suggestion and International Women's Day was born. On March 18, 1911, on the 40th anniversary of the Paris Commune, the first International Woman's Day was held in Germany, Austria and Denmark to publicise

the need for women's rights and suffrage. A million leaflets calling for votes for women were distributed throughout Germany on the day. In 1913, it was decided to transfer IWD to March 8, and it has been celebrated on that day ever since. The day was only recognised by the United Nations in 1975, but ever since it has created a theme each year for the celebration.

The original aim, to achieve gender equality for women in the world has still not been realised. A gender pay gap persists across the globe and women are still not present in equal numbers in business or politics. Figures show that globally, women's education, health and violence towards women is still worse than that of men.





Clara Zetkin



Alexandra Kollontai

International Women's Day is celebrated in many countries around the world. It is a day when women are recognized for their achievements without regard to divisions, whether national, ethnic, linguistic, cultural, economic or political. International Women's Day first emerged from the activities of labour movements at the turn of the twentieth century in North America and across Europe.

Since those early years, International Women's Day has assumed a new global dimension for women in developed and developing countries alike. The growing international women's movement, which has been strengthened by four global United Nations women's conferences, has helped make the commemoration a rallying point to build support for women's rights and participation in the political and economic arenas. In Vienna, women marched around the Ringstrasse, carrying banners including red flags commemorating the Commune's martyrs and demonstrating in favour of female suffrage.

Russian revolutionary and feminist Alexandra Kollontai helped to organise the day in Germany. She wrote: "Meetings were organised everywhere.... In the small towns and even in the villages, halls were packed so full that they had to ask [male] workers to give up their places for the women. Men stayed home with their children for a change and their wives, the captive housewives, went to meetings."

The most dramatic celebration of International Woman's Day was in 1917 in Russia. The women's main complaints were about deteriorating living conditions as World War I dragged on. The cost of rent and food had more than doubled in St Petersburg. When workers were locked out of the Putilov armaments plant on March 7, February 23 on the Gregorian calendar, women took to the streets demanding an end to the war and poverty. The march led to a series of food riots, political strikes and demonstrations. Two days later the Tsar abdicated and the February Revolution began.

With the victory of the Russian Revolution, at Zetkin's urging, Lenin established IWD as a holiday in 1922. The Chinese Communists followed in 1927. In Spain, following the victory of the Popular Front in the February 1936 elections, La Passionaria, one of the leaders of the Spanish Communist party, led thousands of women to demonstrate in Madrid on March 8, to demand protection for the republic against the growing fascist threat. After World War II, International Women's Day was celebrated mostly in the east until it was revived in the US in 1967 by a women's group called the Chicago Circle, which included daughters of communists who remembered their parents speaking of IWD.

In 1936 in Sydney, the first IWD Committee comprising a number of women's groups was formed by the women's committee of the Unemployed and Relief Workers Council and the United Associations of Women. The United Associations had been formed in 1929 by Jessie Street to agitate around feminist rights. It was strictly non-partisan and had little contact with communist or socialist women, who regarded them as "middle class" and "apolitical". But the Depression and growing alarm about the dangers of fascism and war drew these women closer together. The change in attitude was reflected in the IWD planning meeting attended by 300 women, representing most of the women's organisations in Sydney. □



## **“MAKE IN INDIA” OR “DESTROY INDIA” !**

### **9 Railway Printing Presses and also 12 Central Govt Presses for closure**

The NDA government at centre decided to close down 9 printing presses under Indian Railways and 12 printing presses under Central Govt. In a formal communication by the Executive Director Railway Stores (G) of the Ministry of Railways dated 07-02-2018, it has been notified that 3 ticket printing presses and 6 general printing presses under Indian Railways will be closed down within next six months. These presses are located at Kolkata, Kurseong, Kharagpur, Garden Reach, Lucknow, Gorakhpur, Ajmer, Mahalaxmi/WR and Tiruchirapally. These presses are supplying different divisions of Railways with railway tickets and other stationeries of daily use for railway services. That means the requirement of these essential printed items for railways will continue to be there but the railway presses producing these items will be closed down to facilitate the business of chosen private players.

The same closure spree of the Govt at the centre is going on in respect of the functional printing presses directly under the central government. The concerned Minister of Urban Development has already announced closure of 12 central govt printing presses and the closure process is being actively pursued thereby destroying the productive activities in all these presses. It is clear, under the loudly touted slogan of “Make in India” by the Govt, what is being actively pursued is gradual destruction of indigenous manufacturing capabilities in different areas of the economy and quality and decent employment in several thousands are going to be eliminated just to ensure business and profit for big businesses at the cost of national exchequer. It is the responsibility of the working class to oppose and resist such destructive and employment killing policy of the Modi Government.

## **COAL SECTOR FOR PRIVATE AND FOREIGN CORPORATES**

The Cabinet Committee on Economic Affairs (CCEA) of the Narendra Modi Govt decided to open the coal mining sector for commercial mining by private and foreign corporate that too without any restriction on pricing and end-use. So long private sector was allowed to mine coal only for captive use in power, cement and steel industry and debarred from selling the coal in market.

The above retrograde decision by the Modi Govt is nothing but a total reversal of the four decade long policy of nationalized coal mining which contributed immensely to industrial development as well as expansion of the power generation capacity of the country's economy. Such opening up of coal mining sector for unhindered exploitation by private and foreign corporate without any restriction on pricing and end-use will definitely pave the way for weakening and privatization of public sector coal industry, both Coal India and Singareni Collieries Ltd, thereby affecting the coal production for both

public and industrial consumption as a whole; proliferation of private coal mining will also severely compromise the rights and safety of the workers deployed in private mining; further withdrawal of all restriction in pricing of coal and their end-use will increase the burden on the people many times. Such unrestricted private mining of coal will also severely impair energy security of the country in a big way. This a follow up move of the Modi Govt in amending the Coal Mine Nationalisation Act 1973 in 2016 through Coal Mines (Special Provisions) Bill 5 which was vehemently opposed by the coal trade unions through industry wide strike action and also by Left MPs in Parliament. Such disastrous move by the Modi Govt is against the interest of the national economy and mass of the people. The working class of the country should build up strong opposition to such gross anti-workers, anti-people and anti-national move throughout the country.

## MASSIVE DHARNA IN ANDHRA PRADESH

As per the decision of the AISGEF Taluk level and District level massive Dharnas were held 9<sup>th</sup> & 10<sup>th</sup> February 2018 against National Pension Scheme and contract employment. Dharna was held in all 15 district head quarters. Thousands of State Govt employees, teachers and GOI employees participated in the dharna. Nearly 70,000 to 80,000 have attended the dharna all over the state.. This is the massive dharna held recently, in a big way

which was organised on a public holiday. It is reported that all regular employees with pension, pensioners and contract employees have participated in a big way in this dharna. The dharna was organised under the banner of 'PENSION SADHANA SAMITHI' a separate forum constituted comprising State Govt employees, teachers and GOI employees, and Contract employees with a single agenda to fight against CPS/NPS.

## STATE LEVEL CONVENTION OF STATE AND CENTRAL GOVERNMENT EMPLOYEES IN HARYANA

A State Level Convention of state and central Government employees was organised at Karamchari Bhavan Rohtak. (Haryana) on 28th January 2018. This convention raises the issue of National Pension scheme and demand of contract worker regularisation. In this convention, around 300 employees and work-

ers participated in which mostly were those which are affected with NPS and Demand of Contract Worker Regularisation. Com. D.S. Phogat, State President of Sarv Karamchari Sangh presided over the convention. Com. Giriraj Singh, Vice President of Confederation of Central Government Employees and Workers and Com. Subhash Lamba, Assistant General Secretary of All India State Government Employees Federation were also present at the convention as Main Spokesperson.

In the Convention, Com. Subhash Lamba introduces the Draft Resolution for Withdrawal of NPS and Demand of Contract Worker Regularisation. The Draft Resolution



was further elaborated by Com. Giriraj Singh during his speech. Sarv Karamchari Sangh leaders Com. Naresh Kumar Shastri, Com. Jagroshan, Com. Seelak Ram Malik, Com. Satish Sethi; had also put up their views on resolution.

The decision has been taken unanimously that in February, there would be District Level Conventions. And it would be followed by Signature campaign from 1st March to 25th March. Later on, there would be District Level Demonstrations on 27th March. During these demonstrations, memorandum with signatures for Honourable Prime Minister, would be presented to District Commissioners.