

EMPLOYEES' FORUM

Vol 3 No. 6 ■ June 2018

Editor: A. SREEKUMAR

Printed simultaneously from Kolkata & Kochi

Subscription Rate : Annual Rs. 60.00 ■ Single Copy Rs. 6.00



06

Interview

Kavita Lankesh/
Radhakrishnan Cheruvaly &
Prof. A Suhruthkumar

09

The Modi Government's "Achievement"

Prabhat Patnaik

13

Indefinite strike by Nagar Palika Karamchari Sangh in Haryana

Subhash Lamba

16

The Return of the Oil Threat

C.P. Chandrasekhar



19

The DPRK-US Singapore Summit

R. Arunkumar

24

Labour Law Reforms and the Modi Regime

Dr. A. Suhruth Kumar

Cover Design and Layout:
Pradeep Orkkatteri

Associate Editor
Ajayan K Menon

Editorial Board
Subhash Lamba
Manjul Kumar Das
Ashok Thool
Himanshu Sarkar

Advisory Committee:

A Ramachandran, Dr. A Suhruth Kumar
Radhakrishnan Cheruvaly, Jose Poozhanad

Editorial office : T.C 25/340, Gandhariyamman
Kovil Road, Trivandrum. 695 001
Phone 0471-2330649, Fax- 0471-2330649
E-mail: empolyeesforumtvm@gmail.com

*All remittances to be sent to the Editor by M.O or Bank Draft under registered post drawn in favour of
Employees' Forum at Trivandrum along with full postal address of the subscriber.*



RESTRUCTURE CENTRE STATE RELATIONS

Indian Constitution, while being federal in form, is more unitary in character. The basic structure remains to be one where legislative, administrative and financial powers are disproportionately concentrated in the Union Government with the States having a large number of responsibilities without sufficient autonomy. Strengthening the federal system is necessary for meeting the aspirations of the people who are governed through State Governments and for preserving the unity of India.

Along with significant socio-economic and political changes occurring in the post independence period, Centre-State relations have also undergone some changes. The period since 1991, which witnessed a paradigm shift in the economic strategy from planned development to a market-oriented one, has also thrown up new issues and challenges for the federal set-up. These have an important bearing on the functioning of our democracy as well as the well being of our people. The need for a thorough restructuring of Centre-State relations, in order to correct existing imbalances and strengthen the federal system by empowering the States with genuine autonomy, is therefore being felt strongly.

The Union government of trying to utilize the XV Finance Commission to further centralise financial powers. The Terms of Reference (TOR) of the XV Finance Commission which is out now clearly indicates its anti federal and anti democratic sidelines. It intended to reduce the share of the states in the overall tax devolution and to squeeze the fiscal space available to them.

The Finance Commission set up in 1951 under Article 280 of the Indian Constitution. The Finance Commission (Miscellaneous Provisions) Act, 1951, additionally defines the terms of qualification, appointment and disqualification, the term, eligibility and powers of the Finance Commission. The Commission basically decides how revenue has to be distributed between the Centre and the States. In addition to

this, the Commission also decides the principles on which grants-in-aid will be given to the States. It makes recommendations to the president as to the measures needed to augment the Fund of a State to supplement the resources of the Local bodies in the state on the basis of the recommendations made by the finance commission of the State.

The XV Finance Commission was constituted on November 27, 2017. The Commission is slated to submit its recommendations by October 31, 2019. The recommendations are to be observed for a period of five years from April, 2020.

The TOR of the Finance Commission have raised a storm of protest because they mandate the use of 2011 Census data, not the 1971 data used by earlier Commissions, to determine the sharing of central taxes between the States. Shifting of the base year for calculation of population weight from 1971 to 2011 would result in heavy loss of revenue share to States that have effectively implemented appropriate health and family planning programmes.

As per the TOR, the Union Government is trying to reduce the ability of the States to borrow from the open market which will also cause a serious blow to the interests of the States.

Also, there is a bias in the TOR for giving primacy to the Union Government sponsored programs. It may also be noted that the objectives of most of these programs fall within the domain of the States. There is even a reference to discouraging 'populist' programs in the TOR. Whether a program is populist or not is a decision to be made in the political domain and not by the Finance Commission. The TOR suggests reviewing the recomm-

endation of the XIV Finance Commission to raise the share of states in central taxes to 42 per cent. Further, they ask whether the constitutional provision to provide revenue deficit grants to States be continued at all. The policies that follow from both of these will certainly reduce resource devolution to the States.

There are clear suggestions that the Finance Commission will enforce the recommendations of the Fiscal Responsibility and Budget Management Act Review Committee Report. Any such move will significantly reduce the fiscal deficit and debt-GDP ratio permitted for the States, and will severely curtail the fiscal space available to States.

The fiscal imbalance between the Centre and the States has increased over time despite the recommendations of successive Finance Commissions. From the XI Finance Commission onwards, the grants have increasingly tended to be subject to conditions imposed on the States. The adoption of GST has also been a blow to the resource mobilisation potential of the States.

So what the need of the hour is to amend the TOR in accordance with the interests of the States and the people in order that the XV Finance Commission be able to function in a free and fair manner.

India is a multi-national political-community and each of the nationality is organised into a separate State with a distinct cultural identity. Therefore, the States have their characteristic political aspirations. What is needed is the restructuring of India's federal polity with wide leverage for State governments.□



Kavitha Lankesh

Excerpts from an interview with Kavita Lankesh, Cinematographer and sister of late Gouri Lankesh, by Radhakrishnan Cheruully and Prof. A Suhruthkumar

? Childhood memories, peer influence and patronage in the family environment of Prof. Lankesh's family and homestead. How far such experience helped your kinship mould and develop such individuality?

= Really, we are not an urban agglomerated family. We had experiences of all that of middle class aristocratic set up. Nonetheless, my father Lankesh became a College Professor and he used to provide us lots of books and other reading materials. We did not don glorious apparels or ornaments. Instead, my father gave us such luxuries as independence, freedom, opportunity to express our own individuality etc., from the very childhood.

Gouri had a lot of friends everywhere and a good number of colleagues. She never used to mingle with us in our outings or such occasions. She seemed immersed in books, reading speeches and such other activities. This distinct and different personality led her to Delhi in her media performance. Even then, she was always ready to share her books and other experiences with us. It may be considered as a guiding factor for myself in my life.

? How do you feel Prof. Lankesh's ideological influence, especially, his approaches towards Basavanna, Vachanashilya etc. The conflict between Veerashiva and Lingayats

etc., - how far did they exert pressure in your livelihood?

= Basavanna himself started his fight against the religious hegemonies from their family. Initially he questioned discriminatory practices against women in their family. Subsequently, the idol worship was also questioned. These type of historical influences emerged in as the main forces moulding Gouri's views towards gender justice, religious fundamentalism, media freedom and other democratic rights. We used to follow her way of life after she came back from Delhi to take over the editorial seat and administration of Lankesh Patrika.

? Hindu extremist groups targeted Gouri Lankesh due to her hardened position against fundamentalists and pseudo nationalism. How can it be compared with that of Kalburgi and Dhabolkar?

= Absolutely. Gouri used the forum of Lankesh Patrika, cultural activists groups etc., to oppose the religious outfits and their anti people, extremist activities. But, we never thought of this type of an attack from Hindutwa persons.

This was an extremely planned, organised and well executed murder. The offenders who had taken away the valuable lives of Kalburgi, Pansare and Dhabolkar listed her as their object and objective. Sangh Parivar held three different meetings in Bengaluru in order spread religious enmity among the people at large. Even the educated young were fed with religious hatred, intolerance and anguish against fellow beings.

Hindutwa people look it as a sacrifice for their religion and god. They think that they have won their objective. They are fuelled by pseudo patriotism. Even after the assassination of Gouri, the culprits stated that they succeeded with their objectives.

? How far the society in the State responded to this Hindu vandalism and violence?

= Interestingly the ordinary people are not ready to open their mind or mouth. Middle

class and upper middle class are too fearful to express real ideology or opinion. Artists, writers, creative personalities etc., are fragmented in to islands. A very few fellow beings – close associates of Gouri – continuously supported our stand. The Special Investigation Team (SIT) continued their inquiry in a hopeful manner. Somebody argued for CBI intervention in the case, but we never agreed to doing so, because the CBI is only a tool in the hands of the NDA Government.

Unfortunately, there is no common, strong bondage or linkage to unite the people and bring up a consensus against the fundamentalist, divisive forces and their fascist outlook. Of course, there were many ideal persons in Karnataka with strong democratic sense and sensibilities. Today there is a need for such an axis for consolidating the mindset of the people.

? Hard and fast attitudes of Hindutwa organisations and soft religious approach of Congress have been discussed in our society. What is the relevance and role of the Leftists in this circumstance?

= Of course, BJP and Congress, frankly speaking, they have no distinction or difference. Their ideology and functioning mutually aids the fascists. BJP wear their trousers outside but, the Congress men wear it inside. That is the only distinction. Here lies the role and relevance of the Leftists. All democratic forces, including farmers, workers, women, youth, students, service personnel, creative artists etc., shall unite together to fight against those fascist forces. As everywhere else, in Karnataka too, the Left, socialists, democrats, radicals and rationalists express their will power in a rather sketchy manner.

? Hindutwa cultural nationalism is trying to divide and rule the nation. Share your views on the protection of democratic system and civic rights of the people of India.

= Gouri Lankesh used her lifelong activities to strengthen democracy, secularism



and freedom of the people. We should consolidate all the differently polarised people together. The sense of insecurity among the people shall be removed. Utilisation of education, executive and even cultural

institutions including Sahitya Akademy, Film Censor Boards, Prasar Bharati etc., for saffronisation of the Nation should be protested and objected to. Cultural and creative personalities have great roles in this. Literature, poetry, cinema et al shall be used as effective media in this fight against those cultural nationalism and we should protect, preserve and nurture the national culture.

Gori Lankesh shall be a model in this social process because she tried to engage along with socialisation process of all progressive forces including naxalites left extremists, trans-genders and differently abled people at the very same time. Hence we learn the lesson of inclusiveness from the life and function of Gouri Lankesh. That may be the tribute we can give to the late Gouri Lankesh.□

NATIONAL PROTEST DAY OBSERVED ON 12th JUNE 2018

AISGEF decided to observe national protest day on 12th June 2018 on two point demands as follows:

- Scrap PFRDA; Abandon NPS. Ensure all enrolled under NPS to be included in to the defined benefit pension system.
- Regularise all contract, daily waged, outsourced employees; Ensure minimum wages to all; Stop all Back-Door appointments; Fill up all vacancies through Legitimate Recruitment Method.

The day was observed all over the country with various programmes such as Mass Dharna, Rally and lunch hour demonstration.





The Modi Government's “ACHIEVEMENT”

Prabhat Patnaik

The Modi government is celebrating four years in office with great fanfare. The fact that these four years have unleashed an unparalleled process of social and political retrogression in the country is well-known and need not detain us here. Our purpose here is to examine what these years have meant for the living standards of the bulk of the Indian people.

Here however one immediately comes across a hurdle. For a very long time India had one of the finest statistical systems in the world, with a National Sample Survey collecting data from a large sample of households, larger than anywhere else in the world, once every five years. This survey pioneered by Professor P.C. Mahalanobis provided a mine of information on various aspects of economic life, on the basis of which meaning-

ful economic discussions could occur. The data thrown up by this Survey alas are now increasingly either being withheld from the public domain or not even being collected. Challenging Modi's bombasts therefore is now being made increasingly difficult.

Mercifully however, despite all camouflage, a bit of the truth always shows through, even from other official statistics. Let us see what it reveals about Modi's four years.

The Central Statistical Organization provides data on the Gross Value Added in various sectors of the economy in current prices, from which we can get the nominal Gross Value Added in the sector “Agriculture, Forestry and Fishing, and Mining and Quarrying”. Agriculture alone, as is well-known, employs almost half of the country's total work-force. Hence taking this sector as

a whole we can safely say that it employs well over half of the work-force of the country and hence provides the means of livelihood for more than half the population. What happens to the people dependent on this sector, who also are largely co-terminus with the “poor” in the country, is the real acid test of the performance of any government.

Now, Modi came to power at the end of May 2014, which means that its first year in office coincided with almost the entire financial year 2014-15. We can therefore take 2013-14 as our base year from which the Modi period can be judged. Accordingly, we shall examine how the living standard of the population dependent upon this sector has improved by 2017-18 over that base year.

The CSO itself also provides data on the “real” gross value added in this sector, by deflating the nominal gross value added with a price index of the goods produced by it.

But this means looking at the “real” amounts produced by this sector, which does not give us any idea of the living standards of the people engaged in this sector. For this we need to look not at the real bundle of goods they produce but at the real bundle of goods over which they have command through the incomes they earn from what they produce. We therefore deflate the nominal gross value added in this sector, comprising agriculture, forestry, fishing, mining and quarrying, by the index of consumer prices which is also taken from official statistics. This is a combined index which has started being published of late, apart from the sectional consumer price indices for particular groups, such as agricultural labourers, rural labourers, and industrial workers.

Upon deflating the nominal gross value added figure, which is nothing else but the sum total of the gross incomes of all the



persons engaged in production in this sector, by a consumer price index and calculating the per capita figures on the assumption of a 1.5 percent rate of population growth, and hence a 1.5 percent rate of work-force growth (since four years are too short a time for any notable change in the sectoral composition of the work-force) we find that the per capita real income of the workforce engaged in this sector has declined by 2.02 percent between 2013-14 and 2017-18. From this we can clearly infer that the per capita real income of the population that is sustained by this sector, which is well over half the population of the country, has declined over this four year period. This being precisely the period that Modi and his men are celebrating, the tragic irony of the situation is obvious.

The conclusion that the living condition of more than half the population of the country has become worse in absolute terms

at the end of four years of Modi rule compared to what it was when he came to power, is a robust one. Some may argue that these comparisons are sensitive to the end-points chosen and hence could only reflect the fact that the base year we have taken was a good-harvest year and hence a high-income year. To guard against such criticism we have done another calculation. Instead of 2013-14 we have taken 2014-15 as our base year, and it is well-known that 2014-15 was a poor agricultural year, which by lowering the base should exaggerate the growth of incomes subsequently, and hence provide a favourable picture of the Modi period.

Even if take 2014-15 as our base and do the same calculation, it turns out that between 2014-15 and 2017-18 there was a 1.74 percent decline in the real per capita income of the work-force of this sector and hence in the real per capita income of the population dependent upon this sector. The conclusion that at the end of four Modi years the bulk of the people in the country, belonging to the agricultural sector and its allied activities, have witnessed an absolute decline in their per capita living standard compared to what it was when he took over, is thus quite indisputable.

True, the decline is not large, but there is a decline. Besides, there are two further points to consider here. First, value added includes, apart from wages and the income of the self-employed, the surplus as well. If we assume, reasonably, that the real income of the capitalists and the landlords in this sector has not gone down per capita, then the per capita real incomes of the workers and peasants, who constitute the overwhelming bulk of the agriculture-dependent population, must have gone down even more than our figure suggests.

Secondly, we have not taken into account here the effect of the privatization of education, health and a host of other essential services which has occurred and pushed up the cost of living index for the people. The Consumer Price Index we have taken into consideration



in other words only measures the increase in the price of a bundle of goods and services. It does not take into account the fact that many items in the bundle which were available in the base year may not be available in the current year, at least in the same quantities, and their place taken by other items which are more expensive.

An example will make the point clear. Suppose in the base year most people went to government hospitals where a particular surgery cost Rs.5000. The same surgery in the current year, let us assume, still costs Rs.5000 in the government hospitals; and if 3 all other goods' prices too remain unchanged

Exactly the same can be said of education and many other services which are getting privatized. In the current era of privatization of essential services therefore the consumer price index necessarily understates the actual extent of increase in the cost of living. If we look at the actual increase in the cost of living of the agriculture- dependent population, it would turn out that the decline in their per capita real income is far greater than what our calculations, based on the official consumer price index, suggest.

It would of course be argued, quite rightly, that privatization of essential services is not a phenomenon specific to the Modi years. It is

a feature of neo-liberalism and was being put into practice even before Modi came to power. But there can be scarcely any doubt that privatization of essential services has proceeded with even greater vigour in the Modi period than ever before. And what is more, even if we assume that the rate of privatization is the same as before, and the difference between the actual increase in cost of living, taking privatization into account, and the rate of inflation in consumer price index, is the same as before, that still does not make an iota of difference to the

conclusion that the decline in per capita real income of the agriculture-dependent population is much greater than our figures suggest, owing to the privatization of services. All that matters here is that the cost of living increase is underesti- mated by the consumer price index, not whether it is underestimated more than in the earlier period.

To celebrate four years of “achievement” when the bulk of the population has witnessed a decline in its per capita real income requires a degree of insensitivity which only the Modi crowd is capable of. □

then the rate of inflation between the base and the current year will be zero according to the consumer price index (where the bundle of goods includes only surgery in government hospitals). But if meanwhile because of lack of adequate spending the government hospitals have got run down to a point where they conduct very few surgeries, while most people are forced to go to private hospitals where the same surgery costs Rs. 50000, then the effective increase in the cost of living is enormous, even though the official index shows a zero increase.





Indefinite strike by Nagar Palika Karamchari Sangh IN HARYANA

Subhash Lamba

The Nagarpalika Karamchari Sangh (NKS) an affiliate of the Sarv Karamchari Sangh (SKS) Haryana, organized a successful 16-day strike of the urban local bodies workers of the state. The main demands that were achieved include ending the contract system of employment and putting them on the rolls of the municipalities. A committee was also formed to frame a policy to regularise these workers. Another major demand that was settled is a minimum wage of Rs13,500 and incorporating 1,360 firemen and drivers of the fire department and drivers in their respective departments.

Background of the Movement

The BJP had promised in its election manifesto in 2014, to do away with the contract system, regularise the employees and give a minimum wage of Rs 15,000. Once elected, the BJP did nothing on these demands. The NKS was forced to organise two-day strike on October 26-27, 2016. But the government remained adamant and did not accept the demands.

Series of actions were held since 2016. A strike notice was served by the NKS in July 2017. However, fearing massive participation of the employees a meeting of the union and

the urban development department was called. But the employees were cheated even after this meeting. From February 13 to 28, 2018, dharnas and demonstrations were held at the district headquarters and memorandums were submitted. On March 26, a notice was given for three-day strike on May 9-11, 2018. A broom protest demonstration was held on April 27-28 throughout the state.

All the committees of NKS held a 24 hours chain hunger strike on May 2-3 and a torch light procession on May 8. The employees struck work on May 9-11. More than 30 thousand employees representing 10 municipal corporations, 16 municipal councils and 61 municipalities participated in this strike. Owing to the lackadaisical attitude of the government, the strike was further extended to three more days. The RSS-BJP resorted to diversionary tactics by organising cleanliness campaign during the strike. However their tactics even of intimidating and terrorising the workers could not succeed. Since the safai karamcharis are mainly from Balmiki community, the government tried to reach out to them and allured young people for employment. However, the union leaders intervened and appealed asking them not to eat up the jobs of their brethren. This had a profound impact. Failing in their tactics, the government brought in nearly 10,000 village safai karamcharis to clean the cities. The CITU which is leading the rural (village) union intervened and failed the designs of the government.

The government, after realising that the situation has gone out of control, called an emergency meeting of the cabinet and formed a four member sub-committee of the ministers to talk to the NKS. The committee was headed by Kavita Jain, urban development minister. On May 24, a meeting with striking workers was held which continued for over four hours. The government was forced to accept the demands of the workmen.

The following demands were accepted in the sub-committee of the ministers.



1. To end the contract system of employment and the present contract workers to be brought in the rolls of the municipalities. Also a policy to be framed in this direction.
2. Minimum wage to be enhanced to Rs 13,500 from Rs 11,500
3. To fill in the vacant posts of 1,646 firemen and new criteria of incentivising the existing 1,360 firemen and drivers by 10 points for recruitment.
4. A committee formed for equal pay for equal work. Ex gratia scheme be drafted after studying the models of Delhi and Punjab. Vigilance enquiry into non contribution towards EPF and ESI funds.
5. Increase in allowances for cleanliness – from Rs 350 to 1000, washing from Rs 240 to 440, broom allowance from Rs 5 to 150, work on holidays allowance enhanced from Rs 600 to 1000.
6. The striking terminated employees were re-instated with immediate effect.

The following leaders were present in the meeting. Subhash Lamba, general secretary



of SKS, Naresh Kumar Shastri, president of NKS, Jarnail Singh Chinaliyan, general secretary NKS, deputy general secretary Shiv Charan, senior vice president Ashok Bohat, Mahender Sangelia, treasurer, Rajender Singh, vice president, Ashok Pracha, Ashok Tharian, Subhash Gunsar, Mangeram Tigra and Seva Ram were also present.

The CITU, CPI(M) and other political parties also supported the strike. The All India State Government Employees Union supported the strike and organised solidarity actions on May 22 in all over the country.

However, the BMS tried to stab the employees' movement. The BMS has no presence in the local bodies union in Haryana. A few workers are with them in Ambala and Panchkula cities, who were not on strike and the BMS too had not given a call for a strike. On May 16, a meeting of the SKS was fixed with the chief minister. However the government called the BMS leaders as well and they were present in the meeting hall even before the striking SKS union reached. The SKS and NKS boycotted the meeting saying that they will not sit with the BMS leadership who were not part of the strike. Realising the

mood of the agitating leaders, the principal secretary to the CM apprised the CM who intervened and asked the BMS leadership to leave the meeting.

This meeting with the CM failed as the government was holding it just to showcase it. There was no preparation at the behest of the government on the demands of the workmen. Kavita Jain, the minister informed the electronic and print media along with the BMS leadership that the BMS has withdrawn the strike as majority of the demands have been accepted. This was immediately rebuffed by the NKS leadership in front of the media. They said, neither the BMS had given a strike call nor was it a participant. Hence the strike continued till May 24. There is anger amongst the employees over such double standards of the BMS.

The lessons from the 16-day strike are very vivid. In the present order, to lead a successful movement all-in unity of the employees must be ensured. The government tried to form a caste based organisation of the employees to disrupt the unity. But such an organisation cannot solve the problems of the workmen. □



The Return of the Oil Threat

C.P. Chandrasekhar

On the morning of April 24, the price of Brent crude, the global benchmark for oil prices, rose above \$75 a barrel, touching its highest level since 2014 and signalling the return of an era of high oil prices. That is a \$30 per barrel or 66 per cent rise from the previous low of around 10 months ago. As expected, this has made oil importers nervous. But, despite the benefits it would bring US shale producers, even President Donald Trump is rattled. In one more of his infamous early morning tweets he declared: “Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil prices are artificially Very High! No good and will not be accepted!”

The sharp rise in the price of oil does raise a host of questions. What explains the reversal of the late-2014 price collapse? Would the price recovery be sustained and where would it taper off? What would be the implications for economic performance of a global economy still burdened with the effect of the recession. And, why, if there is need for a sensible reason, is President Trump rattled?

Among the many factors that were seen as driving the collapse in prices after September 2014 was the huge increase in supply relative to demand, intensified by the boom in shale oil and gas production in the US, consequent to the earlier price. From its post-crisis low in early 2009, the spot price

of Brent crude had risen above \$120 a barrel. This cycle where a rise in prices leads to excess supply and then a price fall, suggests that this fall too would be self-limiting. Lower prices would drive many shale fields, especially potential ones, out of the market and limited supply would dampen speculator expectations. In the event, price declines would moderate, leading to stability and even a partial reversal.

In practice these drivers took time to take effect. Besides the fact that geopolitical shifts increased production and supply from Iran and did not limit to the expected extent supplies from elsewhere, the economics of shale also underwent a change. Those producers who had made large investments decided to get as much as they could from their fields, so production cuts were not sharp. On the other hand, technology improvements reduced costs of extraction of shale oil and gas, keeping investments going even when prices fell. The net result was that the low oil price scenario proved far more resilient than many expected.

That said, given the strong dependence of viable shale production on the level of oil prices and the fact that increased production would require migrating to costlier fields, the excess supply created by the shale revolution had to unwind as demand rose. This would have moderated, stalled and eventually reversed the price decline. But, in practice other factors have intervened to affect the demand supply balance in the volatile world of oil and gas.

One was the ability of the principal exporting countries to limit supplies far more than OPEC had managed in recent times. Besides greater discipline among OPEC producers overall, which has helped implement quotas and restrict production, Saudi Arabia has changed its position on the oil price question. In late 2014, the traditional “swing producer” Saudi Arabia, which accounted for nearly a third of OPEC 2 production, when OPEC accounted for

around two-fifths of total supply, declined to cut production, for fearing of losing market share to new producers, especially the shale industry in North America. The argument was that by holding back production in the interests of keeping prices high, Saudi Arabia would gradually lost market share. On those grounds a supplier with major influence on the global supply-demand balance weighed in favour of a decline in prices, so as to keep shale producers at bay.

That, however, had a major impact on Saudi Arabia’s public finances, given the government’s dependence on oil for revenues. Sustaining the implicit and explicit subsidies that it provided its population has proved difficult and Saudi Arabia’s debt has increased, especially as it seeks to shift away on extreme oil dependence. One way in which it seeks to neutralise these effects is by selling a five per cent stake in publicly owned Saudi Aramco. But the price it garners for equity in these enterprises and therefore the volume of receipts from disinvestment depends on the price of oil. According to an estimate from Financial Times (April 13, 2018), Saudi Aramco’s valuation would rise from \$1.1 trillion to \$1.5 trillion, as the oil price rises from \$64 a barely to \$93 a barrel. The result of these circumstances has been a change in the Saudi view on the preferred international price for oil, which analysts say now goes as high as \$100 for a barrel.

To attain this goal, Saudi Arabia decided in November 2016 to tie up with Russia, another major producer and global supplier. Oil producers meeting in Vienna in December 2016 had struck a deal that would hold back 558,000 barrels a day of crude from the market. A major chunk of that output reduction, amounting to as much as 300,000 barrels a day, had been promised by Russia. The rest was to come from 10 other non-OPEC countries. These production cuts were to be additional to the 1.2 million barrels a day in cuts already agreed to by

OPEC member. In total this amounted to a reduction equal to almost 2 per cent of the then global oil supply. Most analysts were sceptical, given OPEC's past record with sticking to declared production cuts and quotas, that these cuts would be realised in practice. However, not only have the countries concerned collectively ensured the cut, but Russia and OPEC have indicated that they would continue with their cuts in 2018 and possibly through 2019.

The result of this has been a sharp fall in available oil inventories. According to the International Energy Agency, commercial stock in the industrial countries was at 2.8 billion barrels only marginally above the figure's five year average, pointing to an end to excessive stockholding. This encouraged it to say: "It is not for us to declare on behalf of the Vienna agreement countries that it is 'mission accomplished', but if our outlook is accurate, it certainly looks very much like it." The promised reduction in supply seems to have been ensured.

In the midst of this, two developments have aggravated the supply shortfall. The first is political unrest in Venezuela and the effect that this has on its oil production. According to reports, that country's oil

production has fallen from around 2.2 million barrels a day two years ago to 1.54 million barrels per day by February this year. Secondly, threats from Donald Trump that he would lead the US's walk out of the Iran nuclear agreement and impose sanctions once again. The deal he recently declared was "ridiculous" and "insane" and "should have never, ever been made." Since re-imposition of sanctions on trade will shrink Iran's contribution to global supply, the threat has heightened uncertainty in markets and brought speculators to their feet once again.

These developments would have resulted in an even steeper increase in oil prices, but for the US shale factor. Recent higher prices have meant that fields that were unviable have turned viable and investments that had to be stalled could be revived. But for this moderating influence, prices would have risen even further. What is unclear is whether this moderating influence would gain the upper hand, more than neutralising the other factors. But geopolitical uncertainty is at a level where as of now, bets on \$80 to the barrel are the norm, and others predict that Saudi Arabia's ostensible target of \$100 per barrel is within reach.

Oil importers, including the two fast growing giants, India and China are bound to be hit, with inflation that may force cuts in public spending, and in India's case balance of payments vulnerability and currency weakness. But the rise in prices need not be all bad, since oil exporters, many of whom depend on oil revenues for budgetary resources, may ramp up spending. Overall, however, since commodity prices are known to move in tandem with oil prices, global inflation may revive. That could hasten the retreat from the easy money and low interest rate policies adopted by central banks across the globe. This, in turn, could subvert the almost invisible recovery from the recession that optimistic analysts have been celebrating. □





The DPRK-US Singapore Summit

R. Arunkumar

Coming out of the historic summit that took place in Singapore on June 12, between the Democratic Peoples' Republic of Korea (DPRK) and the US, the president of DPRK, Kim Jong-un declared, "The world will see a major change". Donald Trump, US president joined, stating that "Anyone can make war, but only the most courageous can make peace!" Analysts across the world, including nay-sayers are poring through the one and half page declaration adopted in the summit and passing their judgements. In spite of their varied analysis, one thing is universally accepted – the summit had reduced tensions in the Korean peninsula and opened the path for establishing lasting peace.

Few months ago, many were skeptical, when it was announced that presidents of the DPRK and the US would be meeting shortly. Since the Korean War (1950-53), there were no official relations between the DPRK and US. Not long ago, the leaders of both the countries were trading threats and accusations, which many believed took the world to the brink of a war. These apprehensions were confirmed when Trump had declared that he will not be participating in the summit, jeopardising all the efforts that went into its preparation.

Intensive behind the scenes preparations went to ensure that the summit takes place. The breaking of thaw happened with the meeting of presidents of DPRK and Republic

of Korea (ROK or South Korea) in the month of March this year. This was followed by a series of meetings held at various levels of officials, including the visits of US Secretary of State, Pompeo who made two visits to North Korea and the visit of Kim Yong-chol to New York. The role played by South Korea and China in ensuring that the summit takes place also cannot be ignored.

Finally, when the summit did happen, almost all the world eagerly dissected every move of the leaders and keenly watched its proceedings. This was because of a host of reasons. No president of the DPRK ever met for discussions with a sitting US president. Since the collapse of Soviet Union, the world is largely ignorant of what is happening in the DPRK. Most of the international media is comfortable in branding the country as a totalitarian State and its leaders as dictators. Whatever is known about DPRK is known from sources whose authenticity is highly questionable. The summit for the first time, gave the world an opportunity to glance at the head of the State of DPRK.

TAKE AWAYS FROM THE SUMMIT

The major take away from the summit is the commitment of the US to immediately put a halt to the ‘war games’ that it conducts along with South Korea in the region. DPRK always termed these exercises as ‘provocative’ and a ‘threat’ to its security. Trump has conceded to this demand and agreed to call-off the ‘war games’ that are scheduled to be held in August. In fact, some of the US defence analysts were dismayed when they heard Trump term what they used to call ‘military exercises’ as ‘war games’. They consider it as a major climb-down by any serving US head of the State. Trump, true to his style, stated: “We will stop the *war games* which will save us a tremendous amount of money...It is very *provocative*... They are *tremendously expensive*” (emphasis added).

Another important take away is US commitment to offer security guarantees to

DPRK. The joint declaration adopted in the summit states: “President Trump committed to provide security guarantees to the DPRK....” Though vague in terms of what these guarantees are, this is another important demand that the DPRK has always been making. In the process, the DPRK has agreed to ‘work towards complete denuclearisation’ of the Korean peninsula. Both the countries have agreed to ‘join their efforts to build a lasting and stable peace regime on the Korean Peninsula’.

The joint declaration ended with both Kim Jong-un and Trump declaring their commitment “to cooperate for the development of new US-DPRK relations and for the promotion of peace, prosperity, and security of the Korean Peninsula and of the world”.

Almost all the world leaders welcomed the outcome of the summit expressing their hopes



that this would lead to the establishment of peace and security, not only to the Korean peninsula, but also to the entire world. South Korean president Moon Jae-in, in a statement issued after the summit stated that “building upon the agreement reached today, we will take a new path going forward”. Acknowledging ‘the possibility of numerous difficulties ahead’ and speaking on behalf of the two countries, he vowed to “never go back to the past again and never give up on this bold journey”. DPRK’s Korean Central News Agency (KCNA), lauding the summit reported that the ‘US president expressed his intention to lift sanctions’ “over a period of good-will dialogue between the two countries”. It also quoted Kim Jong-un as saying that DPRK can take unspecified “additional good-will measures of next stage commensurate with them if the US takes genuine measures to build trust”. It was also

reported that the leaders of both the countries agreed to visit each other’s countries at a mutually convenient time, taking further ahead the steps decided at the summit.

HISTORICAL BACKGROUND AND CHANGED CIRCUMSTANCES

The summit, in spite of all these, as some had expected, did not officially bring an end to the Korean War or remove sanctions on DPRK. It needs to be remembered here that though an armistice agreement was signed, the Korean War never ended officially. The positions adopted by the US since its involvement in the Korean War, the division of the country into two parts, the Geneva conference in 1954, remained as obstacles for the establishment of lasting peace in the region. On the top of it, US vitiated the atmosphere in 1957 when in contravention to the armistice agreement it declared its intention of bringing in nuclear weapons in the Korean peninsula.





Since then, US continued its hostile acts against DPRK, by sending its navy vessels, spy planes and increasing its military presence in the region. Repeated attempts by DPRK for talks and conclusion of the peace treaty were rejected. The relations further deteriorated when George W Bush declared DPRK as an ‘axis of evil’. As the US continued to violate all the agreements and its commitments, DPRK withdrew from the Nuclear Non-Proliferation Treaty in 2003. The US refused to cooperate with the six-party talks involving China, Japan, Russia, apart from DPRK, US and South Korea. On the other hand, it had imposed economic embargo and increased its military war games in the Korean peninsula, intended as a show of strength and threaten DPRK. The continued US military presence in the region and its violation of all agreements to restore ‘normalcy in the region’, forced DPRK to commence its nuclear programme and testings, which began in 2006 and continued till this year. DPRK, all through has been persisting with its demand of signing the peace treaty, which the US has been resisting to this day.

The US had hoped that its military might and doctrine of ‘strategic patience’ (a misplaced hope that economic sanctions will cripple the economy of the country and will ultimately lead to its collapse) will force DPRK

to its knees and succumb to its demands of systemic change. As times have shown, all these hopes stand belied. With its strong anti-imperialism, patriotism and commitment to build socialism, DPRK was able to withstand all these pressure tactics and survive.

As Obama was forced to rethink the US strategy on Cuba, acknowledging that all the earlier policies have failed in their purpose, Trump too was forced to rethink the imperial strategy on DPRK. This does not and should not mean that US has given away its desire to subjugate these countries or has foregone its hatred towards socialist system. Neither of them is true, nor is the fact that successive US presidents want to seal their names in history as doves of peace, winning Nobel Peace Prizes. The real reason for the changed strategies lies in the changed circumstances.

Just as DPRK needs economic sanctions to be lifted for its economic development, countries like South Korea and the US needs DPRK’s resources for exploitation. DPRK has undeclared reserves of rare earth metals that are used in today’s smart gadgets, along with iron and other minerals. Moreover, for international finance capital that is desperately seeking any place in the world to nestle in these times of crises, DPRK offers an opportunity, however small it may be. It is looking at the tremendous possibilities that the country offers when it opens for investment in infrastructure and other development projects. South Korea can use its technological know-how to expand its rail network and cut its time to reach Europe with its goods. Russia is similarly looking at another market for its gas. The learned labour power available in DPRK is another added attraction. All these economic reasons cannot be discounted as driving forces in the rethink of strategy.

We should never forget the real intentions of imperialism, even when it talks the language of peace. Forever vigilant and cautious, we should welcome however small a step towards the establishment of peace in any region of the world. □

Central Government Employees and Workers Calls for Nation-wide Strike on November 15

The central government employees plan to observe a day long pan-India strike on November 15, 2018, demanding the removal of Contributory Pension Scheme and implementation of the old pension system for all. The Confederation of Central Government Employees and Workers, in a national convention of central government employees, held in Hyderabad on June 10, has given the strike call and put forward a charter of demands. The All India State Government Employees Federation (AISGEF) has also backed this call.

While addressing the convention, A. Sreekumar, General Secretary of AISGEF declared that state government employees will also go on a nationwide strike to press the demands.

The convention asserted the need of pressing the main demands, i.e.- to scrap off the Contributory Pension Scheme; to honour the assurance given by a group of ministers regarding the increase in Minimum Pay and Fitment Formula; to stop outsourcing of government functions and contractorisation; to grant equal pay for equal work; to settle charter of demands etc.

The charter of demand includes the scraping off of the new pension scheme and extend defined pension to all, settle 7th pay commission related issues, fill up all vacant posts, regularize Gramin Dak Sevak and grant civil servant status, regularize all casual and contract workers, ensure equal pay for equal work, stop closure of government establishments, withdraw closure orders of government of India presses and other departments, implement 7th pay commission to autonomous body employees and pensioners, remove the five percent ceiling on compassionate appointments, grant five time bound promotions, stop attack on trade union rights,

ensure JCM/department council functioning at all levels, withdraw FR 56(j) which allows periodical review etc.

The convention displayed solidarity among all the section of workers. Sanjeeva Reddy- National President of INTUC, Amarjeet Kaur - National General Secretary of AITUC, Venkatesh - Telangana State General Secretary of CITU, Gopal Rao- All India Defence Employees Federation, and M.Krishnan- Secretary General of Confederation spoke at the convention.

The convention was also greeted by about twenty eight delegates representing different organisations and state level Coordination Committees including Giriraj Singh, President of National Federation of Postal Employees, Venkatesan of Income Tax Employees



Federation, M.S.Raja, Secretary General of All India Audit & Accounts Association, C.U.Jayakumar, Secretary General of National Federation of Atomic Energy Employees, Nilesh D Nazare, General Secretary of Indian Bureau of Mines Employees Association, P.S.Prasad of All India Ground Water Board Employees Association, and R.Seethalaksmi, Convenor of All India Women's Committee of Confederation.□



Labour Law Reforms and the Modi Regime

Dr. A. Suhruth Kumar

Under Modinomics policies, the union government is committed to the corporate, industrial and capitalists, and not to ordinary people including workers. Hence they propagate the idea that most of the Indian labour laws were drafted primarily on traditional models of work force engagement. Those laws are criticised in failing to keep pace with the needs of new and emerging sectors that are driven by cutting edge technology.

In a period of automation and robotics, the employers shall not be interested in continuing with pro workers legislation and their compliance. They will lobby for reforms and amendments in laws in favour of their profit motive. Nonetheless, the government has a duty to consider the relevance and necessity for those legislations in favour employees and their welfare as a social responsibility.

In this respect, we can see that the Union Government and its political administrators are compelled to accept and incorporate a few progressive measures in labour and employment sector on par with worldwide changes. At the very same time they tactfully introduced the other set of business-friendly and corporate driven reforms in several labour laws by 2018.

Token of advancement

For the last few years the employees and workers have continuously raised demands to review the existing legislation on a par with the social and economic changes in the country. Some of such slogans are incorporated and implemented through corresponding legal changes such as:

► The maternity Benefit Act, 1961, was amended in March, 2017, to increase leave

from 12 weeks to 26 weeks, for women with less than two living or surviving children. Then the law provided for leave for women in adoption and surrogacy, up to 12 weeks period. Another legal provision urges the employers having fifty or more employees to ensure crèche facilities for children of employees returning from maternity leave;

- ▶ The Rights of Persons with Disabilities Act, 2016, was brought in to force by 15th June, 2017, to replace the existing disabilities law in the country and extend its purview to private establishments, also. The law prohibits any kind of discrimination with respect to the recruitment, employment, promotion etc., on the basis of disability of a person. The meaning and definition of the terms and their ambit were enhanced to include twenty seven types of disabilities instead of seven types as existed in the law before amendment;

- ▶ Provisions of the Prevention of Sexual Harassment in Workplace Act, 2013, were amended so as to incorporate electronic complaint system in connection with internal and local complaint committees;

- ▶ The Payment of Gratuity Act, 1972, was amended in order to enhance the wages limit from Rs. 10,000/- to Rs. 20,000/-;

- ▶ The Employees Minimum Wages Act also was amended to ensure benefits to employees and increased minimum wages from Rs. 15,000/- to Rs. 21,000/-.

These can be cited as the result of the joint struggle of working class and the pressure exerted by the working class upon the ruling front in the government. But, the ruling class is not ready to provide adequate measures for this purpose. The employers are not sitting in the gallery, though; they started to play with all of their vigour. Hence they succeeded in winning the will of the rulers in favour of them. The Union Government has declared the will to ensure labour law reforms in favour of investors and capitalists in the country.

NDA Manifesto and Labour Law Reforms

Union Finance Minister Arun Jaitley unilaterally declared the commitment of the Union Government to consolidate and codify the existing labour laws in the country. Union Government expressed their will in the NDA Manifesto for 2014 to reduce the Indian employment laws. They argued in tune with the demand of the employers to reduce the multiplicity of employment laws, keep legislation in sync with the requirements of the evolving labour market.

A few reports point out thirty eight laws and a few others, forty four laws, as existing in labour and industrial sectors shall be consolidated and codified in to four comprehensive legislations:

1. Labour Code on Industrial Relations: existing legislations including the Industrial Disputes Act, 1947, the Industrial Employees Standing Orders Act, 1946, the Trade Union Act, 1926 etc., are to be consolidated in to one code. By these reforms they are trying to impose restrictions in to formation and registration of trade Unions and service Organisations. strikes and collective bargaining is proposed to be avoided by prescribing a mandate of 50% workers or employees to conduct strikes. Sustainable, regular and permanent job opportunity itself can be lifted by the imposition of ‘fixed term employment’ mechanism. ‘Hire and fire’ measures of employers can be effectively and legally administered through such provisions;

2. Labour Code on Social Security and Welfare: existing laws on Employees Provident Fund and Miscellaneous Provisions Act, 1952, ESI Act, 1948, Maternity Benefit Act, 1961, Employees Compensation Act, 1923 etc., are to be consolidated. Suggested reforms are running only in favour of the interest of investors and employers; not in favour of employees;

3. Code on Wages: the Union Finance Minister assured the interest to introduce this codifying, during the current year itself. The Minimum Wages Act, 1949, the Payment of



Wages Act, 1936, the Payment of Bonus Act, 1965, the Equal Remuneration Act, 1976 etc., are to be subjected to codification here. This is mentioned only to satisfy the economic interests and profit motive of the corporate capitalists in the country. This is to be resulted in curtailing the collective bargaining capacity of the employees to ensure their wages, purchasing power and livelihood. On par with these reforms, the Union Government decided to reduce the number of registers kept by employers from fifty six to five under the nine existing laws. They have also allowed the employers to keep the register in electronic format. The Central Administration has decided to reduce the number of returns from thirty six to twelve in order to eliminate redundancies and duplications causing difficulties to employers. In fact, these measures are imposed by the Union Government in areas practicing under federal level labour statutes without any legal or constitutional mandate;

4. Labour Code on Occupational Safety, Health and Working Condition: here, the Union Government has already consented to amend the Fisheries Act, 1948, in order to increase the overtime hours. Contract Labour (Regulation and Prohibition) Act, 1970, also has been amended to repeal regular employment in the labour sector. Those employees who are regularly employed under the same employers has been excluded

from the ambit of contract employment by the reform.

In the background of large scale changes in labour laws pushing the majority of the workforce out of the purview of all labour laws, these moves of the government to amend Apprentices Act, Contract Labour Act and introduction of fixed term employment have to be understood together as a comprehensive design of the BJP government to convert the employment relations in all workplaces to a state of temporariness and insecurity. Through this process it seeks to curb the trade union rights of the workers. It is a comprehensive design to ensure “ease of doing business” for the corporates with whom the present government is absolutely in bondage. Workers must identify their real enemies who are also enemies to the nation as a whole, in clear terms

Relevance of Reforms in Service Sector

Why this much concern is given to such legal reforms in service sector employees? The answer is explicit. Such measures can be very much ready to be extended to the government sector and service sector employment also in the recent future. Hence it is the fundamental duty of every employee to join hands to resist and prevent any such move to deteriorate their collective rights and freedom of employment.□