

# **National Convention of Oil & Petroleum Workers**

## **26<sup>th</sup> October 2019, @ Kohinoor Hall, Mumbai**

### **DECLARATION**

A National Convention of Oil and Petroleum Workers held at Mumbai on 26<sup>th</sup> October 2019 was jointly organized by the Trade Unions of various affiliations as well as the unaffiliated ones functioning in ONGC, IOC, OIL, BPCL and HPCL and participated by Worker Representatives from the Oil & Petroleum PSUs from all over the country.

The Convention condemned the Central Government for its suicidal decision and aggressive move for Privatization of even the strategic PSUs and Government Departments including Defense Production, Public Sector Banks and Insurance, Railways, Public Road Transport, Ports, etc. and many excellently run PSUs including in the sectors of Coal, Power, Steel, Oil & Petroleum, Heavy Engineering, and Container Services.

In the past to justify divestment of equity of PSUs, the Governments and private business lobbies used to resort to vilification campaign over the so called poor performance of the PSUs concerned. But the shocking decision of the present Government to completely privatise the excellently run Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation (HPCL) has clearly established that the Central Government of the day is totally under the clutch of few crony private business giants and their foreign collaborators. The all round physical and financial efficiency of BPCL is captured below. Currently the Government equity in BPCL is GOI share holding 53.29%

#### **The Physical Assets of BPCL**

With four Refineries BPCL has a total installed refining capacity of 38.3 MMT per annum. The PSU has vast storage locations and distribution Installations near all Refineries. The BPCL has 77 major Installations and Depots for Storage and Distribution of Petroleum Products, 55 LPG Bottling Plants, 2241 Km Multi product Pipeline, 56 Aviation Fuelling Stations in Airports, 4 Lubricant Plants and Lubricant Godowns and Facilities for Unloading and Loading of Crude and finished products in major Ports. Moreover it has 11 Subsidiary Companies within India and abroad, 22 Joint Venture Companies and also share holdings in different Companies. In addition there are huge land holdings of BPCL in prime locations of metropolitan and other cities all over India. The BPCL is having more than 24 % market share in the Petroleum Products Marketing in India.

The BPCL is having a Sales Network all over India for its Petroleum products through Retail Outlets numbering 15,078 and nearly 6,004 LPG Distributorship Agencies apart from Aviation Fuel Sales facility in Airports and Lubricants Sales shops across the country and other Bulk sales. A very important asset of BPCL is its long standing and ever strengthening 'Brand Value'. According to the survey of 'Expert Opinion' by ETEnergyworld, *"it (BPCL) has an opportunity to become the second-largest fuel retailer in the fastest growing oil market in the world."*

Moreover at present BPCL is executing projects costing more than Rs.48,182.00 Crores all over the country including the 6.00 MMTA Expansion Projects of Numaligar Refinery. BPCL has been awarded the status of a 'Maharatna' Company since 2017

### **The Financial Strength of BPCL**

The BPCL has been steadily making Profit since its inception through-out the past five decades in addition to the big contributions to the National Exchequer every year by way of Dividend, Direct and Indirect Taxes, Sales Tax etc.

Net Profit (Profit after Tax) earned by BPCL during the financial years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 have been Rs.5,085 crores, Rs.7,056 crores, Rs.8.039 crores, Rs.7,976 crores and Rs.7,138 crores respectively. The Petroleum PSU has paid more than Rs.15,000 crores as dividend during the last four financial years. In the last financial year itself the Taxes paid to the National Exchequer by BPCL was around Rs.96,000 Crores.

Also BPCL is having Reserves and Surplus to the tune of Rs.34,400 Crores. On a rough calculation, the real value of the Assets of BPCL will be more than Rupees Two Lakh Crores.

### **Some Vital Data About HPCL**

HPCL has 18 MT refining capacity and runs 15,127 fuel retail outlets. The net sales of the company rose around 22 per cent to Rs 3 lakh crore in the last financial year, while the profit earned was Rs 7,218 crore.

Under directive from the Government of the day, ONGC was compelled to buy the total residue 51.11% Government equity of HPC during the Financial Year 2017-18 at abnormally higher price amounting to Rs. Rs 36,915 core. The Government resorted to such arm twisting measure in order to meet its disinvestment target in 2017-18. The ill effect of the deal on ONGC was that ONGC from being a debt-free company became an loan laden PSU with no cash and loads of debt on its books. ONGC took loan of close to Rs 25,000 crore to buy the government's equity in HPCL.

On the other hand at the instance of the Ministry of Petroleum & Natural Gas HPCL's acquisition has so far not worked to the advantage of ONGC as synergies have not flowed in. Moreover, HPCL refused to recognize ONGC as its promoter till recently. ONGC has just one member on the HPCL Board of Directors.

### **Human Resource Assets of Both the Oil PSUs**

The BPCL has huge human resource assets. The number of permanent employees is nearly 12,000. The number of regularly working Contractual employees are around 20,000. Similarly the number of permanent employees in the role HPCL is around 11,000 and that of regularly working contractual workers are more than 31,000. Both the Oil PSUs have been providing employment to thousands of reserved / backward classes people all over the country.

### **Government Preferred Party in the Race - Reliance Industries ( ? )**

The Convention noted that in the year 2002, the then National Democratic Alliance (NDA) government headed by former Prime Minister Atal Bihari Vajpayee tried to privatise BPCL and HPCL. However, the government's plan was stalled under the multipronged pressure of Strike Action by the Workers of BPCL and HPCL, powerful intervention by the opposition parties in Parliament and of course the historical judgment of Supreme Court of India

Reliance Industries, BP of UK, Kuwait Petroleum, Petronas of Malaysia, the Shell-Saudi Aramco combine and Essar Oil had then expressed interest in acquiring stake in both the companies.

The Convention expressed serious concern at the larger scale infiltration of Foreign private Oil and Gas giants into the Indian market. Recently, French giant Total SA announced the acquisition of 37.4 per cent stake in Adani Gas, which retails compressed natural gas to automobiles and piped cooking gas to households besides developing import terminals and a national chain of petrol stations.

Oil and Natural Gas Corporation (ONGC) has signed a Memorandum of Understanding (MoU) with US petroleum giant Exxon Mobil on 14 October to co-operate in exploration and production. BP Plc has 30 per cent stake in Reliance Industries-operated oil and gas blocks. Besides, they entered into a joint venture to set up 5,500 fuel stations across the country.

Reliance has also announced Saudi Aramco's plan to pick up stake in former's refining and petrochemical assets in Gujarat for over Rs 1 lakh crore. Early this year, Canada-based Brookfield Asset Management's India Infrastructure Trust acquired Reliance's loss-making entity East West Pipeline for Rs 13,000 crore.

If the united strength of public sector workers and the joint trade union movement along with the truly patriotic democratic people of the country fail to stop the Government from handing over the strategic public sector industries, particularly the oil and petroleum industries, so vital for the economic growth and protection of economic sovereignty of the country, it is almost a certainty that the Reliance Industries in collaboration with the one or more foreign oil giants named above shall grab the BPCL and HPCL very shortly.

### **Fight to Stop Privatisation or Face the Consequences**

The Convention expressed strong opposition to the suicidal decision of the Union Government to privatize BPCL and HPCL. In view of the strategic importance of oil PSUs, excellent physical and financial performance during the decades of operation and the huge physical assets created by both the oil PSUs, handing over these national assets to private oil giants both domestic and foreign would be a clear act of betrayal to the nation and the people. The immediate fall-out of privatization is captured below:

The RIL's present refining capacity is 62 MMTA. If BPCL and HPCL are captured by RIL, their total refining capacity will shot up to around 120 MMTA and obviously RIL shall emerge as monopoly oil refining industry in our country.

Today more than 75 per cent of the Indian fuel marketing business is owned by three PSU OMCs IOCL, BPCL and HPCL. Based on this strength even in the de-regulated fuel pricing regime, government has scope to exercise some control on fuel pricing. But once BPCL and HPCL are fully privatized surrendering the controlling power to RIL, one can easily imagine as to how the petroleum products price shall start sky rocketing in the country. Both the vital Energy Security and Energy Economy of the India shall be fully under the grip of private oil giants from within the country and abroad.

The Employees on the roll of both the PSUs including the contractual workers shall eventually lose their jobs. The reasons, inter-alia, are (a) the authoritarian powers being extended to the employers to 'Hire and Fire' employees by the Government through the on-going pro-employer changes in Labour Laws under the guise of Code on Wage, Code of Social Security, Code on Health & Safety and Code on Industrial Relations. (b) Given the level of pay, perks and facilities achieved by the PSU employees through long drawn struggles shall not be accepted by the oil MNCs. (c) These oil Companies employ only fixed term contractual workers and pay poor wages, in other words there is no system of appointing permanent workers. (d) These private companies' manpower policy is 'lower workforce and higher workload'

The Convention adopted the following Action Programmes. The Convention has appealed to the workers of BPCL and HPCL to come forward irrespective of

affiliation and take part in the Action Programmes. Convention also appealed to the entire Oil and Petroleum PSU workers to extend active solidarity and support to the Action Programmes.

Convention also appealed to the 'Ten Central Trade Unions and National Federations and Confederations' Joint Platform to extend support to the instant anti-privatisation struggle of Oil & Petroleum workers and respond to our invitation to participate the next National Convention to be held in New Delhi.

### **PROGRAMME OF ACTION**

**ONE DAY TOKEN STRIKE ON 28<sup>th</sup> NOVEMBER, 2019 ( From 6.00 A.M ON 28<sup>TH</sup> NOVEMBER to 6.00 A.M ON 29<sup>TH</sup> NOVEMBER, 2019) BY ALL REFINERY, MARKETING AND PIPELINE WORKERS OF BPCL and HPCL INCLUDING NUMALIGARH AND KOCHI REFINERIES AT ALL WORK PLACES IN THE COUNTRY**

**The following programmes of Campaign, Propaganda and Agitation to be carried out by the Unions jointly with the objective to ensure massive mobilization and participation of workers of BPCL and HPCL in the strike :**

- 1) Executive Committee meeting to be followed by Full-fledged General Body of meeting of Permanent and Contract Workers by the unions at various BPCL and HPCL units, and Locations to be completed by 5th November 2019.**
- 2) All the Unions to serve Strike Notice on 11<sup>th</sup> November 2019**
- 3) Observance of 'ALL INDIA PROTEST WEEK' by organizing Rallies, Processions, Gate Meetings jointly by Permanent and Contract Workers during 11<sup>th</sup> to 17<sup>th</sup> November 2019. Massive Postering and distribution of Leaflets amongst workers, their family members and General Public.**
- 4) With Bigger Participation, next National Convention of Petroleum Workers from all the Oil & Petroleum PSUs**

**at New Delhi on 20<sup>th</sup> November 2019. Central Trade Unions Leaders and Members of Parliament shall be invited to address**

**5) Massive Day-long 'DHARNA' at the Gate of all the Refineries, Regional Headquarters and all other WORK LOCATIONS of BPCL and HPCL throughout India on 26<sup>th</sup> November 2019**

**6) In the unfortunate event of the Central Government move forward for privatization of the Oil PSUs, Multiple-days Strike Action shall be decided at appropriate time to stop privatization by all means.**