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Two Days' Countrywide General Strike on January 8-9, 2019 Dr. K. Hemalata

Ostrich-like in Peacock Nation C.P. Chandrasekhar

Understanding Farmers' Rage Jayati Ghosh



The most important presidential race in Brazilian history

External Commercial
Borrowings: Difficult times
ahead
Parthaparatim & Ahana Bose

International Week of Fight against Privatization TUI Public Services and Allied

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HEIGHTEN THE STRUGGLES TO SAVE THE NATION

The Modi government has been undeniably and gravely harmful to our nation's health. On every conceivable metric, it has failed and every single citizen has had to pay a heavy price for the Modi brand of mis-governance.

One of the biggest casualties that happened during this tenure is Indian economy. The senseless execution of demonetisation cost us Rs 3 lakh crore in GDP growth and wiped out over 25 lakh jobs, while a hastily implemented GST penalised entrepreneurship. The aftereffects of demonetisation and faulty GST continue to adversely impact the deep crises set in by the fast paced neo-liberal economic policies of the Government. The Indian rupee closed at its weakest level compared to dollar, making it one of Asia's worst-performing currencies.

The banking system, which was hailed for its resilience in the face of the 2008 global financial crisis, has been a victim of feeble oversight and poor policy planning. The results for the last quarter indicate a net loss of over Rs 44,000 crore, the highest in recorded history for our banks. This is a direct consequence of the numerous economic offenders who have fled with impunity on BJP's watch with over one lakh crore of public money.

Since 2014, international oil prices have been at a historic low. Any other government, with the barest of concern for its people, would have passed on the benefit to the public by reducing the prices of petrol and diesel.

Instead, the Modi government chose to increase central excise taxes to make oil costlier than it has ever been. The universal public distribution system in the country is dismantled and the price of essential commodities are sky rocketing and the family budget of common people totally collapsed.

India has been ranked at the 103rd position among 119 countries on the Global Hunger Index, which has dropped three places from last year. According to the report, India is among the 45 countries that have "serious levels of hunger." At least one in five Indian children under the age of five is wasted, which means they have extremely low weight for their height, reflecting acute under-nutrition.

All the claims made by Central government about the number of jobs being created have proved to be baseless. The harsh reality of rising unemployment is being seen every day. Contrary to the claims of generating jobs in various sectors, it is the policies of the government which have resulted in destruction of jobs.

Agricultural growth during the Modi regime has been at its lowest since economic reforms began. Farmers, who gave their lives for a fair price for their produce, became victims of verbal jugglery. Privatization of all strategic PSUs, including Defence Production, Public Sector Banks and Insurance and also Railways, public road transport, oil, power, steel, coal etc through disinvestment, strategic sale, outsourcing in favour of private sector,

promoting 100 per cent FDI in many vital and strategic sectors are increasing day by day.

Modi government is engrossed in pleasing crony capitalists by showing them ways to maximise their profits at the cost of public exchequer. The exposures of various corruptions by the Modi government in the centre shows the real face of the ruling clique and the Rafael deal is the biggest scam yet being unearthed step by step. The loss to the exchequer from this deal could be around Rs 41,250 crore. Tycoon Anil Ambani's Reliance Defence Ltd, which has no experience in manufacturing fighter aircraft and in the aviation sector, was awarded the contract, instead of the state-run manufacturer, HAL, Former French President François Hollande, revealed that the Modi government forced Dassault Aviation to choose Ambani for the deal.

It is becoming clear that Modi's tenure will serve less as a legacy and more as a cautionary tale. The anti-people, anti-workers and anti-national policy regime has not only been imposing increasing miseries on the toiling people at large, it is also severely damaging the national economy and destroying its indigenous productive and manufacturing capabilities. This policy regime must be defeated squarely to force for the pro-people changes in policies on all fronts. And for that, the united platform of the working class must heighten its struggle further.



Two Days' Countrywide General Strike

on January 8-9, 2019

Dr. K. Hemalata

he joint national convention of trade unions, held in Mavlankar Hall in New Delhi on September 28, 2018 gave a clarion call to the entire working class of the country to join the two days' country wide general strike on January 8-9, 2019 against the anti-worker, anti-people and antinational policies being pursued by the BJP government at the centre led by Prime Minister Modi.

The national convention was called by 10 central trade unions which have been consistently fighting the neoliberal policies jointly since 2009. It is to be recalled that the BMS, guided by the Sangh Parivar along with the ruling BJP, abandoned the joint

trade union movement after the BJP came to power, arguing that the Modi government was 'positive' to the demands of the trade unions. The joint declaration which outlined concrete campaign programmes culminating in the two days' strike, placed by G Sanjeeva Reddy, president of INTUC, was unanimously adopted by the convention amidst thunderous slogans

More than thousand national and state level leaders of the various unions affiliated to the central trade unions - INTUC, AITUC, HMS, CITU, AIUTUC, TUCC, SEWA, AICCTU, LPF and UTUC - and independent national federations of workers and employees, attended the convention from all

over the country. They represented all sectors, industrial, services and agriculture, public and private, organised and the unorganised sector. The leaders of organisations of central and state government employees and teachers, postal, defence, railway, insurance, bank and telecom employees participated in the convention. National and state leaders of trade unions of oil, coal, electricity, medical and sales representatives, organised and unorganised segments of road transport, domestic and home based workers were also present. The employees in the health and education sectors and the scheme workers were also represented by their leaders.

The convention expressed its anger at the arrogant negligence of the demands unanimously raised by the entire trade union movement of the country, including the BMS though it has now withdrawn from joint struggle, obviously under pressure from its parent body, the RSS. It strongly castigated the BJP led government for blatantly pursuing policies to serve their corporate masters, both domestic and foreign. Despite stiff opposition from the workers and their trade unions, the BJP government

led by Prime Minister Modi was going ahead with its neoliberal agenda totally unconcerned about their disastrous impact on the people, their livelihoods and on the environment.

The convention termed the BJP government as anti-worker, anti-people and antinational and called upon, not only the working class, but the entire people, to ensure its decisive defeat in the ensuing elections so the struggle for pro-people, pro-worker policies can be heightened.

Speaking in support of the declaration, Tapan Sen, general secretary, CITU, said that the BJP government, which came to power with the slogan of 'sab ka vikas' is implementing policies that are causing 'vinas' of toiling people, 'vinas' of our indigenous manufacturing, and of our self reliant economy. While supporting the need to defeat the BJP led Modi government in the elections, he emphasised the need to strengthen united struggles aimed at the reversal of the anti-worker, anti-national policies. He urged upon all the participants to start preparations for the strike immediately after going back and carry the message of the convention to the grassroots level.



Amarjeet Kaur, general secretary, AITUC, Harbhajan Singh Sidhu, general secretary of HMS, Satyavan from AIUTUC, GR Shivshankar from TUCC, Sonial George from SEWA, Rajeev Dimri from AICCTU, Pechi Muthu from LPF and Ashok Ghosh from UTUC addressed the convention and supported the declaration.

The convention was presided by Ashok Singh (INTUC), Ramendra Kumar (AITUC), SN Pathak (HMS), Hemalata (CITU), RK Sharma (AIUTUC), Praveer Banerjee (TUCC), Lata Singh (SEWA), Santosh Rai (AICCTU), K Natarajan (LPF) and Shatrujeet Singh (UTUC).

Excerpts from the Declaration adopted in the joint national convention:

The National Convention of Workers jointly called by the 10 central trade unions, in association with all independent national federations of workers and employees, of both industrial and services sectors, viz. banks, insurance, central government and state government employees, defence production employees, telecom employees etc expresses serious concern over the deteriorating situation in the national economy due to the pro-corporate, anti-national and anti-people policies pursued by the central gov-

ernment, grievously impacting the livelihood of the working people across the country.

The convention notes with utter dismay that the government has been continuing to arrogantly ignore the 12 point charter of demands. Despite numerous nationwide joint strike actions the most prominent being those on September 2, 2015 and September 2, 2016 participated by crores of workers, the ruling regime at the centre has increased its onslaught on the rights and livelihood of the working people of the country.

'The central government not only refused to respond to the just and genuine demands of the organised agitation of the working class, but has been increasing its aggression on the rights of workers, employees and trade unions. Bipartism and tripartism are being undermined. The government is dragging its feet on wage negotiations of public sector. Four subcommittees were formed by the government to address issues raised by central government employees such as scrapping of New Pension Scheme, review of the minimum wage and fitment formula, restoration of allowances and allowing option no 1 as one of the pension fitment formula. But nothing has been done. This National Convention extends full support to the struggles of the central government employ-



ees' organisations including the defence and railways and upholds all their demands.

This National Convention unanimously condemns in strongest terms the conspiratorial and authoritarian attack of the present government to deprive the biggest central trade union in the country, the INTUC from all representation in the tripartite and bipartite fora and committees, including the international forum. This is nothing but a severe and heinous onslaught on the rights of the entire trade union movement. It will be unitedly fought back.

Unemployment situation is getting aggravated with employment generation practically turning negative even in the most labour intensive sectors. The forecast of huge job losses in the IT sector is adding fuel to the fire. 3 percent compulsory annual surrender of regular posts in government establishments is continuing. Estimates by independent surveys and those sponsored by employers' organisations reveal loss of 70 lakh jobs with closure of 2.34 lakh small factories in the first few months of demonetisation. The livelihood of another six crore people in informal economy were also affected.

Price rise of petroleum products and essential commodities is mounting pressure on daily life of people. GST has further im-



pounded the hardship. Even lifesaving medicines have been subjected to hefty GST. Drastic cut in government expenditure, on social sector and welfare, has worsened conditions particularly for the workers in the unorganised sector. The government has introduced Fixed Term Employment through the back door for the establishment of modern labour slavery system. It has brought pro-employer changes in the Apprentices Act.

The anti-labour authoritarian character of the government is all the more evident in its refusal to implement even the consensus recommendation of successive Indian Labour Conferences in respect of equal pay and benefits for equal work for the contract workers, formulation of minimum wage on the norms agreed by the 15th ILC and Supreme Court judgment, workers' status to scheme workers etc. The present government even refuses to implement the Supreme Court judgment on equal wage and benefits for equal work and on EPS 1995 on contribution and calculation of pension on actual pay and dearness allowance.

Despite opposition of all the trade unions in the country irrespective of affiliations, the government has been aggressively pushing through its programme of pro-employer and utterly anti-worker labour law reforms. It has decided to amalgamate 44 hard earned central labour laws into four labour codes to facilitate employers to 'hire and fire' in the name of 'Ease of Doing Business'. The latest is the 'Code on Social Security' which dismantles and demolishes 15 existing social security Acts, abolishes welfare related cess, usurps the social security fund contributed by the workers amounting to more than Rs 24 lakh crore and makes it available for speculation in the share market. The proposed code on Occupational Safety and Health is very dangerous.

Privatisation of all strategic PSUs including defence production, public sector banks,

insurance companies, railways, public road transport, oil, power, coal etc through disinvestment, strategic sale, outsourcing in favour of private sector, and 100 percent FDI in many vital and strategic sectors is increasing. Defence sector privatisation is designed to destroy our manufacturing capability and research initiatives developed over the last six and half decades. More than 50 percent products including weapons and critical equipment so long being produced by the ordinance establishments are being outsourced. The government is determined to close down five ordinance factories manufacturing items used by our soldiers and officers.

Complete privatisation of railways, step by step is going on. Operating private trains on the existing tracks built by Railways is being permitted. Free access to railway vards, sheds and workshops for maintenance of private coaches, wagons and engines etc is being offered to private operators. Already 23 railway stations, all in metro cities, have been shortlisted for privatisation. More than 600 railway stations along with land around them have been identified for development by private players. A Railway Development Authority has been created under which railway fare and goods freight is poised to be hiked for the benefit of the private profiteers.

The central government intends to get the Motor Vehicle (Amendment) Bill passed to allow wholesale privatisation of the road transport sector.

Public sector banks are under attack with the ultimate target of privatisation to extend undue favours to the same private crooks whose loan default has put the banking sector in severe difficulties. Even after Vijay Mallya, Nirav Modi and Mehul Choksi have run away with people's money. The government has come out with the Insolvency and Bankruptcy Code, which is aimed at facilitating the corporate defaulters in the name of 'resolution process of insolvency'. Banks will suffer 'hair cuts' and will get back only a small portion of the due loan amount.

The exposure of various scams by the BJP led government shows the real face of the ruling clique. Rafale deal is the biggest scam being unearthed.

The National Convention extends full solidarity to the fighting farmers, the struggle of adivasis for effective implementation of the Forest Rights Act.

This National Convention records its strong denunciation against the communal and divisive machinations being carried on with the active patronage of the government machinery. The BJP governments are using draconian UAPA, NSA as well as agencies like CBI, NIA, IT to harass and suppress dissenting opinions. It is disrupting the unity of workers and toiling people so vital to carry forward the ongoing struggles based on the 12 point charter of demands. Working class must raise its strong voice of protest.

This anti-people and anti-national policy regime must be defeated squarely to force pro-people changes in policies, and for that the united platform of working class must heighten its struggles further.

The National Convention of workers therefore adopts the following programmes:

- State, district and industry/sector level joint conventions to be held during October/November 2018
- Joint industry level gate meetings, rallies etc during November/December 2018
- Submission of strike notice jointly with demonstrations during December 17-22, 2018
- ➤ Two days country wide general strike on January 8-9, 2019

The National Convention calls upon working people across the sectors and throughout the country irrespective of affiliations to make the above programme a total success. □



Ostrich-like in Peacock Nation

C.P. Chandrasekhar

n the midst of a crisis reflected in a collapsing rupee, India's BJP government is acting ostrich-like, burying its head in the ground. Nothing illustrates this better than its much-delayed response to the collapse of the rupee with a set of measures that are the opposite of what is needed. Having fallen from just below Rs.64 to the dollar to close to Rs.73 to the dollar between the beginning of 2018 and mid-September, the rupee has depreciated by about 14.3 per cent with respect to that currency. But it is not relative to the dollar alone that the rupee has fallen. Over the same period It depreciated by 10.2 per cent vis-à-vis the euro and 10.4 per cent vis-à-vis the pound. To salvage the rupee, the government has decided to accelerate capital inflow into the economy by making it easier for domestic

agents to borrow abroad and for foreign agents to invest in and lend to the country.

There are two presumptions implicit in this response. One is that foreign financial investors are withdrawing from India not because of higher interest rates and tighter monetary policies in the developed countries and worry created by India's widening current account deficit, but because India's policies on foreign investment and borrowing are not liberal enough. The other is that a widening current account deficit is not the problem, but rather the absence of adequate capital inflow to finance that deficit. Both those presumptions are faulty.

The measures inspired by these misplaced presumptions are anaemic to say the least. In the past, the government had encouraged borrowing long-term and pushed

for hedging of foreign borrowing, or insuring against the adverse effects of currency volatility, to insulate borrowers from the risk of rupee depreciation. If short-term debt is contracted to finance longer-term projects, creditors may refuse to roll-over that debt making financing uncertain. So borrowing long term was seen as prudent. But, depreciation during that period of exposure increases the rupee cost of a given debt service commitment denominated in foreign currency, and increases the debt burden. So hedging of long term debt is crucial.

Going against this standpoint, the new measures involve a review (as a prelude to abolition) of mandatory hedging of external commercial borrowing for infrastructure. They also permit domestic companies to borrow short-term sums of up to \$50 million. The minimum maturity period for such borrowing has been reduced to one year in order to reduce hedging costs, doing away with the earlier three year maturity period. The idea is to reduce borrowing costs, even if it increases the risk of losses on account of depreciation and heightens the danger of capital withdrawal.

Foreign investors in debt instruments are also to be given greater space. The currently prevailing ceiling on exposure to a single corporate group in the bond basket of foreign portfolio investors is to be reduced and the limit of 50 per cent on the exposure to any single corporate bond issue is to be reviewed. And in an effort to cajole foreign lenders (rather than the domestic borrower) to bear the currency risk, the withholding tax of 5 per cent applicable on borrowing abroad against rupee denominated (masala bonds), is to be done away with, and Indian banks are allowed to help such issues by acting as market-makers including underwriters. If the bonds don't sell despite the tax benefit, which is quite likely given the ongoing depreciation of the rupee, the currency risk would be carried by the underwriter.

12

It should be clear that the thrust of the government's response is to stall and reverse the exit of foreign portfolio investors, especially from debt markets. Yet, the claim is that the measures are principally aimed at reducing India's rising current account deficit, projected to cross 3 per cent of GDP in 2018-19. The only element mentioned in the response-package aimed at reducing the current account deficit is a promise to curb non-essential imports, with no concrete measures to back it. Thus, the measures are actually a desperate attempt to attract foreign investment in lean times to finance a rising deficit.

The counterproductive nature of this intervention becomes clear when we consider the factors driving the depreciation of the rupee vis-a-vis the dollar, euro and the pound sterling, among other currencies. Government spokespersons, who speak in different voices but say the same thing, argue that rupee depreciation is not a problem but a feature of the global conjuncture. All emerging markets are facing this difficulty, and relative to them even on the currency movement front India is doing better, is the claim. That is, however, not all factual. In fact, the rupee is the worst performing currency among Asian emerging markets. Even the Indonesian rupiah, which has been singled out from Asia for international media attention, has fallen by a smaller 9.2 per cent over the period when the rupee depreciated by more than 14 per cent.

So the sources of comfort by comparison are the really poorly performing countries elsewhere on the globe, such as Argentina (where the peso depreciated by 114.8 per cent), Turkey (with the lira down 68.5 per cent), and Brazil (with the real down 27.3 per cent). India looks comfortable in comparison. What is missed in this complacent assessment is that these countries are in crisis, and saying that India is afflicted by a problem similar to theirs, even if not so severely, is no comforting prognosis.

What this message seeks to convey is that the problem is not of the government's creation, and would therefore not cause harm and eventually go away. But that assessment misses out on three different trends that underlie India's current vulnerability. First, since 1991, consecutive governments have liberalised India's capital account, inviting foreign financial investors to enter and invest in India's equity and debt markets. This did not matter much when the flow of capital into India and the stock of such investments in India were small. This was true during much of the 1990s when returns in India relative to the riskiness of investment were not too high. All that changed during the 2000s, when central bank policies increased hugely the volume of cheap liquidity in international financial markets. That was also the time when the Indian government adopted policies, such as the abolition of long term capital gains taxation, aimed at making investment in India more attractive. The result was a surge of portfolio capital inflow into India and a rapid accumulation of the stock of portfolio investments in the Indian market. Looking for high profits, that capital was likely to withdraw at the first sign of an economic setback in India

or if the cost of capital mobilised to finance these investments rises, squeezing profit margins. That is precisely what is happening now as India's current account deficit widens and the cheap money policy adopted by developed country governments is being unwound. In sum, financial liberalisation has made India vulnerable to capital flight and currency crises, triggered by developments abroad.

The second disconcerting trend is that the promises of the advocates of liberalisation notwithstanding, "economic reform" did not result in a significant increase in India's exports. Exports were expected to spike post-liberalisation as a result of the international competition-induced restructuring of domestic capacity to make it globally competitive, and because of the inflow of relocative foreign investment seeking to use India as a base for world-market production. The result of export failure was that large remittances from Indian working abroad and substantial receipts from exports of services helped rein in the current account deficit and stabilise the balance of payments in normal years. But when the import bill rose above 'normal' the current account deficit tended to widen quickly. That is what is



happening currently because of the rise in global oil prices, on the one hand, and increase in outflows on account of coal imports, on the other. The international price of Brent crude has risen from \$29 a barrel in mid-January 2016 to close to \$80 a barrel by mid-September 2018. Rapid growth in coal-based thermal power generation and demand from captive power plants has also resulted in a coal shortage that is driving up imports, increasing the import bill. As a result the current account deficit is likely to cross the 3 per cent of GDP mark in 2018-19.

Finally, in the years after the 2008 crisis, when massive amounts of cheap liquidity were pumped into the system, the government kept raising the ceiling on portfolio investor holdings of both government and corporate bonds. This encouraged the carry trade in which foreign investors borrowed at near-zero interest rates in international markets and invested in relatively, highyielding bonds in India. Simultaneously, Indian corporations chose to exploit the opportunity to borrow cheap abroad to finance domestic operations, despite the risk that rupee depreciation would increase the debt service burden in rupee terms. This tendency has accelerated after the 2008 crisis. According to the Bank of International Settlements, external debt securities issued by non-bank entities from India rose from \$14 billion in the last guarter of 2012 to \$35 billion in the last quarter of 2017.

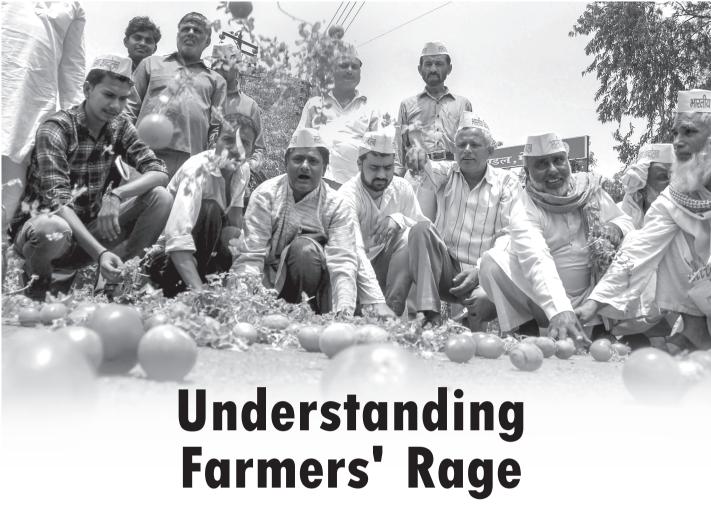
The vulnerability implicit in this liberalisation-driven accumulation of foreign portfolio investments in India manifested itself when developed country central banks de-



cided to unwind their quantitative easing policies and raise interest rates. Since this policy turn undermines the basis of carry trade investments in emerging markets, the exit of foreign investments in equity and debt markets has begun. This has affected India as well. According to the Reserve Bank of India, the net outflow of portfolio capital amounted to \$8.1 billion in the first quarter of 2018-19, as compared with an inflow of \$12.5 billion in the corresponding quarter of the previous year. This was draining India's foreign exchange reserves which had fallen by \$25 billion from its recent peak of around \$425 billion.

Since this was occurring at a time when India's current account deficit was widening (for reasons discussed earlier), the pressure on the rupee has increased, resulting in its sudden decline. Declines of large magnitude spur speculation with exporters and other increasing their holdings of dollars in the expectation of a steeper depreciation, which then realises itself. Given the obvious links between trade and capital account liberalisation and this vulnerability, measures to address the crisis must seek to stop the foreign exchange bleed, rather than find suspect ways of increasing capital inflows to compensate for the outflow. But measures to woo reluctant foreign investors, incentives to borrow for domestic agents and mere promises of import curbs are all the government has to offer, pointing to the fact that its neoliberal commitment has trapped it in a vulnerability of its own creation.

Meanwhile, firms that have borrowed in dollars, and are inadequately hedged, are beginning to feel the strain, as the debt servicing burden in rupees rises steeply. Default and bankruptcies are a real danger. As and when they occur the asset deflation that would follow would rein in investment and growth, even as rising import costs stir up inflation. "Stagflation" is a real possibility, at a time when the government is still battling a veritable currency crisis.□



Jayati Ghosh

The eruption of farmers' agitations across India is beyond anything that has been seen in India since the late 1980s. At that time, such outrage presaged a change of government, with the rise to power of a coalition of parties with some more identified with farmers' interests. Then, for around two decades, cultivators somehow lost their voice in national politics, even as neoliberal policy reforms made their situation more vulnerable.

The agrarian crisis that festered from the late 1990s and then exploded in the mid 2000s had its origins in the combination of trade liberalisation (which exposed Indian cultivators to highly subsidised yet volatile global prices) and reduction in public expenditure for agriculture. Yet that crisis was reflected more in significantly increased sui-

cides among farmers and distress migration, than in mass protests. Even so, simmering rural resentment helped to turn two crucial national elections, in 2004 and 2014.

Now we have entered another phase of open protests by farmers. All over the country, cultivators are angry, upset and even desperate - and they are expressing it in local, regional and national agitations: from the incredibly impressive long march in Maharashtra in late 2017 to the huge coming together of peasants and workers last month in Delhi, as well as many local protests in different parts of the country.

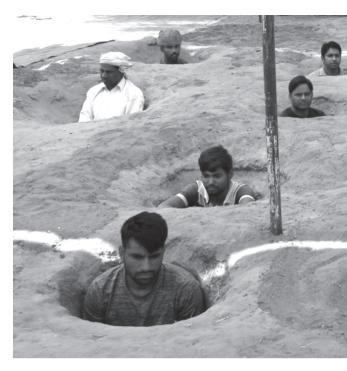
They have a right to feel angry. In his 2014 election campaign, Narendra Modi had promised to double farm incomes in five years: instead, they have actually declined on average in real terms, and in any case

become even more volatile. Now the goalpost for doubling farmer's incomes has been officially shifted to 2022, but few are buying that promise any more.

Worse, in its tenure the Modi government has been seen to promote anti-farmer policies: attempting to bring in a land acquisition bill that would forcibly acquire land without proper compensation; not investing enough in required irrigation or in research and extension services for agriculture; not increasing the spread and affordability of crop loans but cruelly enforcing debt repayments from impoverished cultivators; setting procurement prices that provide even lower margins over costs than the previous UPA government; making farmers take the brunt of global price volatility by banning exports of some crops when prices are high and allowing imports when prices are low; and so on.

The much-hyped official attempts to placate farmers have turned out to be only more jumlas. The loan waivers promised in Rajasthan and Uttar Pradesh have been laughable in spread and scope, and have provided little relief to the bulk of farmers. The renamed crop insurance plan turned out to be just as rigid and ineffective as the earlier one. Farmers had to suffer during the crazy demonetisation of 2016 that occurred during the kharif harvest/rabi sowing season, when they found it very difficult to sell their crops or access the required inputs. They are also still suffering from the botched and insensitive implementation of the GST. Meanwhile they are also facing problems in livestock rearing, because of the chaos unleashed on the cattle trade by state-sponsored "gau rakshaks."

This is the context in which around thirty thousand farmers from various parts of north India marched peacefully for ten days to the nation's capital, only to be greeted by a typically aggressive state response. They were blocked on the outskirts of Delhi and not allowed to enter the city, and their attempts



to cross the barricades were met with tear gas, lathi charges and even bullets.

The optics could not have been worse for a government that is so obsessed with optics. The incident occurred on Mahatma Gandhi's 150th birth anniversary (when ironically cleanliness rather than non-violence was being officially celebrated) which is also the birth anniversary of former Prime Minister Lal Bahadur Shastri who had coined the famous slogan "Jai jawan, jai kisan". Pictures of water cannons and tear gas being used against unarmed farmers, wounded elderly farmers, and the striking image of a lone old man with a stick in hand confronting a large posse of policemen with their guns pointed at him were the ones that stuck in the mind. These certainly detracted from the Prime Minister's attempts to appropriate Gandhi's legacy and twist it out of all recognition into one that suits the current regime's purposes.

The current agitation may be called off as the government appeared to accede to the more minor of the farmers' demands. These farmers wanted a genuine loan waiver, reduction of electricity tariffs,



higher procurement prices for their crops and immediate payment of the long-over-due arrears for sugarcane sales, as well as other demands like lower GST on agricultural machinery and implements and revoking of the ban on ten-year old tractors in the NCR. The big ones, like loan waiver have not been acceded to, but promises have been made on some of the others.

The problem is that knee-jerk reactions like this, or isolated policy measures, are not going to resolve the crisis in Indian farming or even the problems of these particular farmers. This needs a much more holistic and comprehensive policy response. It requires: more attention to irrigation (both surface and groundwater), more funding of agricultural research oriented to current concerns, better and more comprehensive extension services to enable all farmers to make use of available technologies properly, improved access to reasonably priced inputs without being misled by input dealers with conflicts of interest, proper public procurement across different crops that ensures that the declared Minimum Support Price does become the market floor price,

improved management of post-harvest produce including by providing cold storage facilities everywhere, better regulation of market yards so that farmers are not duped or exploited, ensuring affordable access to credit for all farmers and not allowing accumulated interest to exceed the original principal amount of the loan, better conditions for crop insurance which is currently so restrictive as to provide little benefit, more systematic policies for livestock management - and of course, expanding possibilities for non-agricultural activity in rural areas.

These may seem a tall order, but they are conditions that farmers in many countries - including in developing Asia - take for granted. Of course, all this will necessarily require a significant increase in public expenditure directed towards agriculture. Such spending has fallen during the Modi regime, from the already low levels of UPA-2. But surely this expenditure should get priority over a bullet train or a big statue. At the very least, the Modi government should put at least some of its money where its mouth has been for a while. □



James N. Green

he unexpected strength of the far-right demagogue Jair Bolsonaro in the October 7 Brazilian elections sent shockwaves throughout the country. Capturing 46% of the popular vote in the first round of the presidential contest, Bolsonaro now faces a run-off race on October 28 against Fernando Haddad of the Workers' Party, who trailed with 29.3% of the votes. Ciro Gomes, the center-left candidate of the Brazilian Labor Party polled 12.5%, while three presidential candidates from the center-right garnered less than 7% and lost considerable strength in Congress. Many observers consider their poor showing as a rejection of the policies of the Michel Temer government that came to power in 2016 after the impeachment of President Dilma Rousseff of the Workers' Party, in what has often been referred to as a soft or parliamentary coup.

The first post-election poll places Bolsonaro in the lead 58% to 42% against Haddad. Brazil is unquestionably at a crossroads. If a pro-democratic front led by the Workers' Party doesn't hold back the conservative wave, Brazil will be the next victim of the reactionary- populist international groundswell.

During his 26-year career as a legislator, Bolsonaro, a former army captain who defends neo-fascist ideas, has created an image of himself as a hardline and vocal opponent of the Brazilian left, feminism, Afro-Brazilians, LGBTQ+ people, and the social and cultural changes that have accompanied the country's democratization process over the last four decades.

He has publicly commented that his children wouldn't marry black people because they were well brought up, and that if a son

were gay, he would beat him up. He voted against granting labor rights to domestic workers, and denounces teaching "gender ideology" in public schools. During the 2016 vote in favor of impeaching Dilma Rousseff, he unabashedly defended the military dictatorship and praised the notorious torturer of the president when she was incarcerated in 1970 for her opposition to the authoritarian regime.

Although a self-styled "nationalist," Bolsonaro has anointed Paulo Guedes, a University of Chicago-trained neoliberal economist, as his main economic advisor. His policy recommendations include privatizing almost all state-run companies and opening up the Amazon to foreign development. Ironically, while Bolsonaro's campaign relies heavily on an anti-corruption discourse, Guedes is currently under investigation for possible securities fraud.

Left-wing activists were stunned by the results. Nonetheless, there are many factors that explain the growth of the far right in Brazil. The Great Recession of 2008 reached Brazil several years after it created economic turmoil in the United States. The country is still facing record unemployment, which in turn has caused an uptick in crime. Bolsonaro's law-and-order rhetoric appeals to many voters who fear urban violence.

The 2013 June mobilizations, which began as a protest against a 20-cent bus fare hike in São Paulo, ballooned into protests throughout the country with a highly eclectic social and political composition of its participants. Many who took to the streets called on the Workers' Party-led government to expand spending on social services, education, and transportation, rather than investing in stadiums for the 2014 World Cup. By mid-month, however, right-wing youth had joined the mix and explicitly called for an end to the Rousseff's rule.

The former left-wing guerrilla fighter managed to win reelection in 2014, but she

soon became entrenched as the Right challenged the election results and then moved to impeach her based on dubious charges of budgetary mismanagement. The centerright government that followed implemented a neoliberal economic plan designed to slowly dismantle the social welfare state that had been strengthened since Luiz Inácio Lula da Silva became president in 2003.

At the same time, a string of investigations, known as Operation Car Wash, alleging the Workers' Party's involvement in money laundering and kickback payments, severely tarnished its image and fueled antipolitician sentiment. While moving quickly against the Left, the judicial system spared suspected center-right politicians from any serious corruption investigations.

To prevent Lula from being a candidate in the 2018 elections, Sérgio Moro, the judge heading Operation Car Wash, sped up investigations against the former president, ultimately seeing him condemned to 12 years in prison for allegedly receiving an apartment in exchange for favors given to a contractor.

Jailed in April, Lula's popularity as a presidential hopeful increased from 30% to 39%. This alarmed the tendentious Supreme Court, which barred Lula from running for president from his jail cell, based on the Clean Slate Law that prohibits people whose conviction has been upheld in an appeals court from running for a public office, even if the case is still under consideration in the Supreme Court.

The country's highest judges also ignored a finding by the United Nation's Commission on Human Rightsthat defended Lula's right to stand for office. After carrying out a series of unsuccessful appeals and waiting to the last minute, Lula chose Fernando Haddad as his successor.

Haddad, a mild-spoken lawyer and professor of philosophy of Lebanese descent, had served as the Minister of Education for

six years under Lula's administration. He is credited with carrying out a massive expansion of public universities, which coupled with affirmative action programs has resulted in a dramatic increase of Afro-descendant and indigenous students in higher education. As mayor of São Paulo from 2012 to 2016, he tried to rethink the metropolis' transportation problems, and was recognized internationally as one of São Paulo's best mayors. Yet, he failed to win reelection, as anti-Workers' Party sentiment grew in 2016 in the aftermath of Rousseff's impeachment.

With less than three weeks before the next round, Haddad has shifted more to the center to attract voters who have traditionally supported the Brazilian Democratic Movement and the Party of Social Democracy, which formed the core Michel Temer's current government. These parties' poor showing in the polls and a split between their moderate and conservative wings have meant that many of their politicians have thrown their support to Bolsonaro. The sharp drop in the number of their congressional candidates elected to office is also a sign that voters have lost confidence in their legitimacy to govern.

Perhaps Haddad's core ally at this point is Ciro Gomes of the Brazilian Labor Party and the former governor of the northeastern state of Ceará, who has offered critical support to the Workers' Party's candidate. Northeastern Brazil, which has historically has been the poorest and most underdeveloped region of the country, benefitted tremendously from Lula's and Rousseff's social programs, beginning with the Bolsa Família cash transfer to low-income families with children in school. Haddad won the majority in all of the state from this area. However, Bolsonaro captured a majority of votes from the country's other regions.

Already before the first round in the presidential elections, social movements mobilized against Bolsonaro. A massive movement known as #EleNão or Not Him, organized first by feminist activists as a social media

campaign against Bolsonaro, brought over a million people in 140 cities into the streets a week before the election. A group called Jews against Bolsonaro gathered 10,000 signatures from members of Latin American second largest Jewish community. Another initiative entitled Muslims and Jews against Bolsonaro received the endorsement of ten associations. LGBTQI activists have also been vocal in the campaign against the right-wing figure.

International alarm about the election has motivated renowned sociologist Manuel Castells to issue an open letter, which begins: "Brazil is in danger. And with Brazil the world. Because after the election of Trump, the coming to power of a neofascist government in Italy and the rise of neo-Nazism in Europe, Brazil could elect a fascist to the presidency, who defends the military dictatorship, is misogynist, sexist, racist, and xenophobic..."

Seventy-five academics based in the United States have issued a manifesto expressing their fear that Bolsonaro's "proposed policies would effectively undo all of the political, social, economic, labor, and cultural gains of the last four decades, efforts by social movements and progressive politicians to consolidate and expand democracy in Brazil." Now collecting support in U.S. universities, the organizers of the initiative plan to release the text with several thousand signatures a week before the elections.

Should Bolsonaro win the popular vote at the end of October, he will have the backing of a conservative majority in the Congress to carry out his far-right agenda. Should the Left manage to flip the projected outcome and elect Haddad to the presidency, it will undoubtedly be a weak government. If social polarization persists regardless of who governs, the armed forces will be waiting in the wings ready to seize power.

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External Commercial Borrowings: Difficult times ahead

Parthaparatim & Ahana Bose

The Federal Reserve of United States has raised short term benchmark interest rates for the third time this year. With this increase, the benchmark rates have crossed the 2 percent mark for the first time since 2008. The FED has also given enough indications to suggest that there might be one more rate hike in December followed by a few more next year. As job growth figures in USA are pointing towards historically low unemployment levels, and the GDP growth rate is expected to be more than 3 percent this year, the FED is gradually moving away from the accommodative monetary policy and the associated low interest rate regime it followed since the recession of 2006-08.

For India, this rate hike is mostly bad news, as it may lead to more capital outflows, which will put more downward pressure on the already weakening rupee. The impending sanctions on oil exports from Iran may push up oil prices even more, and India has apparently also promised to bring oil imports from Iran down to zero soon. This will further add to the pressure on the current account of the country. Moreover, higher oil prices may have an inflationary impact on the economy. Higher international interest rates and growing inflationary expectations are already leading to hardening of bond yields. These may push the Reserve Bank of India to raise domestic interest rates in near future. A rise in interest rate will increase the cost of capital and may adversely affect investment. Higher yields also reduce prices of fixed income assets, which in turn worsens the balance sheets of corporates

and financial institutions holding such assets.

The combination of exchange rate depreciation and hike in global interest rates negatively affects a large number of firms from India that have borrowed from the international markets. Data published by Reserve bank of India show the number and volume of ECBs reported by Indian firms (Table).

Table

External Commercial Borrowings by Indian firms		
Fiscal Year ending Total	Numbers of ECBs taken	Volume of ECBs (Rs Million)
2007	921	1,130,530.38
2008	625	1,266,658.25
2009	754	1,458,397.97
2010	750	1,278,891.67
2011	726	1,174,390.26
2012	1074	1,728,483.69
2013	917	1,751,923.22
2014	714	2,001,600.54
2015	824	1,743,246.05
2016	719	1,587,510.98
2017	721	1,167,275.53
2018	786	1,680,039.15
2019 (1st April 2018-31st July 2018)	326	668,230.31
Total	9857	18,637,178.00

This huge increase in ECBs can be traced back to some of the policies adopted by the developed countries to counter the financial crisis of 2006-08. To come out of the recession, developed countries adopted accommodative and unconventional monetary policy tools. These policies increased liquidity in the system and pushed interest rates down to historically low levels in developed countries and international capital markets.

While these policies may have been effective in their domestic markets, the global fallout has been quite significant.

As the gap between nominal interest rates between developed and developing countries widened, it encouraged the "carry trade" whereby international investors used arbitrage to benefit from this differential. It also allowed firms from developing countries, including India, to borrow cheaply from international capital markets. High growth rate and the comparative stability of the Indian economy made Indian firms relatively more attractive to international lenders. Changes in domestic regulations also allowed Indian companies to access credit more easily from international markets.

These ECBs are now facing a double whammy from increased interest rates and a sharply depreciating rupee. A domestic firm borrowing from abroad usually pays a rate of interest which is a markup over some international benchmark rate like the LIBOR (London Interbank Offered Rate). This markup or the spread is generally decided taking various risk factors associated with the borrower, which may also include the country risk. A hike in US Fed benchmark rates results in higher international benchmark rates and so adds to the interest rate burden of the borrowing firms. On top of this, any depreciation of the rupee also increases the debt burden of these borrowing firms in terms of domestic currency. If this makes repayment more difficult, it will in turn add to the spread faced by the Indian borrower when turning over loans.

The impact of depreciation will be less of a problem if the firm has earnings in foreign currency. A firm is said to be 'naturally hedged' if foreign currency earnings of the firm can pay off its repayment cost of external borrowings. Apart from the 'natural hedge', firms can also have a 'financial hedge' through derivative contracts with financial institutions. Since 2016, RBI has pushed Indian firms to hedge their foreign



currency exposures, but it is not clear whether this has been successful. A look at the balance sheets (from the Prowess database) of the firms which have obtained ECBs shows that a large number of these firms have negative net foreign exchange earnings. These firms are unlikely to have any 'natural hedge' against foreign exchange risks. And as rupee becomes more volatile, cost of financial hedging will ramp up significantly.

Any unhedged foreign currency exposure faces significant risk due to the dual shock coming from exchange rate depreciation and the rise in global interest rates. All signals from the recent US Fed meet suggest that the cycle of interest rate hikes will continue well into the 2019. So, the Indian currency will be under pressure in the foreseeable future. Trade wars and rising tariffs in many countries may also dent some of the export earnings of the firms who have natural hedges based on their foreign currency earnings. Therefore, Indian firms will find it increasingly more difficult to service their foreign currency debts.

This makes the recent move by the government to liberalize some aspects of the ECB norms seem short sighted. Now, ECB borrowers who are in manufacturing can raise ECBs up to \$50 million or its equivalent with a minimum average maturity period of 1 year, compared to 3 years as previously required.

While relaxed norms for ECBs may attract short term capital flows in the country, international borrowing is becoming costlier, and will become even more so in the short to medium term. The increased burden of servicing foreign currency denominated debt will add to the vulnerability associated with foreign borrowing with inadequate hedging. Foreign debt servicing woes by individual firms will not only affect that firm but may also put even more stress on the financial sector of the country. The policy chosen to deal with the current instability in the currency market is unlikely to be of much help.

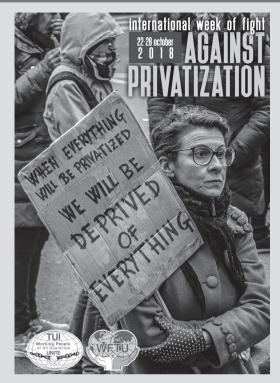
1. The authors are with the Indian Institute of Management Calcutta. Courtesy: The Hindu ,8th October 2018.

International Week of Fight against Privatization TUI Public Services and Allied

In 2016 TUI-PS launched the international day against privatizations, aimed at strengthening and expanding unity in the action of workers and peoples around the world in defence of public services and social functions of the states. From 22 to 26 October, once again we will organize initiatives, demonstrations, strikes or other actions to increase awareness on the disastrous impacts of privatizations on the lives of workers, peoples and countries, seeking to strengthen the fight to prevent new processes and to reverse those that have meanwhile been implemented. The privatizing obsession is an essential feature of the character of the dominant world system, capitalism, even more so in a period when its crisis and contradictions heighten. The over-production and over-accumulation of capital, the destruction of productive forces, finantialization and investment only in what is solvable, the commodification and privatization of all public enterprises and profit-making areas, the establishment of mechanisms that compel states to guarantee private profits (public-private partnerships), mergers and acquisitions of companies with the objective of increasing profits with the resulting degradation of services, workers' rights and cuts in employment, the appropriation of natural resources, leading to an unprecedented concentration and centralisation of wealth. A system in crisis, based on the hegemonic dominance of transnational corporations, has led to the seizure of scientific and technical knowledge (often produced by public institutions and with funds that belong to all), shaping their results and in particular the productive forces and the labour world to increase the exploitation of workers, creating more unemployment and immigration. A course made possible by a correlation of forces unfavorable to the work-

ers and peoples and by the alliance between big business and state apparatuses, reducing the states to the role of bystanders in the production and distribution of the wealth produced (for its concentration). At the same time as taxes are increased for those who work and live on the income of work, pardons and tax incentives are granted to big business, capital flight to tax havens is facilitated. States are deliberately deprived of funds to ensure public services and state social functions of quality, universal and accessible, and thus binding them to debt - which feeds the greed for profits of financial capital. On the other hand, the growing concentration of political power in supranational structures aimed at the conciliation of positions by big business is being favoured, while suppressing any attempt by the peoples to define sovereign paths of emancipation, free from any external conditioning, an example of which is the European Union and also the so-called free trade agreements.

Aggression and war are increasingly the policy of the imperialist powers, as well as the militarisation of international relations, the attack on International Law, the sale of arms, the appropriation of natural resources, markets and energy routes. On the other hand, we are witnessing the restriction of freedom and democratic rights and the growth of extreme right and fascist forces, promoted by big business, to open the way to even more reactionary policies and denial of the right to progress and social justice. The result of the private appropriation of what should be public (belonging to all) is increasingly in view. Workers and peoples are denied their inalienable right to essential goods as well as to healthcare, social security, education, housing, transport, justice, culture, etc. Prices are rising, redundancies are increasing, recruitment is decreasing, degrading contracts and



conditions of work and provision of services, closing down of services and establishments, quality and the rights of workers and users are reduced. The attack on the rights of Public Administration workers has a double effect, degrading their working and living conditions as well as the services and social functions provided. Denial of the right to employment, cuts in wages, freezing of careers, blocking collective bargaining and contracting, limitations on freedom of association and other collective rights - in particular the right to strike - increased working time and the proliferation of precariousness is detrimental to both workers and users. The consequences and dangers of privatizations are transversal, affecting both the so-called rich and poor countries, as was the case of the collapse of a bridge in Italy (Genoa) - a paradigmatic example - exposing the full dimension of these processes. With the promotion of this week against privatizations we want to denounce its impacts and seek to broaden and deepen the struggle for their reversal, defending public services and social functions of the states as a way to combat the glaring social inequalities and to implement rights. But at the same time we will place on the agenda that it is necessary and possible to have a system that rationalizes production to serve society and not to serve private profit. The actions carried out by the trade unions in this area aim to strengthen the struggle in each country as the most fertile ground for the broader struggle of workers and peoples around the world, respecting their specificities.

Hence, the trade unions of TUI-Public Services and other participating trade unions will strive for unity in action to defend the rights and aspirations of workers and peoples: -

Opposing the externalisation and privatization of public services and social functions of the states; - Advocating wage increases, reducing working hours and overall improvement of the working and living conditions of workers; - Demanding the end of precariousness and the principle that every permanent job must correspond to an effective working link;

- → Defending the maintenance and creation of jobs with rights and with quality;
- ▶ Defending trade union freedom and the right to collective bargaining and contracting;
- Rejecting charitable policies and advocating a fairer distribution of wealth through the creation or improvement of public services and social functions of states;
- Fighting against all wars of aggression and the militarisation of international relations, defending peace and internationalist solidarity, the end of interference in the internal affairs of states and the blockades, the principles of International Law.

TUI-PS is a sectorial and autonomous structure of the World Federation of Trade Unions (WFTU), which represents 23 million civil servants and carries out its activities in the central, regional and local Public Administration sector, in public and similar services on all continents.

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North East State Government Employees and Teachers Forum

As per the decision of AISGEF a meeting of Government employees of north east state was held at Guwahati on 29th September 2018. Mahua Roy, Tripura and Gani ya Riba, Arunachal Pradesh conducted the NESGETUF meeting. After condolence resolution Nava Kr. Patgiri, General Secretary, Assam state employees federation welcomed all delegates and leaders.

Sri. Swarnakar former leader of Assam state employees federation inaugurated the convention. Ashim Pal placed the convener's report on 10th meeting 2016, Guwahati till 11th meeting, successful of 2nd Sept.2016, 2nd MARCH 2017 strike, local movement of 7th CPC, Special Category Status of North East States. Sri. Purujit, Convenor to NESGETUF placed the Charter of Demands.

On behalf of Presidium Bhabesh Deka placed the draft resolution and to success the TWO DAYS Strike On 8 to 9th January 2019 v2018 as per call of all Central Trade Unions, Federation, Associations for united movement to change the policy of Govts. and read out the history of formation of NESGETUF. Draft resolution and Convenors report supported by Ganya Riba, Arunachal Pradesh, supports and discussed State problems, Puriujit,Mañipur, Swapan Paul,Tripura, Nava Kr. Patgiri, Assam, V.P. Sarat Singh, Manipur, supports the Strike. Meghalaya, Nagaland, Mizoram also supports through Telephonic message. However the meeting handed over charge both convenor to communicate to the other states. Dinesh Das Adviser ASEF also warm greetings to all as he was one of the founders of NESGETUF.

Bijoy Shankar Sinha, Assistant General Secretary AISGEF discussed the present situation and decision of convention of all Trade Unions and appeal to success the 2Days Strike on 8 ,9th jan2019. Tripura comrades handed over ONE LAKH RUPEE Cheque for flood relief of Kerala. On behalf of Presidium Mahua Roy thanks to all and request to attend State Central Convention on 30th Sept to success Strike. Meeting ended with Vote of thanks from Assam.