PETROLEUM AND GAS WORKERS' FEDERATION OF INDIA

CENTRAL EXECUTIVE COMMITTEE MEETING

ONGC COMPLEX: MUMBAI: 20TH NOVEMBER'2016

A Report:

Comrade President, Com: Debroyji and EC members,

At the out, I would like to offer warm greetings to you all. I also like to thank ONGC Karmachari Sangathana, Mumbai for making the arrangement of this meeting. After the Delhi meeting, this meeting is being held here. As we decided to arrange a meeting at Massena, Gujarat after the Delhi meeting, could not be organized because of some problem. In the meantime, 2nd Sepetember'16 all India strike is over and our affiliated unions tried to make the strike successful in different way. Today our unions will report in details about the strike in their respective areas.

The attack on Public Sector-Disinvestment/strategic sale:

It has been observed that day to day attack on PSU is going to be more and more. In our Delhi meeting it was pointed out that GOI made plan for Mega Strategic Sale of some PUSs in which oil PSUs are included. Accordingly, GOI proposed the same in the last union budget and NITI Ayuag has been empowered to make the modality and lists of the PSUs. In the meantime, NITI Ayuag has listed 74 numbers of PSUs for strategic sale.

Sources said the state-owned companies in the cement, salt, textiles, paper and antibiotics sectors are made ready for to sale. The companies including Hindustan Goa Antibiotics and Pharmaceuticals, Orrisa Drugs and Chemicals, Rajasthan Drugs and Pharmaceuticals, Sambhar Salts, Hindustan Salts Ltd, Hindustan Newsprint Ltd, Hindustan Paper Corporation, Cement Corporation of India and National Textile Mills are ready to sale.

Those that could be taken up for closure include ITI Ltd, IDPL and Hindustan Antibiotics Ltd, which incidentally has considerable land holdings.

In the Prime Minister's Office (PMO) late last month, at which the Finance Ministry and NITI Aayog officials were directed to ensure that the Centre kicks off strategic disinvestment this year.

Earlier, the NITI Aayog submitted two lists to the Prime Minister's Office: One for PSUs that can be considered for strategic disinvestment and the other of recommendations on each of the sick and loss-making government companies. There are about 74 such companies in all. Of these, for about 25 companies in which revival plans were attempted but failed, it has suggested closure, after which their assets, especially land holdings, could be disposed off and employees offered voluntary retirement. In the remaining cases, either mergers with other public sector units or strategic disinvestment is recommended. In some companies, the NITI Aayog preferred to let revival plans run their course, before taking a call on their future. The list of 15 PSUs in which the NITI Aayog has recommended strategic disinvestment on priority is now being examined by the Department of Investment and Public Asset management in the Finance Ministry.

The Cabinet Committee on Economic Affairs directed the NITI Aayog to identify PSUs that the department could take up for strategic disinvestment and also suggest norms for doing so. Any disinvestment of government shareholdings, closure or mergers of PSU will need the Union Cabinet's approval.

NITI Aayog has identified 32 loss-making companies for strategic disinvestment, including central public sector enterprises (CPSEs) such as Bharat Pumps & Compressors, Tyre Corporation of India, Central Inland Water Transport Corporation and Bengal Chemicals & Pharmaceuticals, among others. Of the 32 companies, 10 could see strategic disinvestment right away while for the other 22 the suggestion is to revive while retaining a subsequent option for strategic disinvestment. A list has been submitted to the Prime Minister's office (PMO). "The government will now look into individual cases along with their respective administrative ministries. The government has budgeted Rs 56,500 crores from disinvestments in this fiscal, of which Rs 20,500 crore is from strategic sales. Of the total 74 loss-making companies 26 have been identified for closure or winding up, five for long-term lease or management contract, three have been proposed to be merged with the parent company while two have been identified for maintaining statuesque. In case of subsidiaries the revival process can be approached through merger with the parent company. Last month, tourism and culture minister Mahesh Sharma said that the process to privatize the 14 hotels has already been started.

The companies which have been approved for strategic sale or privatisation include Scooters India, Pawan Hans, Hindustan Newsprint and units of Cement Corporation of India. A decision to sell four steel plants of NMDC (National Mineral Development Corporation) and Steel Authority of India and merge three state-owned companies with their public sector counterparts was also taken. The government will also sell a 26% stake in Bharat Earth Movers Ltd to a strategic bidder, reducing its stake in the company from 54% to 28 %. In principle, the Cabinet has approved the recommendations with regard to some of the units. Specific cases would now come up after detailed examination. The NDA government in its previous term had followed a privatization strategy and sold off companies such as Maruti, VSNL, Balco and Hindustan Zinc. But the UPA government, under pressure from the Left parties, had abandoned the programme when came to power in 2004. The government had in this year's budget set a strategic sale target of Rs 20,500 crore. So far, no money has been raised.

<u>Subsidiaries:</u>

The plan also includes outright sale of subsidiaries and individual plants of companies. Hindustan Newsprint Ltd, a wholly owned subsidiary of the Hindustan Paper Corporation, and Ferro Scrap Nigam , a wholly owned subsidiary of MSTC (Metal Scrap Trade Corporation Ltd.) will be sold through a similar two-stage auction to strategic buyers. Hindustan Organic Chemicals Ltd will sell its entire stake in Hindustan Fluorocarbon completely. Cement Corporation of India will divest its production units independently or in a group of units to strategic buyers. Four steel plants have also been identified as sale. These include Bhadrawati, Salem, and Durgapur units of Steel Authority of India, and Nagarnar Steel plant of NMDC (National Mineral Development Corporation). In all the cases the valuation and the process will be sorted out by the core group of secretaries on disinvestment. Some of these are important units each unit would be considered in its own merit, the timing of that would be decided by the government accordingly. The government has set a target of raising Rs 56,500 crore through direct stake sales this year, but so far it has risen only around Rs 4,000 crore. It has, however, managed to raise Rs 21,000 crore by five state-run firms to go for share buyback.

The recommendations of the NITI Aayog with regard to both disinvestment and strategic sale came up for consideration. In principle the Cabinet has approved the recommendations with regard to some of the units

The government will sell a substantial portion of its holding in these companies along with giving up the management control. So the principle has been approved. Specific cases would now come up after a detailed examination as to how it is to be done in each case and the details with regard to the units concerned will be furnished at that stage.

The government will take into account valuation of immovable properties and other assets of the companies while arriving at the sale value. Last month, the government approved the first strategic divestment of Allahabad-based Bharat Pumps and Compressors Ltd.

The last strategic sale took place in Jessop and Co in 2003-04 under the National Democratic Alliance government, when 72 per cent of government stake was sold to Indo Wagon Engineering for Rs 18.18 crore, as per data available with the Department of Investment and Public Asset Management. In the same year, the government had sold 18.92 per cent of its equity in Hindustan Zinc Ltd to Sterlite Opportunities & Venture Ltd for Rs 323.88 crore.

Finance Ministry has drawn up a list of 16 PSUs including ONGC, Oil India and Coal India for disinvestment in 2016-17 which could fetch the exchequer Rs 40,000 crore.

The list includes state-owned companies such as NMDC, MOIL (Manganese Ore (India) Ltd.), MMTC (Metals & Minerals Trading Corporation of India Ltd.), National Fertilisers, NHPC, NALCO and Bharat Electronics. Based on the current market prices, the stake sales could fetch the exchequer around Rs 40,000 crore. The list mostly contains PSUs which were up for sale in the last fiscal itself but volatile market conditions delayed the plan. Besides, the Cabinet approvals are also in place for some of these PSUs.. In PSUs which have excess cash, buy back is also an option for which Govt. does not need a new approval. At the current market price, 10 per cent stake sale in Coal India, NMDC and Nalco could fetch around Rs 18,000 crore, Rs 3,800 crore and Rs 1,000 crore respectively. Besides, 5 per cent stake sale in ONGC, BHEL and Bharat Electronics could raise about Rs 9,000 crore, besides, the government is also considering a 5 per cent stake sale in Rashtriya Chemicals & Fertilizers Ltd, 12.03 per cent in ITDC and a follow on public offer of NBCC. The Budget has set a disinvestment target of Rs 56,500 crore for current fiscal.

Crude oil prices and auction of marginal oil fields:

The situation of low crude oil prices has not been changed yet. Though OPEC has decided to reduce the crude oil production, the situation remains same. Slightly improving it reaches around 50$/Barrel. The negative effects are going on. Around

0.5 billion oil workers have been retrenched for the crisis so far. Many oil fields have been closed/suspended the jobs. On the other hand USA is continuously producing Shell Oil in a higher cost and reduced their import budget. Just to put USA into track, Saudi Arabia is increasing their crude oil production. So, as per the expert this situation will continue for longer period because the origin of the problem is the crisis of capitalist world. Our domestic up-stream companies are also facing some problems. ONGC's profit for the financial year 2015-16 has been decreased more than 3000 crores. Same condition is prevailing in OIL. We have no information about the situation of ONGC Videsh ltd. OIL's production has come down to 3.3MMT against 3.8 MMT last year.

We have already discussed the matter of auction of 67 marginal oil fields of ONGC and OIL. GOI has started the process and some road shows are being organized in India and abroad. As per the petroleum ministry, the projected reserve of crude oil in 67 oil fields will be 86MMT which is more than double the present production of OIL and ONGC together in India. So, after the auction, the upstream activities will certainly go to the hand of the private companies-both national and foreign. The conditionality of the auction is so designed that the private parties will earn huge money. We should come forward to protest this policy.

Second September'16 strike:

For the time in the history of India, largest strike took place on 2nd September'16 throughout the country irrespective of industry and sector in which about 18 crores workers participated. Though BMS was out of the strike and tried to break the strike, many BMS unions spontaneously joined into the strike. This is nothing but the exploration of inner resentment and opposition of the Govt. policy. From long pending issue of revision of minimum wages to mega strategic sale, from labour law reform to extreme exploitation by the private foreign companies, the demands of the unions was whole heartedly accepted by the workers and stood with the striking people. Govt. and BMS was trying to mislead the workers, but failed to keep the workers out from the strike. Apart from the industrial sector, banking and govt. departments were badly affected for the strike. In petroleum sector, strike was partial. But, in North East, strike was almost 100% successful in petroleum sector. In Digboi, Guwahati and Numaligarh refinery strike was responded widely. In Tripura and Silchar, ONGC was under total strike. Supply of petroleum products in North East was totally stopped due to strike by the North East IOCL workers both permanent and contract. All dispatch units and LPG plants were closed on the strike day. In BGR, contract workers went on strike. In OIL, Duliajan, present recognized unions participated into the strike. They reduced the strike period from 24 hours to 12 hours. In ONGC Sivasagar, strike was not so successful, only contractual workers went on strike.

In Kolkata, the Eastern regional office was collapsed due to strike. In Bihar, Orrisa and Jharkhand all marketing activities were stopped due to strike. Our affiliated union in ER office did a very good job. In the Southern region, Kerala, Karnataka and Tamilnadu our affiliated unions did their best to make the strike successful. Kochi refinery was badly affected due to strike. In Trivandrum BPCL marketing union participated into the strike. In MRPL our affiliated union stopped all dispatch and staged dharna in front of the refinery gate. In Mumbai, strike was not successful in BPCL and HPCL, only ONGC Karmachari Sangathana participated into the strike in some different manner. HPCL and BPCL in Kolkata were not affected for the strike. As per the information received, in Vizag, HPCL members went on strike. In OIL Jodhpur strike was successful.

We must see the weaknesses of the petroleum workers of our country. The sectors are facing a serious attack from the GOI and almost all oil PSUs are in the verge of privatization, but the unions and workers are still sleeping. Our federation should take strong step to gear up the oil workers of our country in near future.

I again congratulate our unions who made the strike successful for the greater interest of the workers and nation.

17th Conference of WFTU:

The 17th conference of WFTU was held at Durban, South Africa from 4th to 8th October'16. I along with other CITU comrades attended the conference. 1244 delegates from 112 countries representing 92 million memberships attended the conference. In the reception COSATU did a fantastic job. Most of the delegates expressed that the attack on working class is increasing day by day and the nature of the attack is same. They also told that the attack has come from the capitalist world which is facing crisis throughout the world and therefore working class must go for the class struggle. The conference elected Com: George Mavrikos as the general secretary and Com:Mzwandile Makwayiba as the president and Com: S.Debroy as the deputy general secretary of WFTU.

The demands adopted in the conference are:

1. Stable full time employment for all.
2. 35 hours work a week.
3. National minimum wages.
4. Collective bargaining right.
5. Social security for all.
6. Protection of the right to strike and protest and other democratic rights of the workers.

ORGANIZATION:

PGWFI is going to complete its three years from the last conference held at Kolkata. During this period some activities have been carried out though there is scope to do more. Our website is in live and all important information/message/photos are uploaded time to time. Some lakhs of viewers searched the site and most of them are outside India. Before the 2nd September'16 strike, one meeting was held at Mumbai among the oil employees of Mumbai area where Com: Debroye was present and attendance was also good. Another meeting was held at Chennai where Com B.Balagopalan addressed. In the North East, in Guwahati such a meeting was held. In West Bengal a meeting was held at Shramik Bhawan where oil comrades attended. In Kochi, Com: Aji organized several meeting to make the strike successful.

As per the decision of the Delhi meeting, we could not organize the contract labor convention in July'16. Now next date should be fixed up.

It has been observed that most of the office bearers of our federation are not giving effort to make our federation strong and active. Even some do not have time to dial a call. We always say that the progress and achievement of our federation depends on collective functioning. Our finance side is very poor and the bank account is not in up to date due to some technical problem which we could not rectify or not rectified due to zero initiative from us. Most of the unions have not paid the affiliation fee years together. Without money, how we can run the federation? Please discuss this issue seriously and take a strong decision in this regard.

<u>Conclusion</u>: Dear Comrades, please come forward, take initiative and do something for the federation so that we can uplift the federation into a strongest one.

Thanking you

(NOGEN CHUTIA)
General Secretary
PGWFI.
<u>Mumbai, the 20th November'16.</u>