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EDITORIAL

Prime Minister Modi Dancing on Corporate Tune

- Piyush Pant

The way Modi government has rushed through a number of ordinances to make changes in the existing laws on land acquisition, re-promulgation of coal mines and increasing the cap on foreign investment in insurance shows its utter keenness to serve the Multi-national companies and Indian corporate sector. It also shows its naked disregard for the constitutional, parliamentarian and democratic norms of the country. These ordinances intend to violate the much blessed principles of accountability and democratic discussion and raise the substantive issues with huge social and economic consequences. In a way these ordinances are Modi's declaration that his government intends to get things done even without following parliamentary or constitutional procedure.

Now the question arises what was the hurry to bring these ordinances? It was perhaps to assure the MNCs and the corporate houses that he still meant what he promised them before 2014 Lok Sabha elections. You can also find the answer in these eulogizing comments made by India Inc. stalwarts (in fact cheer leaders) at India Inc. conclave chaired by PM Narendra Modi in New Delhi on 25th September 2014. At the conclave Reliance boss Mukesh Ambani waffled on about being "blessed with a leader", the unique leadership quality of a prime minister, a man who dreams and he does" ,who has apparently motivated a billion Indians to "dream and do" . The chairman of ITC Limited, Yogesh Chander Deweshwar went a step forward by thanking "the Almighty" for the leadership "given to us" in Mr. Modi, for "your astuteness, your wisdom……Sir, I am profoundly inspired by the boldness of your vision and simplicity with which you have communicated."

And lo! What PM Modi has given them in return- almost a free ride. This has been done on two counts-first raising the FDI cap in insurance sector from 26% to 49% through an ordinance and secondly extremely diluting the provisions of the Land Acquisition Act 2013.While the Insurance Lws (Amendment), Bill, 2008 is still pending in the Rajya Sabha, the Modi government thought it fit to bring about the amendment through the ordinance route. It is the same BJP who had opposed the previous UPA government's approval of the hike in the FDI limit in the Insurance sector in October 2012. At that time BJP had questioned the "legal and political intentions" behind allowing 49 per cent FDI in the insurance sector. "We have made it very clear that we are against FDI in multi-brand retail. As for the cabinet decision, the Standing Committee on Finance had opposed more than 26 per cent FDI in insurance. BJP is opposed to the government's views," party vice-president Mukhtar Abbas Naqvi had told reporters. Asked what BJP's stand will be when the insurance bill comes up in Parliament, he said "we said FDI should be 26 per cent. There is a question mark on the legal and political intentions behind this move of the government."

Foreign direct investment is one of the forms in which foreign capital enters our country. It is a form of investment through which foreign capitalists gain a controlling share of ownership of the assets of a company that operates in our country. They gain the

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power to exploit Indian labour and keep pocketing a steady stream of profits for as long as they wish. As far as further increase in FDI cap in the insurance sector is concerned, it must be understood that foreign investors are never interested in minority share holding at whatever level but in securing controlling interests. Nor are they interested in bringing additional resources for development. They are interested in gaining control over India's domestic savings. Their overriding reason is profit. At the same time they have no new products to offer. They just limit themselves to skimming the cream of the business avoiding `all social responsibilities. The public sector insurance, on the other hand, is seen expanding insurance cover to hitherto uncovered areas and investing heavily in social and economic development. This requires further fillip. The crucial area of infrastructure is heavily dependent on investment through creation of surpluses in the public sector insurance. By allowing more foreign investment, the government is virtually damaging this pattern of investment for development. Moreover, as economist Prof. Surjit Mazumdar says-"The private logic of insurance is if greater is the risk, higher must be the premium. So as far as private logic is concerned, you can not have an extension of insurance in India, or penetration through the private sector. That's why the public sector becomes important." We should also not forget the way foreign insurance companies faltered in their working in India when the sector was opened up with 26% cap. What these insurance companies did with the money that they had put into the financial markets? The story of AIG is well-known. What happened to it? It had to be bailed out.

The same is the case with the ordinance on Land Acquisition Act 2013 or LARR 2013. It is obvious that the purpose of the Ordinance is to dilute some of the pro-farmer provisions of LARR 2013. The vital provisions of the Act like consent, social assessment and food security assessment have been done away with by the Ordinance in one sweep by creating five big exemptions. These exemptions are Defence, Industrial corridors, Affordable housing and housing for the poor people, Rural infrastructure and Infrastructure and social infrastructure. The first exemption, "Defence", has been defined to include "project vital to national security" and "defence production", which can include all kinds of infrastructural projects and privately owned projects. The second, "Industrial Corridors" is left undefined, and could include hundreds of acres of land. Third, "Affordable housing and housing for the poor people" means that any housing scheme 'affordable' for any section of society other than the poor is also covered here. The fourth and the fifth exemptions cover "Rural infrastructure" and "Infrastructure and social infrastructure" in PPP mode where the land is owned by the government. Together, the last two exemptions cover roads, railways, ports, airports, mines, electricity, oil and gas pipelines, telecom towers, dams, canals, sewage, hospitals, schools, colleges, markets, cold stores, agricultural facilities, tourism, hotels above three star hotels.

Critics say that the issue is not what has been exempted but what is not covered by these exemptions. They point out: what would a greedy builder, politician or bureaucrat not be able to include under these five categories? In case they wish to do acquisition for private purposes, they have also been helped by extending acquisition to any 'Private Entity' that includes proprietorship, partnership, NGO etc., besides a private company. The most damaging aspect of the ordinance is that the ban on acquisition for private educational institutions and private hospitals has also been lifted.

It is the same Bharatiya Janata Party (BJP) of whose MPs like Rajnath Singh and Sushma Swaraj had argued for even more stringent procedures when this legislation was being drafted during the tenure of UPA government. Even current Lok Sabha Speaker, Sumitra Mahajan of BJP had opposed the then government's move to dilute the bill.

So what made the party and its leaders to do the somersault? Perhaps thousands crore of corporate funding which went into the campaigning of Narendra Modi during the Lok Sabha elections!

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How Inequality is Killing the American Dream...And What We Can Do About It

By: Joseph Stiglitz

A rich country with millions of poor people. A country that prides itself on being the land of opportunity, but in which a child's prospects are more dependent on the income and education of his or her parents than in other advanced countries. A country that believes in fair play, but in which the richest often pay a smaller percentage of their income in taxes than those less well off. A country in which children every day pledge allegiance to the flag, asserting that there is "justice for all," but in which, increasingly, there is only justice for those who can afford it. These are the contradictions that the United States is gradually and painfully struggling to come to terms with as it begins to comprehend the enormity of the inequalities that mark its society—inequities that are greater than in any other advanced country.

Those who strive not to think about this issue suggest that this is just about the "politics of envy." Those who discuss the issue are accused of fomenting class warfare. But as we have come to grasp the causes and consequences of these inequities we have come to understand that this is not about envy. The extreme to which inequality has grown in the United States and the manner in which these inequities arise undermine our economy. Too much of the wealth at the top of the ladder arises from exploitation—whether from the exercise of monopoly power, from taking advantage of deficiencies in corporate governance laws to divert large amounts of corporate revenues to pay CEOs' outsized bonuses unrelated to true performance, or from a financial sector devoted to market manipulation, predatory and discriminatory lending, and abusive credit card practices. Too much of the poverty at the bottom of the income spectrum is due to economic discrimination and the failure to provide adequate education and health care to the nearly one out of five children growing up poor.

The growing debate about inequality in America today is, above all, about the nature of our society, our vision of who we are, and others' vision of us. We used to think of ourselves as a middle-class society, where each generation was better off than the last. At the foundation of our democracy was the middle class—the modern-day version of the small, property-owning American farmer whom Thomas Jefferson saw as the backbone of the country. It was understood that the best way to grow was to build out from the middle—rather than trickle down from the top. This commonsense perspective has been verified by studies at the International Monetary Fund, which demonstrate that countries with greater equality perform better—higher growth, more stability. It was one of the main messages of my book **The Price of Inequality**. Because of our tolerance for inequality, even the quintessential American Dream has been shown to be a myth: America is less of a land of opportunity than even most countries of "old Europe."

We now know that there are huge disparities even as children enter kindergarten. These grow larger over time, as the children of the rich, living in rich enclaves, get a better education than the one received by those attending schools in poorer areas. Economic segregation has become the order of the day, so much so that even those well-off and well-intentioned selective colleges that instituted programs of economic affirmative action—explicitly trying to increase the fraction of their student body from lower socio-economic groups—have struggled to do so. The children of the poor can afford neither the advanced degrees that are increasingly required for employment nor the unpaid internships that provide the alternative route to "good" jobs.

Similar stories could be told about each of the dimensions of America's outsized inequality. Take health care. America is unique among the advanced countries in not recognizing access to health care as a basic human right. And that means if you are a poor American, your prospects of getting adequate, let alone good, medical care are worse than in other advanced countries. Even after passage of the Affordable Care Act (ACA), almost two dozen states have rejected expanding vitally needed Medicaid, and more than forty million Americans still lacked health insurance at the beginning of 2014. The dismal statistics concerning America's health care system are well known: while we spend more—far more—on health care (both per capita and as a percentage of gross domestic product) than other countries, health outcomes are worse. In Australia, for instance, spending on health care per capita is just over two-thirds that in the United States, yet health outcomes are better—including a life expectancy that is a remarkable three years longer.

Two of the reasons for our dismal health statistics are related to inequalities at the top and the bottom of our society—monopoly profits reaped by drug companies, medical device makers, health insurers, and highly concentrated provider networks drive prices, and inequality, up while the lack of access to timely care for the poor, including preventive medicine, makes the population sicker and more costly to treat. The ACA is helping on both accounts. The health insurance exchanges are designed to promote competition. And the whole act is designed to increase access. The numbers suggest it's working. As for costs, the widespread predictions that Obamacare would cause massive health care inflation have proven false, as the rate of increase in health care prices has remained comparatively moderate over the last several years,

showing once again that there is no necessary trade-off between fairness and efficiency. The first year of the ACA showed significant increases in coverage—far more significant in those states that implemented the Medicaid expansion than in those that refused to do so. But the ACA was a compromise, leaving out dental and long-term extended care insurance.

Inequities in health care, then, are still with us, beginning even before birth. The poor are more likely to be exposed to environmental hazards, and mothers have less access to good prenatal care. The result is infant mortality rates that are comparable to some developing countries alongside a higher incidence of low birth weight (systemically correlated with poor lifetime prospects) than in other advanced countries. Lack of access to comprehensive health care for the 20 percent of American children growing up in poverty, combined with lack of access to adequate nutrition, makes success in school even less likely. With the cheapest form of food often being unhealthy carbohydrates, the poor are more likely to face problems of childhood diabetes and obesity. The inequities continue throughout life—culminating in dramatically different statistics on life expectancy.

All well and good, you might say: it would be nice if we could give free health care to all, free college education to all, but these are dreams that have to be tamed by the harsh realities of what we can afford. Already the country has a large deficit. Proposals to create a more equal society would make the large deficit even larger—so the argument goes. America is especially constrained because it has assumed the costly mission of ensuring peace and security for the world.

This is nonsense, on several counts.

The real strength of the United States is derived from its "soft power," not its military power. But growing inequality is sapping our standing in the world from within. Can an economic system that provides so little opportunity—where real median household income (half above, half below, after adjusting for inflation) is lower today than it was a quarter century ago—provide a role model that others seek to emulate, even if a few at the very top have done very well?

Moreover, what we can afford is as much a matter of priorities as anything else. Other countries, such as the nations of Scandinavia, have, for instance, managed to provide good health care to all, virtually free college education for all, and good public transportation, and have done just as well, or even better, on standard metrics of economic performance: incomes per head and growth are at least comparable. Even some countries that are far poorer than the United States (such as Mauritius, off the east cost of Africa) have managed to provide free college education and better access to health care. A nation must make choices, and these countries have made different ones: they may spend less on their military, they may spend less on prisons, they may tax more.

Besides, many of the distributional issues are related not to how much we spend but who we spend it on. If we include within our expenditures the "tax expenditures" buried in our tax system, we effectively spend a lot more on the housing of the rich than is generally recognized. Interest deductability on a mega-mansion could easily be worth $25,000 a year. And alone among advanced economies, the United States tends to invest more in schools with richer student bodies than in those with mostly poor students—an effect of U.S. school districts' dependence on local tax bases for funding. Interestingly, according to some calculations, the entire deficit can be attributed to our inefficient and inequitable health care system: if we had a better health care system—of the kind that provided more equality at lower cost, such as those in so many European countries—we arguably wouldn't even have a federal budget deficit today.

Or consider this: if we provided more opportunity to the poor, including better education and an economic system that ensured access to jobs with decent pay, then perhaps we would not spend so much on prisons—in some states spending on prisons has at times exceeded that on universities. The poor instead would be better able to seize new employment opportunities, in turn making our economy more productive. And if we had better public transportation systems that made it easier and more affordable for working-class people to commute to where jobs are available, then a higher percentage of our population would be working and paying taxes. If, like the Scandinavian countries, we provided better child care and had more active labor market policies that assisted workers in moving from one job to another, we would have a higher labor force participation rate—and the enhanced growth would yield more tax revenues. It pays to invest in people.

This brings me to the final point: we could impose a fair tax system, raising more revenue, improving equity, and boosting economic growth while reducing distortions in our economy and our society. (That was the central finding of my 2014 Roosevelt Institute white paper, "Reforming Taxation to Promote Growth and Equity.") For instance, if we just imposed the same taxes on the returns to capital that we impose on those who work for a living, we could raise some $2 trillion over ten years. "Loopholes" does not adequately describe the flaws in our tax system; "gaps" might be better. Closing them might end the specter of the very rich almost proudly disclosing that they pay a tax rate on their disclosed income at half the rate of those with less income, and that they keep their money in tax havens like the Cayman Islands. No one can claim that the inhabitants of these small islands know how to manage money better than the wizards of Wall Street; but it seems as though that money grows better in the

sunshine of these beach resorts!

One of the few advantages of there being so much money at the top of the income ladder, with close to a quarter of all income going to the top 1 percent, is that slight increases in taxes at the top can now raise large amounts of money. And because so much of the money at the top comes from exploitation (or as economists prefer to call it, "rent seeking"—that is, seizing a larger share of the national pie rather than increasing its size), higher taxes at the top do not seem to have much of an adverse effect on economic performance.

Then there's our corporate tax rate. If we actually made corporations pay what they are supposed to pay and eliminated loopholes we would raise hundreds of billions of dollars. With the right redesign, we could even get more employment and investment in the United States. True, U.S. corporations face one of the higher official corporate tax rates among the advanced countries; but the reality is otherwise—as a share of corporate income actually paid, our federal corporate taxes are just 13 percent of reported worldwide income. By most accounts, the amount of taxes actually paid (as a percentage of profits) is no higher than the average of other advanced countries. Apple Inc., Google Inc., and General Electric Co. have become the poster children of American ingenuity—making products that are the envy of the rest of the world. But they are using too much of that ingenuity to figure out how to avoid paying their fair share of taxes. Yet they and other U.S. corporations make full use of ideas and innovations produced with the support of the U.S. government, starting with the Internet itself. At the same time they rely on the talent produced by the country's first-rate universities, all of which receive extensive support from the federal government. They even turn to the U.S. government to demand better treatment from our trading partners.

Corporations argue that they would not engage in so much despicable tax avoidance if tax rates were lower. But there is a far better solution, and one that the individual U.S. states have discovered: have corporations pay taxes based on the economic activity they conduct in the United States, on the basis of a simple formula reflecting their sales, their production, and their research activities here, and tax corporations that invest in the United States at lower rates than those that don't. In this way we could increase investment and employment here at home—a far cry from the current system, in which we in effect encourage even U.S. corporations to produce elsewhere. (Even if U.S. taxes are no higher than the average, there are some tax havens—like Ireland—that are engaged in a race to the bottom, trying to recruit companies to make their country their tax home.) Such a reform would end the corporate stampede toward "inversions," changing a corporation's tax home to avoid taxes. Where they claim their home office is would make little difference; only where they actually do business would.

Other sources of revenue would benefit our economy and our society. Two basic principles of taxation are that it is better to tax bad things than good; and it is better to tax factors in what economists call "inelastic supply"—meaning that the amounts produced and sold won't change when taxes are imposed on them. Thus, if we taxed pollution in all of its forms—including carbon emissions—we could raise hundreds of billions of dollars every year, and have a better environment. Similarly, appropriately designed taxes on the financial sector would not only raise considerable amounts of money but also discourage banks from imposing costs on others—as when they polluted the global economy with toxic mortgages.

The $700 billion bank bailout pales in comparison to what the bankers' fecklessness has cost our economy and our society—trillions of dollars in lost GDP, millions of Americans thrown out of their homes and jobs. Yet few in the financial world have been held accountable.

If we required the banks to pay but a fraction of the costs they have imposed on others, we would then have further funds to undo some of the damage that they caused by their discriminatory and predatory lending practices, which moved money from the bottom of the economic pyramid to the top. And by imposing even slight taxes on Wall Street's speculative activities via a financial transactions tax, we would raise much-needed revenue, decrease speculation (thus increasing economic stability), and encourage more productive use of our scarce resources, including the most valuable one: talented young Americans.

Similarly, by taxing land, oil, and minerals more—and forcing those who extract resources from public land to pay the full values of these resources, which rightly belong to all the people, we could then spend those proceeds for public investments—for instance, in education, technology, and infrastructure—without resulting in less land, less oil, fewer minerals. (Even if they are taxed more, these resources won't go on strike; they won't leave the country!) The result: increased long-term investments in our economy would pay substantial future dividends in higher economic productivity and growth—and if the money was spent right, we could have more shared prosperity. The question is not whether we can afford to do more about our inequality; it is whether we can afford not to do more. The debate in America is not about eliminating inequality. It is simply about moderating it and restoring the American Dream.

(Courtesy: AlterNet)

Walmart's Bottomless Greed: Dodging Billions in Taxes, Scheming to Avoid Billions More

By: Steven Rosenfeld

There's another reason Walmart is known as one of America's greediest corporations: it won't pay its fair share of taxes.

Walmart Stores is America's top-earning corporation. In 2013, its revenues were $473 billion, yet it only declared $16 billion in profits. While it has been reported that Americans subsidize Walmart because its low-wage employees receive an estimated $6.2 billion annually in Food Stamps, Medicaid and other anti-poverty benefits, what's not widely known is that Walmart has parked $21.4 billion in untaxed profits offshore and is currently lobbying to cut U.S. corporate tax rates.

"Walmart's offshore profits have doubled in recent years at the same time that its offshore investments flattened, suggesting that the company is piling up cash overseas to avoid paying U.S. taxes on the earnings," a new report by Americans for Tax Fairness found. "Walmart is working to reduce corporate tax rates and eliminate all taxation of foreign profits."

"You're starting to see Walmart playing games like other companies," said Frank Clemente, Americans for Tax Fairness executive director and author of How Walmart is Dodging Billions in Taxes and Scheming to Avoid Billions More. "They're engaging in a tax dodge."

Walmart employees 74 lobbyists in Washington, has spent $32 million on tax-related lobbying in the past five years and underwrites other tax-cut lobbying by the Capital's three largest tax-cut groups, AFT found, which are the RATE (Reforming America's Taxes Equitably) Coalition, Alliance for Competitive Taxation, and the Business Rountable.

"There's a big campaign going on here in Washington, D.C., to reform the corporate tax system," Clemente said. "It's a big lobbying effort being waged by big corporations to try to reduce their income tax rate at the same they're lobbying for corporate tax loopholes."

Corporate Lobbyists Smell The Money

Right now in Washington, both parties are entertaining one of the most dangerous and destructive policy decisions that could affect all Americans for years to come. There is a growing bipartisan consensus that America needs tax reform and that many corporations are paying too much—even as giant multinationals have dodged paying taxes on $2.1 trillion that's sitting offshore instead of being spent here.

Walmart's $21.4 billion in untaxed offshore profits is part of that corporate tax-avoidance trend.

"What's going on on the Hill is really, really insane," said Stephen Wamhoff, legislative director for Citizens for Tax Justice, speaking of the growing obsession with tax reform. "Members and staffers are saying that they should renegotiate and get the policy right and not talk about revenue numbers."

"The whole purpose of taxes is to raise revenue. So how will they decide what that plan is?" he asked, explaining that Republicans want to keep cutting corporate taxes, even if America's biggest business aren't paying an estimated $100 billion a year. Worse, plenty of Democrats are going along with this script, Wamhoff said, instead of demanding a fairer system and more revenue for needed essentials. "It's crazy," he remarked.

It's no surprise that after every federal election, the winners salivate about what they can do to enact their sponsors' agendas. But what's especially dangerous now is that on the tax front, both parties seem willing to perpetuate the right-wing's " starve the beast" philosophy, which bleeds public programs and keeps giant tax evaders off the hook.

In coming days, Congress has to decide if it will extend 56 individual and corporate tax breaks that are set to expire this year. If not renewed, they would yield an estimated $609 billion over the next 10 years for the feds, with tens of billions also going to states. The GOP-led House wants these breaks to be permanent. The Democrat-controlled Senate is inclined to go along for now and revisit it next year.

"The reason you do comprehensive, bipartisan tax reform is that's the place where you put the spotlight on each and every one of these provisions," Senate Finance Committee Chair Ron Wyden told the New York Times. "You can't do that in the space of 11 days."

No matter the explanation, the bottom-line is that tax-avoiding corporations are all but certain to keep evading taxes. And the worst of them will keep doing that by keeping their billions in untaxed earnings overseas, as their lobbyists—like Walmart's team in Washington—moan that U.S. tax rates are too high.

"Everyone is saying that the system is broken and needs to be changed, and corporations are trying to ride that wave," Wamhoff said.

Most Corporations Don't Even Pay Today's Tax Rate

Talking about taxes, like anything involving numbers,

can be numbing. And much of corporate America is depending on Americans to glaze over and not take a hard look at what has been going on for years when it comes to corporate America avoiding paying its fair share.

"Corporations are lobbying Congress to get a better deal on taxes, claiming that they are harmed by the U.S. statutory income tax rate for corporations, which is 35 percent, which they argue is the highest in the world," Wamhoff said. "But almost no corporation actually pays 35 percent of their profits in U.S. income taxes."

Wamhoff's group and other tax analysts looked at the Fortune 500 corporations that were profitable each year from 2008 through 2012 and found that they collectively paid 19.4 percent of U.S. profits in federal income taxes in that time. They found that two-thirds of the multinational corporations studied actually paid lower effective tax rates in the U.S. than they paid in the other countries where they do business. This shows that corporate lobbyists' claims that U.S. taxes are too high are nonsense.

"One reason American corporations pay so little is that they can use accounting gimmicks to make their profits appear to be earned in offshore tax havens—countries with no corporate income tax (or a very low one) or countries that have other loopholes that allow them to shift profits from one country to another," he explained. "For example, the profits that American corporations tell the IRS they earn in Bermuda and the Cayman Islands (which both have a zero percent tax rate but very little real investment) equal 16 times the entire GDP of those tiny countries! Clearly these profits are not truly earned in Bermuda or the Cayman Islands."

Devil In The Details

The latest buzzword in Washington's corporate circles is "revenue-neutral" tax reform. What that means, Wamhoff said, is allowing these giant companies to keep most of the money they should have been paying to the government for years. It's as if there can only be "reform" if it benefits big business, not average American taxpayers who have seen government services shrink in many key areas, such as education.

"Even Obama and many Democrats have proposed revenue-neutral reform for the corporate and business part of the tax code," he said. "Republicans insist that all of tax reform should be revenue-neutral and a close look at their plans reveal that they actually lose significant revenue."

The reason why this entire discussion is so dangerous is that it sets the stage to do what right-wing extremists like Grover Norquist have wanted to do for years, which is shrink the federal government by starving programs such as Social Security of revenues that would be used to maintain benefits at levels upholding dignified living standards.

"In 2011, Congress declared a budget emergency and enacted the Budget Control Act, which cuts over $100 billion from federal spending each year," Wamhoff said, referring to the so-called federal budget sequester.

"When it started to go into effect, over 50,000 Head Start slots were being cut and medical research projects were halted. Lawmakers managed to undo part of these cuts temporarily but they are scheduled to be fully in effect again in 2016," he said. "The big question is whether the next Congress can say with a straight face that we don't need more revenue while kids are being kicked out of Head Start because of an alleged budget crisis."

Needless to say, it would be wrong to call what's unfolding a budget crisis. It's a greed-driven revenue crisis, because a great many of America's biggest and most profitable corporations are tax-dodgers that refuse to pay federal taxes, that have stockpiled billions overseas, that complain U.S. corporate taxes are too high, and won't invest domestically, whether by paying living wages (like Walmart) or bringing manufacturing back home (like Apple).

Walmart isn't even the country's biggest overseas corporate tax dodger. Americans for Tax Fairness found that distinction belongs to high-tech giants Apple, Microsoft, Oracle, Dell, and the pharmaceutical giants Amgen and Eli Lilly. But as America's biggest retailer, and a company whose profits depend on delivering goods over public roads and bridges, Clemente said Walmart's refusal to pay a fair share was notable.

"Everyone [the public in polls] says they want us to invest in rebuilding our infrastructure. They want us to invest in new medical cures. They want us to make our education system better. They want us to make college more affordable for kids. All these things require money," Clemente said. "And the question is do you want corporations to get bigger tax breaks or do you want to make these investments? That's what it comes down to."

(Courtesy: AlterNet)

'No One Else Is Going to Stand Up For Us': Workers Target Walmart on Black Friday

'For all of my brothers and sisters who have experienced illegal threats, I am on strike.'

By: Sarah Lazare; Friday,November 28, 2014

As the annual shopping bonanza commences, Walmart will be hit with what is likely to be the largest nation-wide strike in the company's history, as workers demand the right to organize, full employment, and a living wage of $15 an hour—and remind shoppers and employers that many of the company's associates can't afford enough to eat this holiday season.

Pickets, strikes, and protests are slated to sweep 1,600 stores across the United States on Friday, with tens of thousands of Walmart workers and supporters pledging to take part. Some major metropolitan areas, from Chicago to Los Angeles, are expected to draw large crowds of protesters. Walk-outs and workplace actions already began earlier this week in numerous cities, including a sit-down protest at a Washington-DC store on Wednesday.

"Many of us are living in deep poverty and going hungry because the Waltons won't pay us a fair wage," said Sandra Sok, a Phoenix-based Walmart worker who walked off the job on 26th November. "When my coworkers speak out about these issues, the company tries to silence us. For all of my brothers and sisters who have experienced illegal threats, I am on strike."

"If we don't stand up, no one else is going to stand up for us," declared Charles Brown, a member of OUR Walmart who unloads trucks at a Virginia store.

Reports and commentary on the strikes and demonstrations, organized by the labor-backed group OUR Walmart, will be posted on Twitter throughout the day:

People across the United States are invited to go to Walmart locations to show their support:

A broad cross-section of social justice groups have heeded the call for solidarity, including a coalition of 226 feminist, racial justice, immigrant rights, and environmental organizations that penned a letter to Rob Walton, Chairman of Walmart's Board of Directors, demanding the company "commit to giving workers a fair shot." Furthermore, a petition condemning the Waltons for "robbing America" and vowing "massive protests nationwide" has so far garnered over 80,000 signatures.

Like the fast food worker strikes and protests that have swept the United States in recent years, the growing Walmart actions are aimed at exposing the role of Walmart, the largest private employer in the country, in driving down wages and working conditions across the U.S. and world.

"The Black Friday rallies and demonstrations represent a dramatic escalation of the growing protest movement among employees of America's largest private employer," writes Peter Dreier. "But they also represent the vanguard of a sharp challenge to the nation's widening economic divide and the declining standard of living among the majority of Americans."

Critics charge that Walmart spreads harm to workers as well as the planet. In Richmond, California, 30 sponsoring climate justice and environmental groups on Friday will "rope off" a Walmart store and declare it a climate crime scene, to draw attention to the company's poor environmental track record.

"Walmart has tried to salvage their tarnished reputation through greenwashing," reads a statement from the groups, which include Movement Generation and the Asian-Pacific Environmental Network. "But no amount of rooftop solar or energy efficient refrigerators can conceal the fact that Walmart is one of the planet's worst climate criminals. Walmart's business model—worker exploitation, intensive resource extraction, globalized production and distribution, rampant consumerism, ruthless supplier competition, and subversion of our democracy—is at war with life on Earth."

(Courtesy: Commondreams.org)

The Stark Facts of Global Greed, a Disease as Challenging as Climate Change

Global inequality, like global warming, is a disease that may be too far along to ever be cured.

We seem helpless, both in the U.S. and around the world, to stop the incessant flow of wealth to an elitist group of people who are simply building on their existing riches. The increasing rate of their takeaway is the message derived from the Credit Suisse Global Wealth Databook (GWD).

It's already been made clear that the richest Americans have taken almost all the gains in U.S. wealth since the recession. But the unrelenting money grab is a global phenomenon. The GWD confirms just how bad it's getting for the great majority of us.

1. U.S. -- Even the Upper Middle Class Is Losing

In just three years, from 2011 to 2014, the bottom half of Americans lost almost half of their share of the nation's wealth, dropping from a 2.5% share to a 1.3% share (detail is here).

Most of the top half lost ground, too. The 36 million upper middle class households just above the median (6th, 7th, and 8th deciles) dropped from a 13.4% share to an 11.9% share. Much of their portion went to the richest one percent.

This is big money. With total U.S. wealth of $84 trillion, the three-year change represents a transfer of wealth of over a trillion dollars from the bottom half of America to the richest 1%, and another trillion dollars from the upper middle class to the 1%.

2. U.S. -- In 3 Years, an Average of $5 Million Went To Every Household in the 1%

A closer look at the numbers shows the frightening extremes. The bottom half of America, according to GWD, owned $1.5 trillion in 2011. Now their wealth is down to $1.1 trillion. Much of their wealth is in housing equity, which was depleted by the recession.

The richest Americans, on the other hand, took incomprehensible amounts of wealth from the rest of us, largely by being already rich, and by being heavily invested in the stock market. The following summary is based on GWD figures and reliable estimates of the makeup of the richest one percent, and on the fact that almost all the nation's wealth is in the form of private households and business assets:

----In 3 years the average household in the top 1% (just over a million households) increased its net worth by about $4.5 million.

----In 3 years the average household in the top .1% (just over 100,000 households) increased its net worth by about $18 million.

----In 3 years the average household in the top .01% (12,000 households) increased its net worth by about $180 million.

----In 3 years the average member of the Forbes 400 increased his/her net worth by about $2 billion.

3. World -- 1% Wealth Grew from $100 Trillion to $127 Trillion in 3 Years

A stunning 95 percent of the world's population lost a share of its wealth over the past three years. Almost all of the gain went to the world's richest 1%.

Again, the gains seem almost incomprehensible. The world's wealth grew from $224 trillion to $263 trillion in three years. The world's richest 1%, who owned a little under $100 trillion in 2011, now own almost $127 trillion. For every dollar they possessed just three years ago, they now have a dollar and a quarter.

From New York and Loss Angeles and San Francisco to London and Kenya and Indonesia, the rich are pushing suffering populations out of the way to acquire land and build luxury homes. The "winner-take-all" attitude is breaking down society in the U.S. and around the world.

More Madness

There's a lot more in the GWD, and it doesn't get any prettier. It tells us what unregulated capitalism does to a society.

(Courtesy: AlterNet)

Corporate Bribery and Corruption Grease the Gears of Global Capitalism

By: Sarah Lazare

The Organization for Economic Cooperation and Development reports that large multinational corporations, led by top managers, are behind majority of documented bribery cases. Though substantial, report authors say that the documented cases of corporate bribery are only "the tip of the iceberg."

Large multinational corporations are behind the majority of documented bribes worldwide, with most payers and takers hailing from rich nations, according to a study released by the 34-nation Organization for Economic Cooperation and Development (OECD).

The report, which evaluated data obtained from 427 bribery offense cases spanning the past 15 years, found that 57 percent of all bribes examined involved corporate efforts to obtain public contracts—mostly in western, more developed states. Customs and defense officials accounted for a significant proportion of bribe recipients, at 11% and 6% respectively.

According to the study, the average bribe amounts to 10.9% of the total value of the transaction, with the average payout calculated at nearly $14 million for the cases reviewed.

Regarding the impact such bribery is having on business and governance, the report states: "The true social cost of corruption cannot be measured by the amount of bribes paid or even the amount of state property stolen. Rather, it is the loss of output due to the misallocation of resources, distortions of incentives and other inefficiencies caused by corruption that represent its real cost to society."

When it comes to corporate bribes, the analysis found that these instances are generally not committed by lone low-ranking individuals. According to the report, 53 percent of known bribery cases directly involved high-level corporate managers or CEOs. “Most international bribes are paid by large companies, usually with the knowledge of senior management,” the study states.

Almost two-thirds of bribery cases occurred in just four sectors, the report revealed. The highest proportion of bribes occur in the extractive industries—such as fossil fuels and other mining activities— and account for 19 percent of all bribery cases. This was followed by the construction, transportation and storage, and information and communication sectors.

However, the report states that, due to the complex and secretive nature of global corruption, its findings are just "the tip of the iceberg."

(Courtesy: Commondreams.org)

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Manufacturing Wages Aren't What They Used to Be

By: Deirdre Fulton

Though nine out of ten Americans perceive blue-collar jobs as "good jobs" and policymakers tout the benefits of expanding the country's manufacturing base, the truth is that factory wages now rank in the bottom half of those for all jobs in the U.S., according to a new study from the National Employment Law Project (NELP).

The report, "Manufacturing Low Pay: Declining Wages in the Jobs That Built America’s Middle Class", reveals that while the manufacturing sector has experienced a rebound in recent years, in fact "the quality of too many of the returning jobs is low and fails to live up to workers’ and the overall public’s expectations."

"Manufacturing jobs are... highly sought after by our federal and state policymakers," write co-authors Catherine Ruckelshaus and Sarah Leberstein, "lauded as 'advanced industries' that generate investments, create a high number of direct and indirect jobs, enhance worker skills, and generate additional economic activity in related industries."

But "while the manufacturing sector has been resurging in the last few years, growing by 4.3 percent between 2010 and 2012, the jobs that are returning are not the ones that were lost: wages are lower, the jobs are increasingly temporary, and the promised benefits have yet to be realized," they write.

Specifically, the study finds that:

More than 600,000 manufacturing workers make just $9.60 per hour or less and more than 1.5 million manufacturing workers—one out of every four—make $11.91 or less;

Real wages for manufacturing workers declined by 4.4 percent from 2003 to 2013—almost three times faster than for workers as a whole.

In the largest segment of the manufacturing base—

automotive—wages have declined even faster. Real wages for auto parts workers, who now account for three of every four autoworker jobs, fell by nearly 14 percent from 2003 to 2013—three times faster than for manufacturing as a whole, and nine times faster than the decline for all occupations.

In particular, new jobs in the auto industry pay less than the jobs that were lost. New hires in auto earn less than $10 an hour.

Heavy reliance on temporary workers hides even bigger declines in manufacturing wages. About 14 percent of auto parts workers are employed by staffing agencies today. Wages for these workers are lower than for direct-hire parts workers and are not included in the official industry-specific wage data cited above.

"What will these jobs look like in 10 years if these trends continue?" the report asks. "If the wage trends continue, manufacturing jobs will not deliver on the promise of creating livable jobs with positive economic revivals in communities and families."

Writing at the Campaign for America's Future blog, Dave Johnson blames globalization and so-called free-trade pacts for exacerbating—if not directly causing—the issues raised in NELP's report.

"American factory jobs used to provide reasonable pay and benefits—largely because of unions and democracy. So how do you make manufacturing jobs more 'efficient?' You can move the factory to a country that doesn't allow unions. Our country used to recognize this game and 'protected' the good wages and benefits that democracy provided people with tariffs that raised to price of goods made in places that allowed exploitation of working people. Solution: 'free trade' that pits our democracy against thugocracies with few or no protections for people or the environment.

Free trade' worked—to force unemployment up and wages down. We lost more than 6 million manufacturing jobs and 60,000-plus factories between 2000 (the year before China entered the World Trade Organization) and 2010.

With approval of the corporate-friendly Trans-Pacific Partnership on the horizon, NELP's findings are a wake-up call, writes Scott Martelle for the LA Times.

"We as a nation need to press the federal government to rethink trade policies, especially as it pushes for ever more deals to make it easier to ship goods and jobs around the world," he says. "The looming Trans-Pacific Partnership (look at it as NAFTA for the Pacific Rim) might be good for global manufacturers and American consumers, but those consumers are also American workers. Driving down retail prices while also driving down family incomes is the wrong spiral for community stability and a steady or improving standard of living.

Martelle continues: "A century ago, Henry Ford figured out that if he wanted a mass market capable of buying his cars—cheaper to make with his moving assembly line—then he needed to pay higher wages. He understood the connection between wages paid and products bought. These days, the focus seems to be more on wages squeezed. And that's no way to preserve, or strengthen, a middle class capable of driving a vibrant consumer economy."

(Courtesy: Commondreams.org)

"Ordinance to change Land Acquisition Act is murder of Democracy under corporate rule of Modi Government"

A statement by National Alliance of People's movements (NAPM) & Lok Shakti Abhiyan,

Bhubaneswar (Press Statement/30th Dec 14): Yesterday Cabinet decision approving the Ordinance amending the Land Acquisition Act 2013, even before the law has been actually implemented on the ground is completely unacceptable and reminds us of the anti-democratic and authoritarian streak of this government. In six months of its existence NDA government has already used the Ordinance route three times.

We fail to understand what the Emergency is at this moment that, NDA government has to take the Ordinance route. This is only being done as a measure to benefit the Corporate Houses and nothing else. 20 Lakh Crore investments are not stuck because of the new land act, since the law has only been in existence for one year.

The land acquisition act, 1894 was amended precisely to resolve the conflict due to forcible land acquisition, give farmers their due and meet the needs of the industrial development. Today's decision will only increase that conflict since large scale forcible land acquisition for the industrial corridors will benorm, Delhi Mumbai Industrial Corridor alone has plan for acquisition of3,90,000 Hectares of land. Industrial Corridors, big infrastructure projects, dams etc cause the maximum displacement and environmental damage and the new land Act was to address situations arising out of that.

Amendments to Fulfill Corporate Agenda

We strongly oppose this move and believe that this government is completely anti-poor and is only interested in pushing forward the corporate agenda. It is a Ambani-Adani Sarkaar – a Company Sarkaar, which is out to sell the democratic rights of the people and democratic traditions of law making in the Parliament in the name of business.

Why a Big No to FDI in Insurance?

Prof. Surajit Mazumdar, Professor of Economics at Jawaharlal Nehru University, while talking to Newsclick, said that the record of foreign companies, particularly in insurance, is one of aggressive wooing of customers, not paying them under various pretexts and using this money for speculative purposes. This is their "efficiency", which the public sector insurance companies cannot match. Without regulation, these companies play in the market as American Insurance Group (AIG) did and get bailed out if their speculations fail. As we know, 49% is more than enough to control companies and therefore this method of handing over control of Indian peoples savings to foreign hands and financial liberalisation. This is dangerous for the Indian economy.

Prof. Mazumdar was interviewed by Rishab Bailey of Newsclick on 18th August, 2014. Here we carry the interview - Editor.

Rishab Bailey (RB): To begin with why was the insurance sector opened up to FDI in 2000? What were the benefits that were supposed to accrue to the industry and to the country as a whole and what has happened in last 15 years?

Surajit Mzumdar (SM): I think a distinction needs to be made between, why that particular move was taken and what was set to be the benefits that would accrue from that. The main driving force behind that was to open up what was considered a lucrative business for private players. It was part of a process of opening up and liberalization of the financial sector where in a sector like insurance, any insurance is commands lasts quantums of financial resources and is able to operate in the plain market with those resources. So it is those interests which were mainly behind the opening up of the sector rather than any clear cut economic rationale. Particularly in the case of insurance, and as many which may not be similarly applicable to many other activities, there is a very strong case for a public sector monopoly which is what was created in India on the basis of nationalization in 56 and 73 of life and general insurance, so there is a very strong rationale . But the argument that was made however was, that the penetration of insurance in India is very low, private players will lead to an expansion of that sector, there will be an increase in an efficiency because of heightened competition. None of which is actually valid for the insurance sector. If we take for an example the case of competition, what is the insurance business? People pay a premium to an insurance company for transferring the burden of risk to that company. Everyone pays a premium, in case of any eventuality, the financial implications of that unfortunate eventuality will be borne by the insurance company. And the insurance companies basically operate on the principle, that the large number of people pay them the premium, not everyone will face eventuality but in the process they come to command large quantum of financial resources which they are able to deploy in various places and have return. Now, if that is the nature of that business surely you can not have a process where there is competition, where the insurance companies are going bust and bankrupt, then what happens to the risk? I mean if I pay an insurance premium today for an eventuality that might happen 20 years later, I am paying medical insurance from a certain age. I may fall ill 20 years later, in between if the insurance company goes bust because it had been driven out by competitor, then what happens to my security? The other thing is, as far as penetration is concerned, see if you want in India, the insurance sector to penetrate to a greater extent, what essentially is the position? In country like India, what is the barrier to the entry of many people into getting the benefits of insurances, that as their ability to pay a premium declines, the risk factor actually increase. So the people who are more vulnerable, have also lesser ability to pay premium. Now the private logic of insurance is greater is the risk, higher must be the premium. So as far as private logic is concerned, you can not have an extension of the insurance in India, or penetration through the private sector. Thats why the public sector becomes important. The public sector which is governed by different set of principles, could be a possible vehicle for greater penetration. However if you allow private players to take up more lucrative parts of the business, then you also limit the public sector insurance companies financial ability to extend the benefit to those who are more vulnerable but have lesser ability to pay because there is some kind of balancing that has to happen, that you get people whose risk may be lower but they pay higher premium and you take advantage of the financial strength that gives you to extend the benefit to those who are more vulnerable but are less ables. If you let private players to take away that part of business, then you limit the capacity, and even if you maintain a public sector insurance companies, their ability to extend benefit to other gets restricted . So therefore there is a rationale for actually maintaining a public sector monopoly. If you have a private monopoly then you have problems with it. A Public sector monopoly allow all this spooling process to happen. Those who need insurance can pay premium to that same insurance company, which is able to balance across the different interests and you don't have problem of that cut throat process of competition. So there always is a rationale from maintaining a public sector monopoly, and if you look at historical development of insurance sector in India, it has largely been based on the public sector. Even today, Both in life and general insurance , 70% of the

business in life insurance is with LIC, 60% of the general insurance business is still with the public sector companies, so the private sector companies really have not been able to really replace the prublic sector because thats the nature of that particular activity.

RB: so you don't actually buy this argument about greater investment being made possible by in the areas like infrastructure , or having more foreign companies coming in will bring better practices being followed in industries, whether its timely payment and so on and so forth?

SM: No, I don't buy these arguments and there are couple of reasons for that. Number one is, as far as insurance is concerned, unlike say a manufacturing activity, in a manufacturing activity, foreign firm makes a greenfield investment, it creates assets which it finances with the money it brings in. If it buys something in India, it requires assets which it finances with the money it brings in. In insurance, you are going to acquire command over a large quantum of finances resources not by bringing in anything proportionate to that. So the equity capital of an insurance company is like a bank. A bank's main source of finances or the resources are the depositors not the shareholders. Same is with the insurance companies. It's the premium which is paid by the policy holders which is the main source of financial resources, all those resources which are generated within your country . When you allow more foreign penetration into that sector, you are placing that under control of foreign holders with what benefit? You don't have significant benefit in terms of augmenting domestic resources by foreign investment because the scale of that investment is too small in relation to the resources we command. Number two, in the other way in which FDI is supposed to bring some benefit is that it brings know how. Now, I am not able to understand this, that in a sector like insurance where the production of products or services is not like producing a sophisticated drug or sophisticated manufacturing process requiring large amount of investment and research and development. If that is something we are not capable of doing ourselves, what are we capable of doing? And since if we don't have that capability, then that should be an added reason for not allowing all these players in because you need that ability if you want to regulate that sector. Its not that the sector can exist without regulation. You can't have a complete free market in insurance. You have to have a regulation. So if you do not have the capacity within the country to understand what are the requirements of that sector then how are you going to regulate it? If you have that then you don't need foreign players for this activity. Secondly, as far as the foreign players are concerned, what is the historical experience? What is the evidence on basis of which one would say that they know this business very well. Is it the case that the benefits of insurance that... do we not know about how much difficulty people in United States in getting money out of the insurance companies when there is a medical problem and all of that. In this country without even a legal processes working as quickly as they made there what is likely to happen. Number two is do we not know the experience of what insurance companies have done with the money that they have put into the financial markets. We know the story of AIG. What has happened? It had to be bailed out. What is the evidence on the basis of which one say that they know how to do these things and they are going to bring that know-how to us. I don't think there is any real evidence on that basis. And if insurance is a business in which policy holder is essentially transferring the burden of risk you have to ensure that the use of the money that is put together from the premiums is not in such a manner as to increase the degree of risk. That's precisely the kind of behavior that one has seen. Now, given that the market will continue I presume to be heavily regulated, are these fears like an AIG like situation occurring in India is a little overstated. Are the negative impacts really likely to be so bad. You see, this AIG like situation happened in a context where there was a regulation. But there was also a story of a process of that regulatory framework changing over time and creating the possibility of an AIG like situation. There was a story of a regulatory failure. Now, in the Indian context, the question is - 'is it the end'? No, this is only one step in a chain which is leading in the same direction. This is a part of the process of deregulation. That the restriction that existed you are reducing that restriction. Now, of course the argument is when 25 percent was allowed you said it will be only limited. Even today it is being said 49 percent we are increasing it to but control will remain in Indian hands. But if control is going to remain in Indian hands then what is the meaning of increasing 49 percentage in any case. It is part of actually a process where you are increasing the possibilities of that kind of a situation arising. So I don't think the existing scenario should be taken as the finals. I would look at this particular move as part of a process because of what is driving it. It is not an economic rationale, it is not in the interest of the customers, it is not really the interest of the economy which is driving this. If it is driven by interest which are seeking to acquire greater control over these financial resources in order to be able to play in financial markets with these, then this is not the end. More is likely to follow. So therefore, it is important to say no at this point and not just make an assessment based on precisely what is the situation today because this is an indicator of more things that unfold.

RB: Now, the BJP had of course opposed the increasing of caps in the FDI sector when they were in opposition.

The parliamentary committee headed by Yashwant Sinha had rejected this proposal. Of course, now they are pushing this move while congress which was pushing it previously is opposing it now. Why do you think this change in positions? Is it purely a political game?

SM: When anyone is in government then it is on them that the forces which are interested in this kind of deregulation have the greatest degree of influence. When you are not in government however, there is an objective reality. OK, you privatise the insurance sector. But in some sense people have voted with their money when they still keep more of their money with LIC or the public sector General Insurance Companies than with private companies. They are much more vary about the output. So within society there is a sentiment that may be public sector is better and there should be restrictions on this. So when they are in opposition, they are little more prone to reflect that sentiment. But when they are going to government, then a different set of forces take over in shaping the actuals. What is common is that when in government they have taken the same approach.

RB: Absolutely, I think that is really an important point to note that essentially they follow the same economic strategy irrespective of which party is in power.

SM: Something that was being opposed is one of the first major decisions that you take after coming into the government.

RB: So, how do you think the situation will play out now? You have spoken about it essentially been like a thinner edge of the wedge. This is just one step in series of steps that might you know look to further privatize the sector. How do you see this actually being played out given the opposition that this move is facing. Left parties are in opposition as various other regional parties, trade unions and so on and so forth.

SM: I think if it is simply reliant on when parties are in opposition, they behave in one way and when they are in government, they behave in different way. If it is simply reliant on that because there is no genuine commitment to stopping this, reversing this on either of the sides. This process is likely to go on. I think, it will not be settled however by just this but at the large level of societies at different level of society when they act to what extent they are able to exert pressure on the government to amend the ways it is approaching. It's not going to happen only on the question of insurance but a whole series. It is a part of a larger policy framework which has proved itself over the last twenty years as capable of generating tremendous riches at one end but not been able to significantly to transform the lives in positive way of large sections of the Indian population. So that division has played itself has it played itself out. How it plays itself out in Society and Politics will of course shape what will eventually happen. I don't think simply Congress and BJP depending upon whether they are in government or opposition behaving differently that is all that is to it. I see this process will be going on.

RB: Well, let's hope we are not into such difficult times. Thank you Surajeet.

(Courtesy: NewsClick)

Cabinet clears 49% FDI in insurance through FIPB rout

July 14, 2014: The Cabinet on Thursday approved 49% foreign investment in insurance companies through the FIPB route ensuring management control in the hands of Indian promoters.

"The Cabinet Committee on Economic Affairs has approved raising of FDI cap in insurance sector to 49% from 26%," sources said after a meeting of the CCEA, headed by Prime Minister Narendra Modi. With the Cabinet approving the amendments to the long pending Insurance Laws (Amendment) Bill, it will now be taken up by Parliament.

In his budget speech, finance minister Arun Jaitley had said that the insurance sector is investment starved and there is a need to increase the composite cap in the sector to 49%, with full Indian management and control, through the FIPB route.The move would help insurance firms to get much needed capital from overseas partners. The proposal to raise FDI cap has been pending since 2008 when the previous UPA government introduced the Insurance Laws (Amendment) Bill to hike foreign holding in insurance joint ventures to 49% from the existing 26%.

However, the bill could not be taken up in the Rajya Sabha because of opposition from several political parties, including the BJP. The insurance sector was opened up for private sector in 2000 after the enactment of the Insurance Regulatory and Development Authority Act, 1999 (IRDA Act, 1999). This Act permitted foreign shareholding in insurance companies to the extent of 26% with an aim to provide better insurance coverage and to augment the flow of long term resources for financing infrastructure. The industry has been demanding for long to increase the FDI limit for adequate funds for expansion of the sector.

Testimony of the

American Insurance Association

Before the

U. S. International Trade Commission

Hearing on

Trade, Investment and Industrial Policies in India: Effects on the U.S. Economy

By: Stephen M. H. Simchak; February 13, 2014

Introduction

On behalf of the American Insurance Association (AIA), I am pleased to offer this testimony to the U.S. International Trade Commission (ITC).

AIA is the leading property-casualty insurance trade organization in the U.S., representing approximately 300 major U.S. insurance companies that provide all lines of property-casualty insurance to consumers and businesses in the United States and around the world. AIA members write more than $117 billion annually in U.S. property-casualty premiums and approximately $225 billion annually in worldwide property-casualty premiums. AIA members make up some of the most globally active property-casualty insurers.

We appreciate greatly that the ITC is undertaking this investigation into trade, investment and industrial policies in India and their effects on the U.S. economy. The ITC has been a leader in highlighting the impact on the U.S. economy of barriers in other countries to trade in investment in the property-casualty insurance sector, notably in its 2009 investigation Property and Casualty Insurance Services: Competitive Conditions in Foreign Markets. It was in that investigation that the ITC concluded that U.S. exports would increase by 48% (or $870 million) if all of the examined countries were to fully liberalize cross-border property-casualty insurance exports, and that U.S.-owned affiliates could increase sales by 28% (or $39.1 billion) if all examined countries fully liberalized affiliate sales restrictions. That liberalization, the ITC concluded, would lead to significant job growth here in the U.S. Those jobs are likely to pay above average wages, the ITC concluded, a finding that was reinforced two years later by Professor Brad Jensen when he stated that jobs in insurance and other finance industries that are related to international trade pay, on average, more than $20,000 more per year than those jobs in the sector that are not related to international trade.

The ITC's analysis made it clear that such barriers from any of our trading partners cost the U.S. valuable jobs, and India is not an exception. Those jobs come from cross-border exports, and in U.S-based staff that support the operations of affiliates established abroad. Though many jobs related to insurance have to be located in the country where the business is being performed (sales agents, for instance), when a U.S.-headquartered insurance company expands abroad, it will generally perform many services related to its management of the foreign affiliate from its U.S. headquarters. So, as the ITC found, if there were more U.S.-invested insurance companies in India, those companies would create employment in India and here in the U.S. alike.

I believe that the insurance sector provides an important example of how policies in India can limit international trade and investment from the U.S. Investigations such as the one being undertaken by the ITC that demonstrate the importance of insurance trade and investment will help keep these issues at the forefront of the global economic agenda of policymakers here at home. We appreciate the hard work the ITC has put into this investigation thus far, and look forward to working with the ITC's economists and other staff in building upon the foundations laid in its 2009 report to create an accurate picture of the costs associated with certain trade and investment barriers in India.

I also want to add our appreciation for the constant attention paid to these issues by the Office of the U.S. Trade Representative, the U.S. Department of Commerce, and other U.S. Government agencies.

Overview of the Indian market

Economic growth and demand for insurance go hand-in-hand, and when government red tape is cleared away, private insurers are ready to meet that demand. India presents enormous potential for insurers because 1) it is experiencing faster overall economic growth than many developed economies; 2) its large population continues to grow, increasing the number of potential insurance consumers; 3) its insurance sector continues to grow faster than those of many developed economies; and 4) insurance penetration remains quite low in the non-life insurance sector, at roughly 0.8%.

Since passage of the Insurance Regulatory and Development Authority Act in 1999, which allowed private insurance companies to operate in India for the first time since its nationalization in 1972, India's insurance market has seen strong growth. Currently, U.S. insurers MetLife, Prudential, American International Group, and Liberty Mutual operate joint ventures in India. As is frequently the case in emerging economies, U.S. and other foreign property-casualty insurers report that demand for auto insurance is particularly strong. It currently makes up over 40% of property-casualty premiums. Fire insurance demand

is also strong, making up around 11% of premiums. Demand for corporate liability insurance is also increasing.

However, India remains underinsured. For instance, the World Economic Forum ranks India 52nd out of 62 surveyed nations in property-casualty insurance penetration. While low insurance penetration and density present opportunities for newcomers to the market, the lack of insurance poses dangers to the overall soundness of the economy.

As Indian corporations grow in size and number, they need to insure their property and products, and protect themselves from liability. And, as India's population continues to grow and become more affluent, the need for personal lines of insurance will continue to grow as well.

Economic and social stability in any country are directly related to the uptake of insurance in that country. Greater insurance coverage means that companies and individuals in India will not need large "rainy day funds" and can instead invest the money that would be in those funds in the expansion of their business, education, or invest it in their communities in some other way. Insurance also guarantees that a bad harvest, isolated act of stupidity from an employee, automobile accident or other unexpected events will not bankrupt a company or push a family into economic ruin. With proper insurance, you are no longer one disaster away from destitution.

The risk mitigation that insurance brings is of course essential for large businesses. But it is even more important to micro, small and medium sized enterprises that do not have the size to withstand economic shocks. India is estimated to have over 26 million of such enterprises, including 15 million small retail outlets. It is those micro, small and medium sized enterprises that are the bedrock of a growing, entrepreneurial economy like that of India's, and their economic stability is an important national interest.

Thankfully, India's government has recognized that the economy is underinsured, and made expansion of insurance coverage a public policy goal in the country's 12th Five Year Plan (2012-2017). The Insurance Regulatory and Development Authority (IRDA) encourages new market entrants in India to offer new and innovative products that the government-owned insurers, which underwrite 60% of non-life insurance premiums, do not offer. U.S. insurers are uniquely able to fill that need, as they offer the experience and know-how to develop a first-rate insurance system in India that can meet the demands of India's population. They offer specialized, innovative products and global networks, in contrast to entirely locally-owned insurance companies that historically have offered scaled-down, standard products.

Challenges that stifle U.S. participation in India

However, fourteen years after the opening of the Indian insurance market, barriers in India keep U.S. insurance trade and investment below its potential. The ITC recognized this situation in its 2009 investigation when it ranked India among the bottom third of the most restrictive countries for property-casualty insurance trade in its innovative insurance trade restrictiveness index, just ahead of Brazil, Argentina, China, Venezuela and others.

1) FDI cap

The most significant and most obvious barrier to nvestment is the cap on foreign direct investment (FDI) in insurance companies in India. The equity cap has undoubtedly discouraged U.S. insurers from entering the Indian market and could explain why several foreign insurers, including U.S. insurers, have recently pulled out of India. Currently that cap stands at 26%, one of the most-protectionist in the region. As a result, all foreign insurers that establish in India are forced to find a joint venture partner or partners to make up the remaining 74% of investment.

For illustrative purposes, China, Korea, Taiwan, and Mexico permit 100% foreign ownership of property-casualty insurance companies. Even Malaysia and the Philippines permit more than 50% foreign ownership.

Furthermore, within India's financial sector, the insurance cap is one of the lowest when compared with other financial products. Banks, for instance, can be 74% foreign owned, and asset management companies can be 100% foreign owned.

Status of the cap

The Government of India first announced that it intended to raise the cap to 49% in 2004, but a decade later it remains at 26%. A bill amending the Insurance Law that would raise the cap to 49% remains under consideration of the Indian Parliament. The in crease is supported by the Congress Party-led Government of India. Unfortunately, due to domestic political reasons, the opposition party has stalled its consideration.

Benefits of increasing the cap

While even a 49% FDI cap would be a significant investment barrier, it would undeniably be a step in the right direction and would be to the benefit of insurers and consumer alike.

Increasing the FDI cap in insurance w ould quickly provide a significant and long-term injection of foreign investment into the Indian economy. A large part of this investment would be from U.S. and other foreign companies increasing their stakes in their joint ventures. Currently, 22 of the 24 life insurers in India, and 18 of the 27 non-life insurance companies in India, have joint

ventures.

As noted earlier, the Government of India has acknowledged the problems that low insurance penetration and density pose to a growing economy of the size and importance of India's and the social needs of Indians of all economic classes. But to expand coverage insurance companies unquestionably need capital. They will need capital to write more policies, expand distribution networks, train and hire talent that must be in-country, and, perhaps most importantly, to meet the solvency requirements that are essential to the integrity of the financial system.

Furthermore, a 49% FDI cap in the industry would attract new market entrants over time. There are large U.S. insurance companies that would like to enter the Indian market for the reasons outlined earlier, but are hesitant to do so until the FDI cap is raised or eliminated.

Even those that do want to enter the market at 26% FDI can have difficulty finding a suitable joint venture partner from outside the insurance industry, and from a minority ownership position can face challenges implementing the types of corporate governance policies that are considered the bedrock of industry best practices.

A strong desire to see the FDI cap raised in India is not limited to U.S. insurers. The Global Fed eration of Insurance Associations (GFIA), of which AIA is a member, represents thirty-seven national insurance associations around the world. The members of GFIA account for around 87% of total insurance premiums worldwide. GFIA has repeatedly called for the FDI cap increase in India, most recently in a November 28, 2013 letter to Prime Minister Manmohan Singh.

In addition, in August 2013 the International Monetary Fund released its Financial Sector Assessment Program (FSAP) report for India. Rightfully, the IMF was generally complementary of India's insurance regulation and the IRDA. However, the IMF urged

India to quickly pass the Insurance Law amendments, which include the FDI increase.

The importance of FDI over FII

In recent sessions of the Indian Parliament it has been suggested that a compromise could be struck on the Insurance Law amendments in which the Congress Party and the opposition BJP would agree to have the equity increase come in the form of Foreign Institutional Investment (FII) rather than FDI. If this were to occur it would not be viewed favorably by U.S. insurers and would not constitute the breaking down of an investment barrier. It is important that an equity increase comes from FDI and not from FII. An equity increase through FII would reward speculative investors and would discriminate against serious, long-term FDI investors like insurance companies.

2) Regulatory predictability and transparency

U.S. insurance CEOs will understandably place a high level of importance on so-called "regulatory predictability" and "regulatory transparency" in any market they are considering. No insurance company that I am aware of denies the importance of strong and sound regulation that protects consumers and, when necessary, guards against systemic risk. But we feel that it is vital that regulators approach their prudential obligations with the understanding that it is important to minimize unnecessary barriers to free enterprise while achieving the necessary level of protection. This applies to changes in existing regulations as well as approvals for new products, which can frequently take extremely long periods of time in India.

While I represent the property-casualty insurance sector, a recent example of regulatory issues having a very significant effect on our counterparts in the life insurance sector illustrates the importance of regulatory predictability and transparency well.

In 2009, life insurance premiums totaled $55.9 billion, or 4.6% of India's total GDP. One product of the life insurance sector that demonstrated particularly strong growth was the Unit Linked Insurance Product (ULIP), which made up about 85% of sales. In 2010, responding to internal government debates over the regulation of ULIPs, the Indian Ministry of Finance reauthorized the IRDA to regulate ULIPs but mandated far more stringent control of the structure of ULIPs and the way in which agents could be compensated.

The Government of India introduced the new restrictions on ULIPs without giving much weight to industry concerns, without adequate notice and comment period, and without any studies of the impact of the new regulations. Almost overnight this important part of the life insurance sector was entirely transformed and all existing ULIPs had to be canceled. New product approvals had to be sought in a short time frame that kept many new products that were intended to replace the old ULIPs off the shelf for extended periods of time, harming both consumers and companies.

This rapid change in life insurance regulation has caused life insurance premiums to decrease every year. In 2012, life insurance premiums made up only 3.19% of GDP, down from 4.6%, constituting a 31% drop in its portion of GDP.

I want to make it clear that the Government of India took these measures for a very important reason, that of consumer protection in response to evidence that some agents were promising unrealistic returns on ULIPs. Consumer protection is one of the pillars of sound insurance regulation and the industry supports strong, sound con sumer protection regulation in all

markets. Nor am I suggesting that the Government of India and the IRDA took these steps with any goal of harming the development of the insurance sector.

But consultation with industry in line with global regulatory best practices would have undoubtedly led to more-effective and less-injurious regulations and at the very least would have permitted insurers to adjust their practices in anticipation of the changes. The lack of consultation or consideration of the impact of the regulations undoubtedly gives U.S. insurance executives a reason to be concerned when considering investments in India.

This is one example of incidents in which we feel the economy of India, the ability of U.S. insurers to do business in India, and the overall strength of the insurance sector of India would have been better served by more predictability and transparency in regulatory reforms. India is currently considering significant changes to its financial services regulatory agencies as laid out in the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC). We hope that they will embrace robust consultation mechanisms, a commitment to impact studies of proposed regulatory changes, and expedited new product reviews.

3) Reinsurance

Currently, reinsurers are prohibited from operating in India as branches, and the government-owned General Insurance Company of India (GIC Re) is the sole reinsurer in India.

Reinsurance is widely used throughout the global economy and is used both between non-affiliated insurance and reinsurance companies as well as between affiliated insurance companies. Reinsurance is used by insurers to spread risk and provide protection against catastrophes and to enable global companies to manage and diversify risk. Allowing reinsurers to operate in India as branches would encourage more participation of global reinsurers in India's market.

In addition, property-casualty insurers in India are required to cede 5% of all risks to GIC Re, though that is a vast improvement from a 20% required cession that existed prior to 2007.

What can be done

While I have not intended to paint and overly-negative picture of U.S. insurance trade and investment with India, there are clearly challenges that should be overcome in the market. Those challenges beg the question of what can be done to alleviate them?

In the case of the FDI cap, unfortunately our options are somewhat limited. As I stated earlier, the stalemate in raising the FDI cap is not the result of a differing opinion from the Government of India. In fact, the Government of India supports raising the cap to 49%. It is an impasse that is political in nature, unfortunately. Not being an expert in domestic Indian politics, I will refrain from making predictions about what will occur politically in India that could bring the FDI cap increase to fruition.

However, there are some actions that the U.S. is taking and should continue to take to encourage the FDI cap increase and address other significant trade and investment barriers. In all such actions we need to remember that India will only act on the FDI cap if it is demonstrated to be in the interests of India.

Trade and investment negotiations based on reciprocity are one important option for generating support for raising the FDI cap in India. To that end, we hope that both sides will re-energize the U.S-India Bilateral Investment Treaty (BIT) negotiations as soon as possible. India is currently in the process of reviewing its equivalent of the U.S. Model BIT, and the U.S. should make it clear that we expect a BIT with India to be high-standard and embrace national treatment in it, including raising the FDI cap in insurance. Along the same lines, we should watch the EU's bilateral negotiations with India closely, as Europe has made the insurance FDI cap an important priority.

While it does not have the same binding legal power of a ratified treaty like a BIT, the U.S.-India Trade Policy Forum (TPF) should also be a priority. To the greatest extent possible, the TPF should set out clear milestones and timeframes for progress across all sectors that will be to the economic benefit of both countries. Convening the Private Sector Advisory Group (PSAG) of the TPF would also help increase business-to-business interaction between the U.S. and India as well as provide an important opportunity for business-to-government consultation.

Finally, the U.S. should continue its less formal economic policy engagement with India. U.S. business is very lucky that the U.S. has some of the most skilled economic diplomats in the world at the Office of the U.S. Trade Representative (USTR), the Department of Commerce, and the State Department. They should continue to reach out to state-level leaders and opposition party leaders in order to develop relationships with potential future leaders, as well as with the ruling party leaders at the national level. The case for why tackling these barriers to trade and investment in India is in the best interests of India is clear, but it should be made often and to diverse stakeholders.

Thank you for the opportunity to testify today, and I would be happy to answer any questions you might have.

(Courtesy: American Insurance Association)

By: Rohit Prajapati

Narendra Modi took oath as Prime Minister of India on 26 May 2014 and Mr. Prakash Javadekar took charge as the Minister of Environment & Forests and Climate change on 30 May 2014. Immediately Javadekar started fulfilling Modi's commitment given to the industrialists during the election campaign in return for their "support" to BJP during the election.

Javadekar decided to lift the moratorium from some of the critically polluted industrial clusters as a first step within 11 days in the ministry. On June 10, 2014 he suspended the September 17, 2013 order extending a moratorium on 8 critically polluted industrial clusters. That order related to "Re-imposing of Moratorium in respect of critically polluted areas namely Ghaziabad (UP), Indore (M.P.), Jharsuguda (Orissa), Ludhiana (Punjab), Panipat (Haryana), Patancheru – Bollaram (A.P.), Singrauli (UP & MP) and Vapi (Gujarat)." The UPA government imposed the moratorium because of people's pressure rather than the goodness of their hearts. The UPA government had originally imposed a moratorium on 43 critically polluted industrial clusters of India. Then after undue pressure from the industrial lobby, moratoria on some of the clusters were lifted. The overwhelming evidence of damage to environment, agriculture and health on eight of the clusters forced them to re-impose the moratorium on them.

We had repeatedly demanded that MoEF should impose moratorium on all 43 critically polluted and 32 severely polluted industrial clusters of India and they should not lift the moratorium based on vague assurance, without substantial reduction of pollution and short & long terms remedial measure in these industrial clusters. We have repeatedly demanded the closing down of the polluting industries in these industrial clusters.

If we are not mistaken, on that day – 10th June 2014 Mr. Javadekar and his office probably was not ready with the an appropriate official response required to reverse the past decision of ministry dated 17th September 2013 and that is why this direction dated 10th June 2014 was not released to media, or concerned authorities like Central Pollution Control Board. This was their one of the first step in the direction of lifting of moratorium of critically polluted industrial clusters on the country.

There remains consistent lobbying by the industrialists on the newly elected Modi government and specifically on the Government of Gujarat to start the lifting of the moratorium critically polluted industrial clusters step by step. And that is why Mr. Ganpatbhai Vasava, Minister of Forest and Environment, Gujarat State, on 5th July 2014, in a public function organized by Industries of Vapi GIDC, in media presence prematurely announced that the moratorium on Vapi is lifted and official announcement will follow soon. Mr. Ganpatbhai Vasava was forced to make similarly announcement for the Industrial Cluster Ankleshwar and Vatva of Gujarat State. A detail letter dated 11th July 2014 was sent by us to Mr. Prakash Javadekar to clarify the issue.

Mr. Javadekar instead of stating the truth which might be difficult to defend his ministry's decision dated 10th June 2014 even after more than a month he on 13th July 2014, in an press conference at Ahmedabad stated in a reply to the press on the issue of moratorium of Vapi, Ankleshwar and Vatva, "I have met the state government officials and have got a lot of material from them (on the subject)." Mr. Javadekar further clearly stated that in two weeks' time a decision will be taken by the Ministry on the issue of moratorium on Vapi, Ankleshwar and Vatva. Mr Ganpatbhai Vasava was also present in this Ahmedabad press conference. Mr. Javadekar kept quite on that day also about the "decision" of his ministry dated 10th June 2014 for the best reasons known to him.

One more letter dated 17th July 2014 was also sent by us to MoEF with the demand that MoEF should continue the moratorium for Vatva, Ankleshwar, Vapi of Gujarat and declare the moratorium for the Vadodara District of Gujarat state by applying the same principle. In this letter details about the track record of these clusters were supplied to the ministry for their ready reference .

But Mr. Ganpatbhai Vasava reflecting the increased bonhomie with the industrial lobby on July 18, 2014, he again in an interview to in Valsad's edition of Gujarati news paper, Divya Bhaskar reportedly said that the moratorium on Vapi is already lifted and now it's a question of formal announcement. Again letter dated 23th July 2014 was sent by us to Mr. Prakash Javadekar to clarify the issue and to take the exemplary action against Mr. Ganpatbhai Vasava for his repeated illegal and unconstitutional announcement of the "decision" of the MoEF.

Silence on the part of ministry clearly indicates that Mr. Prakash Javadekar and Mr. Ganpatbhai Vasava both belong to the same party and that is why ministry want to ignore this constitutional issue.

Mr. Ganpatbhai Vasava about the lifting of the moratorium on Industrial Cluster Vapi, Ankleshwar and Vatva of Gujarat State is now proved right if we

read the letter now uploaded on MoEF website on 24th July 2014 of dated 10th June 2014 of the Ministry clearly indicates that ministry's decisions are influenced by the industrial lobby in connivance with the state governments.

The consistent follow up by the pollution affected people, people's organisations and NGOs regarding the increasing pollution levels in the industrial areas of India forced the Central Pollution Control Board (CPCB) and the State Pollution Control Boards (SPCBs) in 1989 to initiate the process of indexing the critically polluted areas. At that time 24 industrial areas including Vapi, Ankleshwar, Ludhiana etc. were declared 'critically polluted'.

Thereafter, in several meetings of CPCB and SPCBs serious debates on the pollution status of these areas were undertaken. Even after formulation of 'action plans' for the said industrial areas no substantial or qualitative change was observed in these industrial areas. For this reason, in 2009 the CPCB and IIT-Delhi, in consistence with the demands of the people's organisation's working on environmental issues decided to use a new method of 'indexing the pollution levels' of these areas, which is now known as the 'Comprehensive Environmental Pollution Index' (CEPI). The CEPI includes air, water, land pollution and health risks to the people living in the area. However, our demand has been to include the health of the workers, productivity of land and quality of food / agriculture produce in the index since the presence of high levels of chemicals and heavy metals in food produce has severe health implications. This is affecting not only people living around the industrial area but anyone consuming it – hence not restricting the impact to the particular industrial area.

As per the agreed upon measures, industrial areas with a CEPI of 70 and above are considered 'critically polluted' areas while those with a CEPI between 60-70 are considered 'severely polluted' areas. In our opinion, those industrial areas with CEPI between 40-60 ought to be labelled as 'polluted areas'.

In December 2009 the CEPI of 88 polluted industrial estates was measured; it was then that the CPCB and the Ministry of Environment and Forest (MoEF) of Government of India were forced to declare 43 of those as 'critically polluted areas' and another 32 industrial areas as 'severely polluted' areas. Following this study the MoEF on 13 January 2010 was forced to issue a moratorium (prohibition on opening new industries and/or increasing the production capacity of the existing industries) on the 43 critically polluted areas. At that time, Paryavaran Suraksha Samiti (PSS) and other environment protection groups had asked for a moratorium on all the 75 (43+32) polluting areas, but the powerful industrial lobby and state governments working in tandem prevailed. The mucky politics and economics of 'GDP growth' prevailed over the cause of 'life and livelihood' of ordinary people and 'environment & conservation.

In 2009, the Ankleswar's industrial area, with 88.50 CEPI , topped the list of 'critically polluted areas' of India.

In 2011 and 2013, Vapi industrial area, with CEPI of 85.31, topped this list.

Thus Gujarat is able to top in 2009 in 'critically polluted areas' in India and continues to maintain its position in 2011 & 2013. The Government of Gujarat deliberately ignored to comment or engages ever on these issues.

Mr. Narendra Modi in his book 'Convenient Action: Gujarat's Response to Challenges of Climate Change' published in 2011, on p. 132-133, has printed a photograph of Vapi's Common Effluent Treatment Plant (CETP) which even today does not operate as per the prescribed norms of Gujarat Pollution Control Board (GPCB). When the CETP of Vapi industrial area is not able to meet the prescribed GPCB norms, what message does the then CM want to convey to the country and the world by printing a two page photograph of this treatment plant? On this issue we have posed several questions to him in our review of his book but he has been unable to answer a single question.

As such the process of declaring moratorium was started from Ankleshwar in Gujarat in 2007. The industries located in Ankleshwar, Panoli and Jhagadia GIDC estates treat their effluent in their Common Effluent Treatment Plant (CETP) and then, after giving further treatment 'at the Final Effluent Treatment Plant (FETP) at Ankleshwar discharge the effluent into the sea. The FETP, from its inception, did not work as per the prescribed norms set by the GPCB. Even today it is not able to meet the prescribed norm. For this reason, on July 7, 2007, GPCB, on the directions of the CPCB, imposed a moratorium on the industrial areas of Ankleshwar, Panoli and Jhagadia. The moratorium is in force even today, since there has been no substantial improvement in the pollution levels even after the implementation of the so-called 'action plans' prepared by these estates. The same plant's disposal pipe line's project was inaugurated by Mr. Narendra Modi on January 25, 2007. By inaugurating this plant, he was sending out the message to the investors to not to worry much about the compliance/s of environment laws in the state. Despite this moratorium being in force officially, the active connivance of the industrial lobby with the

collusion of politicians along with the official machinery in Gujarat has surreptitiously lifted the moratorium from some area at different times.

It appears that Mr. Javadekar's ministry first took the decision on 10 June 2014 to honouring BJP's pre-election "commitment" during election given to them and also pressure from Gujarat Government but his office was busy in "preparing" the documents for justification of the decision. Now so-called papers and documents for the justification of the decision might be ready and that is why now decision is announced on webpage of MoEF.

The order - Office Memorandum – dated 10 June 2014 of the MoEF lately up loaded on website on 24 July 2014 states "It has, therefore, been decided to keep in abeyance until further orders the aforesaid O.M. (Office Memorandum) dated 17th September, 2013 to the extent it related to the re-imposition of moratorium in eight CPAs (Critically Polluted Areas) till CPCB re-assesses the CEPI taking into account all constituents of index as originally envisaged in 2009, subject to the following stipulations.

1. All projects requiring EC in these areas will be considered only by MOEF;
2. At the stage of TORs the EAC concerned would, in such cases spell out the due diligence required in terms of assessment of baseline conditions of ambient air, water bodies, etc. as applicable and provide guidance on monitoring locations, parameters, etc. In doing so, in addition to pollutants to be discharged/emitted by the proposed project, the pollutants of concern in the area would also be kept in view. Assessment of performance of common facilities such as CETP, TSDF, etc. if proposed to be utilized should also be included as part of due diligence;
3. In addition to monitoring by the regional office concerned, third party monitoring by a reputed agency at a frequency to be specified by the EAC would be necessary;
4. The implementation of action plan of each of these eight CPAs to be jointly reviewed by the CPCB and SPCB on quarterly basis and report sent to MoEF by the 7th day of the month succeeding the end of quarter."

If you read the subject and the entire decision dated 10 June 2014 of MoEF it clearly indicates that the MoEF is not able to defend its decision about putting order dated 23 September 2013 of pervious government in abeyance and sole purpose of the decision of MoEF is to lift the moratorium by hook or cook.

This clearly indicates that central government is not concerned about the environment but it is working under the pressure of Industrial lobby and central government is involved in reversing the past decisions of the Ministry of Environment, Forests & Climate Change to please the industrial lobby.

The crucial understanding and concerned about environment of BJP (Modi) is very well mentioned at page 29 in BJP's Manifesto "Decision-making on environment clearances will be made transparent as well as time-bound." The word environment clearance is highlighted in bold which clearly reflect that Mr. Modi's main concern is speedy clearance for the industries and not the environment. The other word like 'time-bound' is also clearly reflect that Mr. Modi's main crucial concerns is speedy clearance for the industries and not the environment. To make it very clear on the same page the BJP Manifesto further states "Frame the environment laws in a manner that provides no scope for confusion and will lead to speedy clearance of the proposals without delay." This well spell-out assurance of Mr. Modi is to the industrialist that they should not worry about environment laws because Mr. Modi will remove all their hurdles so that just by filing some papers and giving some vague assurance they will get the clearance. To make it further crystal clear BJP Manifesto states that "Take all steps: like removing red-tapism involved in approvals, to make it easy to do business, invest in logistics infrastructure, ensure power supply and undertake labor reforms, besides other steps to create a conducive environment for investors." The "Modi-Festo" says in very clear words to mortgage the environment law and labor laws.

It is time for all the environment groups, affected peoples and other mass organization to collectively oppose, fight-back consistently all such anti-people moves of the Modi's government with facts and figures.

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Labour Law Amendments: An Onslaught on Workers' Rights & Livelihood

By: Tapan Sen

THE BJP led NDA government at the centre has initiated a hectic move to amend several important labour laws in favour of the employers, soon after coming to power. Several state governments have also initiated such measures. This was apprehended as the corporates who have made huge investment during the elections to see this government installed at the centre would leave no stone unturned to ensure hefty returns on their investment.

The essence of these amendments to the labour laws, both by the central as well as the BJP led state government in Rajasthan is to empower the employers to retrench/ lay off workers or declare closure/ shut down at will and resort to mass scale contractorisation. These measures would push more than seventy percent of industrial establishments and the workers employed in them out of the purview of almost all the labour laws. The employers will be empowered to intensify exploitation.

Labour Laws-More Violated than Implemented

The labour laws in our country are more violated than implemented. More than sixty per cent of country's workforce in the organised sector are denied even basic statutory benefits like minimum wages, PF and ESI. In total violation of the Contract Labour (Regulation & Abolition) Act, contract workers under various nomenclatures are being deployed in permanent, perennial and continuous jobs. The public sector undertakings and government establishments are no exception. More than 50% workers in public sector units and more than 70% in the private sector are contract workers. Other labour laws pertaining to working hours, overtime work, safety at workplace etc are also being flagrantly violated. 12 hours' work without overtime wages has become the norm in many establishments. Wherever extra remuneration is paid for extra work beyond eight hours, it is much below the statutory double the rate of wages.

The entire burden of the economic crisis is being passed on to the workers. Closure, lay-off, shut-down have become widespread. However, majority of them are not officially reported. Most of these closures/ shut-down and resultant retrenchment including in several middle and large enterprises including MNCs like Maruti-Sujuki in Haryana, Nokia, Foxconn, in Tamilnadu, Jessop, Hind Motor, number of Jute Mills and Tea Gardens in West Bengal, etc are illegal. But they enjoy the blessings and patronage of most of the state governments and the central government. In fact, the neoliberal regime has unleashed a jungle raj at the workplaces all over the country with suppression of labour becoming an integral part of the process.

Under the directions of the government, both at the centre and in most of the states with rare exceptions, the enforcement machinery has been patronising such mass scale violation of labour laws. Inspection of the workplaces by the labour departments has practically been done away with. In most of the states, prior permission from the highest levels of the government is required even for inspection of workplaces by the labour department. And such permission is rarely given. As a result, practically a ban has been imposed through internal order (which does not have legal sanction) on routine and regular inspection of workplaces, thereby encouraging the employers to do whatever they like with the labour. Today, more than ninety per cent of the disputes between the employers and workers throughout the country pertains to only implementation of labour laws and nothing else. It is obnoxious that in a so called civilized society workers and their unions are compelled to agitate for implementation of laws passed by the Parliament facing victimisation both by employers and the government administration. The state machinery is being used to curb and suppress trade unions to make such state sponsored violation of labour laws free from any hurdles. In addition, forming and registering trade unions is being made more difficult. Thousands of applications for registration of trade unions are gathering dust in the labour departments in almost all the states, in brazen violation of Trade Union Act. Those in administration who are responsible for enforcement of laws are made to practically sponsor and patronise violation of laws making them totally subservient to interests of capital.

During the last three decades of neoliberal policy regime, this process of inhuman loot and plunder of the working people became aggravated. This becomes glaringly visible from the very fact that the wages' share in net value added in manufacturing sector has been continuously declining from around 30% in late eighties to around 20% in mid nineties to only 9.5% in 2010. During the corresponding period, share of profit in net value added has continuously increased from less than 20% in late eighties to around 60% in 2010. During the same period, labour productivity has increased manifold and also the growth of GDP remained well above 5% on the average with the growth rate of manufacturing sector above 10%. As per the Annual Report (2012) of the labour ministry, the labour productivity in India

measured in terms of GDP per person employed per hour is 4.17 US$, ie, around Rs 250.20 per hour or Rs 2000 per day. If we compare this figure with the average of the statutory minimum wage level per day prevalent in various states/sector, the intensity of the loot on working people stands exposed. This was mainly achieved through consistent encouragement and empowerment to the employers to violate almost all labour laws with impunity.

It is in such a horrible situation that the BJP led NDA government is taking measures to amend the labour laws in an attempt to overhaul the laws altogether in favour of the employers class.

Amendment of Laws in Rajasthan

The Rajasthan state government is being utilised as a laboratory in the project of overhauling labour laws in favour of employers. It has already amended the Industrial Disputes Act, Factories Act and Contract Labour (Regulation & Abolition) Act incorporating atrocious anti-worker provisions by bringing the amendment bills and getting them passed on the same day on 1st August 2014 despite vociferous opposition from all trade unions including those having allegiance to ruling party.

The amendments in Rajasthan Industrial Disputes Act empowers the employers to retrench workers without prior permission of the government in all establishments employing up to 300 workers; it also denies trade unions in any establishment to represent the grievances/demands of the workers unless they have at least 30% membership among the workers of the concerned establishment. Moreover almost all protective clauses on contract labour, particularly the responsibility of the principal employer, have been deleted. The definition of 'go slow' has been widened enabling the employer to attribute any failure in production or operation as a failure of the workers. These changes will thus place workers in overwhelming majority of the industrial establishments in the state at the mercy of the employers, robbing them of the rights achieved through immense sacrifices and struggles over decades.

The amended Factories Act increases the threshold for coverage from 20 workers to 40 for factories operating without power, and from 10 to 20 for those operating with power. Moreover the Act also specifies that courts cannot take cognisance of complaints of violation of law against the employer without written permission from the state government. Punishment for violation of labour law has also been relaxed. These changes will lead to pushing out a large number of factories and workers out of the coverage of almost all basic labour laws.

The amendments to Contract Labour (Regulation & Abolition) Act removes all contractors employing up to 49 workers out of the purview of the coverage of the Act throwing almost the entire mass of contract workers out of coverage of almost all labour laws. The employers are thus encouraged to convert the entire workforce in any establishment into contract workers.

The amendment to Apprenticeship Act is aimed at transferring almost all authority to the State Apprenticeship Council under state government from the Central Council to facilitate flexibility in application and enforcement. The basic purpose of the Act on practical shop floor level training of the apprentices has been compromised through provision of outsourcing of the training cost, part of which will be borne by the government. The amendment opens the doors wide for the employers to replace regular workers by apprentices in the workplaces cannot.

These amendments of labour laws by the BJP led government in Rajasthan are aimed at establishing a jungle raj in workplaces giving the capitalist class complete freedom to loot and exploit the workers. In fact, Rajasthan has a very bad record in the enforcement of labour laws with the numerous complaints of violation of all labour laws pertaining to minimum wages, contract labour, PF, ESI, working hours, unlawful retrenchment etc piling for years without any redress in almost all the industrial areas in the state. These amendments of the state government are designed to legitimise or legalise all those violations by the employers' class. 7252 factories employing less than 300 workers each, out of total 7622 factories in Rajasthan will now come under the 'hire &fire' regime. All the contract workers numbering more than two lakh will be thrown out of the coverage of all labour laws including Contract Labour (R&A) Act and at least 70 per cent factories and their workers will go out of coverage of Factories Act.

Moves Initiated by the Central government

This exercise of the BJP government in Rajasthan in the service of the employers class, both domestic and foreign, is an indication of the type of onslaughts that are going to be made on the working class throughout the country in the days to come. Already such move is reported to be afoot in respect of a number of labour laws.

From June 5, 2014 onwards, the central labour ministry posted in its website, the proposals to amend the Factories Act, Minimum Wages Act and the Apprenticeship Act. Thereafter, in the first week of August 2014, after the completion of exercise in Rajasthan assembly by the BJP government there, the central government also introduced the Factories

(Amendment) Bill 2014, The Apprenticeship (Amendment) Bill 2014 in Lok Sabha and brought back in business the Labour Laws (Exemption from Furnishing Returns and Maintaining of Registers by Certain Establishments) Amendment Bill 2011 in Rajya Sabha.

These proposals have the following implications:

Factories Act

Through amendment of section 56 of the Factories Act, the spread-over of time in which a worker can be detained for getting his work for eight hours including lunch recess, is proposed to be increased from 10.5 hours to 12 hours if the state government is so satisfied. As per the existing provision, spread over time can be increased from 10.5 hrs to 12 hrs only with the written permission of the Chief Inspector of factories, giving specific reasons for such increase. This would naturally require due inspection process involving all concerned. Following the amendment, the state government can straightway increase the spread over time to 12 hrs without the concurrence of the Inspector. The provision for ascertaining actual and technical necessity through inspection for increasing the spread over time to 12 hrs is replaced by 'satisfaction of the state government' or in other words, the bureaucracy, providing a longer rope to the employers for manipulation and manoeuvres. It would allow employers to detain the workers longer hours in the workplace without any extra remuneration and will add to their harassment.

Through amendment of sections 64 and 65, the existing limitation on overtime work of 50 hours per quarter has been straightway increased to 100 hours; through provision of exemptions by state government through the Chief Inspector such overtime work can be extended to 125 hours in so called 'public interest'. This amendment along with the enhancement of spread-over period will lead to harassment of workers and make way for victimisation. In addition, enhancement of overtime work will directly affect employment generation as well, enabling the employers to economise in labour cost. Through amendment of section 66, restriction and regulation on deployment of woman workers in night shift is being sought to be liberalised and relaxed.

And the most retrograde of all above, is that the Amendment Bill proposes to empower the state governments to freely change the definition of a factory, rather the threshold level employment of the factory to be brought under the coverage of Factories Act subject to a ceiling of forty. The whole design is to legitimise through backdoor the retrograde changes made by the Rajasthan government in the Factories Act. Given the character of most of the state governments in the country, such a provision of liberal change, rather enhancement of the threshold level of employment for the purpose of definition of factory to be covered by the Factories Act will provoke a kind of ugly competition between the state governments to appease the capitalist lobby by pushing a majority section of the workers out of the coverage of the labour laws.

Minimum Wages Act

The amendment proposed to the Minimum Wages Act ignored the consensus recommendation of the 43rd Indian Labour Conference in formulating minimum wages based on the recommendation of the 15th Indian Labour Conference, along with the direction of Supreme Court in the Raptakos Brett case. It provides for National Floor Level Minimum Wages without stipulating the criteria thereby leaving it to arbitrary decisions of government or governments.

Secondly, a central legislation must make it obligatory for all state governments to provide for variable dearness allowance component to be revised every six months based on the consumer price index. In many states, this does not exist. This essential requirement cannot be replaced by merely the provision of review of minimum wages within a period not exceeding five years as proposed by the Ministry. Amendments proposed by Union Labour Ministry ignored this aspect altogether.

The amendment proposed provides for applicability of the minimum wage for unskilled workers in scheduled employment (both in part-I and part II of the schedules) for all workers, irrespective of their skill level, in the employments/occupations not mentioned in any of the schedule. This is totally unjust and is designed to serve the employers' interests at the cost of the workers.

Simultaneously, the proposed amendment arbitrarily empowers the appropriate governments in altering or even deleting any particular items from the schedules of employment. This arbitrary power to delete any particular employment from the schedule is certainly going to lead to an increase in unscheduled employment subjecting concerned workers to the wages of unskilled workers irrespective of their skill level.

Apprenticeship Act

The amendment proposed to the Apprenticeship Act 1961 mainly aims at rescuing the offender employers from the penalty of imprisonment by deleting the concerned section and replacing it by a fine of Rs 500. Employers are given wide flexibility to decide new trades for apprentices. The definition of workers under Apprenticeship Act is being changed to include

contract workers, casual workers and daily rated workers to decide the number of apprentices as a ratio (minimum 30%) of total workers in the establishment. This, along with the enhanced flexibility allowed to the employer, may encourage replacement of the contract/casual/temporary workers and even regular workers with comparatively lower paid apprentices (minimum 70% of the minimum wage) in production work, thereby reducing the overall labour cost. The ground reality is that in numerous establishments including companies like Maruti-Suzuki, the practice of using the apprentices/trainees in regular production jobs, year after year is widely prevalent.

Labour Laws Amendment Bill 2011

The Labour Laws (Exemption from Furnishing Returns and Maintaining of Registers by Certain Establishments) Amendment Bill 2011 was first introduced by the then UPA government in 2005 providing for relaxing obligation of employers on furnishing returns and maintaining employment registers etc for establishments employing up to 500 and also providing for enhancement of penalty for employers for violating 9 major labour laws. The Parliamentary Standing Committee on Labour unanimously rejected the Bill and submitted its recommendation accordingly. Then the government withdrew the Bill in March 2011 and simultaneously reintroduced it with same title but new content. The present Bill did not have any provision for enhanced penalty for the employers. The Bill proposes raising of the threshold level employment from existing 19 to 40 for any establishment to be treated as small establishment. In the name of simplifying the forms of returns and registers, it virtually exempts these establishments from maintaining such registers and filing returns under 16 major labour laws such as Factories Act, Payment of Wages Act, Minimum Wages Act, The weekly Holidays Act, Plantation Labour Act, Contract Labour(R&A) Act, Building & Other Construction Workers Act etc, embracing almost workers of all sectors. With the advanced technology available today, there are many establishments with large capital investment and high levels of turnover and profit but employing only 20 or so workers. As per an estimate more than 72 per cent factories in the country now will find it much easier to violate all those 16 labour laws with impunity subjecting the workers into more fierce exploitation.

Trade Unions Denounce such Unilaterla Moves

All the Central Trade Unions, jointly and separately conveyed to the Union Labour Minister their opposition to any unilateral moves to amend the labour laws. They strongly demanded that the Labour Ministry must discuss all the above proposals thoroughly with the Central Trade Unions before finalising the amendment proposals. They also urged upon the Labour Minister to take immediate legislative action on the consensus recommendations of the 43rd, 44th and 45th Indian Labour Conferences on same wage and benefits for same work to the contract workers as the regular workers, formulation of Minimum Wage as per formula drawn by 15th Labour Conference together with Supreme Court Directive in Raptakos Brett case and recognition of the anganwadi workers and helpers, ASHAs, mid day meal workers, teaching and non teaching staff of the National Child Labour Project, Sarva Siksha Abhiyan and the other central government schemes as workers/ employees with attendant benefit of minimum wages and social security benefits.

However, it is reported that the government is intent to get the amendments to various labour laws including Factories Act, Contract Labour (Regulation and Abolition) Act and Apprenticeship Act in addition to the Labour Laws (Exemption from Furnishing Returns and Maintenance of Registers in Certain Establishments) Amendment Bill that has already been introduced during the UPA regime, passed in this session of Parliament. This creates valid apprehensions that the Modi government intends to follow the Rajasthan government pattern to amend the labour laws.

A Campaign of Lies Unleashed

What are the implications for the workers if the central legislations are amended in the Rajasthan way?

Out of total 175710 factories in the country, employing 13429956 workers, of which 3610056 are contract workers, (as per Report of Annual Survey of Industries 2011-12, published in March 2014), 125301 factories, i.e., 71.31% factories employing less than 50 workers would mostly go out of the coverage of Factories Act owing to increase in threshold limit of employment from 20 to 40.

Owing to enhancement of employment level from 100 to 300 for the establishments requiring no prior permission of government for retrenchment/lay-off etc in Industrial Disputes Act, more than 80 per cent of the factories and their workers will come under 'hire & fire' regime of the employers. Almost all contract workers in manufacturing sector will be subjected to 'hire & fire'.

As a result of the amendment to Contract Labour Act enhancing the employment under any contractor from 20 to 50 workers, the entire section of contract workers in private sector establishments and large section of contract workers even in PSUs will be denied the coverage of almost all labour laws, providing a free hand for the employers in more than

80 per cent of the factory establishments. If service sector is taken into consideration, more than 90 per cent of the workforce will be under the complete tyranny of the employers' class.

But, the irony is that such inhuman attacks on the working people of the country is sought to be justified by unleashing a campaign of total lies. It is being claimed that these changes would attract investment, thereby increasing growth and also employment generation. In other words, it is argued that such total liberty to retrench workers will encourage the employers to employ more leading to increased employment generation.

But reality is just the opposite. Despite widespread non implementation and violation of labour laws in almost all the states during last three decades, employment growth rate in organised sector continued to remain negligible and in a total mismatch with the GDP growth rates. The 11th Plan period-i.e., 2005-2010, witnessed the highest growth in GDP rate at 8.5% annually on the average. But employment growth rate collapsed to mere 0.7% (from 2.7% during 2000-2005 when GDP growth rate was much lower).

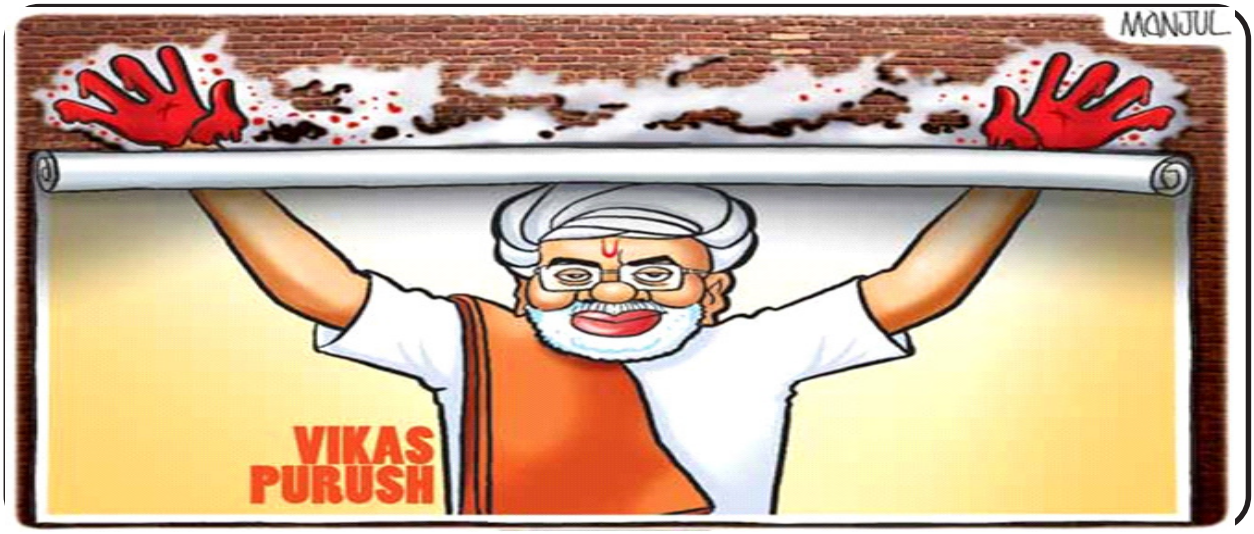
In fact, during entire three decades under neoliberal policy regime, the productivity of labour in organised sector has consistently increased but their share as wages has gone down consistently in real terms. Besides, regular employment in organised sector consistently declined and its share in the unorganised sector has been consistently increasing reaching almost 90 per cent of the total workforce in the country. But more alarming is that, in the organised sector itself, the number of permanent workers drastically declined; they were more than replaced by contract and temporary workers with identical service condition of unorganised sector workers. This means, the employers in the organised sector sought to further reduce their labour cost by increasingly shifting to informal low-paid employment taking advantage of the unemployment among skilled and young workforce in the country in order to retain and also increase their level of profit even in the midst of economic slowdown. But there is a limit to manage the slowdown and economic gloom when impoverishment among the mass of populace has widened and deepened. So despite a low-wage scenario throughout the country, with the share of workers with working conditions like unorganised sector reaching almost 70% in the private organised manufacturing sector, the manufacturing sector's growth started dipping since the last couple of years reaching a negative figure in the last quarter of the last financial year. This phenomenon explodes the myth that 'hire & fire' regime and suppression of labour will lead to increase in employment.

This is the reality, not only in India. The entire world is witnessing the same phenomenon. The World Employment Report published by ILO had observed that the empirical evidences of employment scenario shows that the countries with higher labour flexibility do not have any brighter performance in employment generation. The campaign of lies justifying the move for retrograde pro-employer amendments in labour laws unleashed by the advocates of neoliberal regime only exposes their total servility to the interests of corporate/big business, both domestic and foreign.

United Combat Need of the Hour

Such crime on the working people of the country who create GDP, generate revenue for the public exchequer and profits for the employers, being perpetrated by the corporate servile government must be combated resolutely. The lie campaign by the stooges of the capitalist lobby in governance and their politics must be thoroughly exposed. All in united resistance has to be built up in every workplace of the country.

(Courtesy: Peoples Democracy, December 2014)



Deregulating Diesel Prices

By: Jayati Ghosh

FRESH on the heels of the ruling party's election victories in the State Assemblies of Maharashtra and Haryana, the National Democratic Alliance (NDA) government has deregulated diesel prices and increased natural gas prices. The move is being presented as part of the government's "business-friendly" reforms, but its full implications have not been clearly or correctly interpreted by most media observers.

Consider the diesel price hike first. The move is being described as a bold move that will reduce the government's subsidy bill. But the truth is that the subsidy bill was already coming down not because of any initiative of the government but because of the sharp fall of global oil prices. Global oil prices peaked in early 2012 and since then the prices (of Brent Crude, for example) have fallen by around 30 per cent, particularly over the past four months. The price for the basket of Indian oil imports has come down from an average of nearly $124 a barrel in March 2012 to less than $88 per barrel in October.

What this means is that Indian oil companies had already stopped making losses because of the decline in global prices relative to domestic prices. This is completely independent of any action by the government and within the framework of regulated diesel prices. Indeed, losses were eliminated by the end of August, and the oil companies started making profits by mid-September. By mid-October, the profits of oil companies from diesel alone were estimated at Rs.3.56 a litre sold. This in turn obviously brings down the subsidy paid by the government to cover the losses of public-sector oil companies, which would have come down significantly and possibly even disappeared completely even if the government had decided to lower administered prices. So the argument that the deregulation of diesel prices was necessary to reduce the government's subsidy bill simply does not stand.

Indeed, given the low global prices, the deregulation just now will imply a decline in the Indian retail prices by about Rs.3.50 per litre. It is probably this feature that has emboldened the government to "seize this moment" as advised by Reserve Bank of India Governor Raghuram Rajan, since the deregulation will be (falsely) seen as providing the benefit of reduced prices and reduced subsidies rather than attributing these to global price trends.

The seeds of this strategy were clearly sown by the previous United Progressive Alliance (UPA) government. In June 2010, it deregulated petrol prices, which have since then moved more or less in tandem with costs. Diesel prices were regulated, but this regulation was not really to the benefit of consumers, since the prices were inevitably increased when global prices went up. The converse was rarely true. The last time diesel prices in India were lowered was more than five years ago, in January 2009. Since then, they have only been increased, and since January 2013 there have been monthly increases that amounted to a cumulative increase of nearly Rs.12 a litre, despite the downward trend of global prices. More cynically, the governments—both UPA and NDA—have refused to adjust taxes (which are determined ad valorem and therefore increase with every increase in administered price) to provide some relief to consumers.

So what is wrong with deregulation of the diesel price, if this indeed results in a decline in the retail price? Assessing the issue in this manner would be a very short-term way of looking at it, and one that would not at all recognise the complex determination and implications of energy pricing that should concern any government's medium-term economic strategy. Deregulation means that henceforth the Central government will not provide any subsidy on diesel, regardless of the level of the global price, and so the price will be linked to the market price. This may seem fine as long as global prices remain low (which is widely expected for the coming year since Saudi Arabia seems to be playing along with the interests of the United States in this regard by refusing to cut production), but matters will appear very different once global prices start rising again.

Diesel currently accounts for nearly half (around 43 per cent) of total fuel consumption in the country. It is absolutely critical for agricultural production and for transport of both goods and people. Diesel is as close to being a universal intermediate as we have, entering into the prices of almost all other goods and services. The government is indeed doubly lucky to experience a global price fall just now, which will also restrain domestic inflationary pressures. But that is a poor reason to allow the price of this most essential intermediate to be based entirely on the vagaries of global markets and the price decisions of domestic oligopolies.

In any case, the argument that both petrol and diesel in India should be determined by the global price has always been a peculiar one. Granted that these are traded goods—then why are all traded goods (or tradeable goods) not to be determined by world

prices? The simple answer is that Indian wages and per capita incomes amount to only a fraction of global wages and incomes.

In other words, you cannot have "global" prices for most traded goods in India simply because that would put them out of the reach of most of the population since their wages or incomes are well below the global average. In terms of the relative prices of oil compared to wages, India already has among the highest retail oil prices in the world, many multiples of the relative oil prices experienced by consumers in, say, the U.S. or in Europe.

In such a context, demanding that the price of an essential universal intermediate like oil should be determined by global market prices is simply another way of putting the squeeze on mass consumers, who are forced to pay higher prices for food and other necessities relative to their own incomes.

The other important economic decision was that relating to the price of natural gas. This has been a bone of contention for some time now, especially after the extraordinary—and unwarranted—proposal of the Rangarajan Committee to set the price at almost double the prevailing price, on the basis of extremely specious economic arguments.

The government has not gone for such a steep increase, but instead raised the price by around 46 per cent, from the current $4.2 for a million British thermal unit (mBtu) to $6.17 an mBtu, to be effective from November 1. While this proposal is not as extreme as the earlier one, the hike is significant. Finance Minister Arun Jaitley has reportedly said that the price will now be "sufficient incentive for drilling and investment" while at the same time it will "not excessively burden the consumers". But that is a moot point.

The gas price increase will result in compressed natural gas (CNG) prices going up by Rs.4.25 a kg and piped cooking gas by Rs.2.6 a kg. The tariff for power produced from gas is estimated to go up by at least 90 paisa a unit and fertilizer production cost by almost Rs.2,720 a tonne. Furthermore, the government has declared its intention to revise the gas price (presumably upwards) every six months, with the next revision planned for April 1, 2015. All this will definitely add to the costs of producing food and infrastructure in general.

These are inflationary pressures purposively introduced by government policy with the aim of satisfying large private investors such as Reliance Industries, which is already under investigation for purportedly underproducing from the gas fields it acquired from the public sector. The deceleration of inflation that has largely occurred because of slowing global prices is therefore being used by the government to enable policy shifts that cause certain prices to rise. Like all price changes, this is all about income distribution and it encourages one more shift of income in favour of large capital at the expense of the mass of the population.

(Courtesy: Frontline; 31th October 2014)

Brent Oil Hits New Low as OPEC Price War Deepens Slump

By Andrew Critchlow, Commodities editor

Brent crude plunged below $57 per barrel briefly on Tuesday, December 30, marking a new five-and-a-half-year low as traders bet that the global oversupply of oil will continue deep into 2015.

The benchmark has fallen more than 45pc since June and is on track for its worst year since 2008, while oil traded in the US is now poised to crash through the $50 per barrel level.

"Oil bulls are having another hard week as Brent oil dropped to $56.90, a new five-year low, as lingering worries over supply excess overwhelmed fear of Libya supply disruptions," said Peter Rosenstreich, head of market strategy at Swissquote.

Crude prices have plummeted since the Organisation of Petroleum Exporting Countries (Opec) agreed in November to leave its production quotas unchanged at 30m per day, effectively triggering a price war with producers outside the Middle East-dominated cartel.

Although the fall in prices is broadly supportive of global growth it is forecast to have a profound impact on the energy sector, especially in high-cost areas such as the North Sea.

A third of Britain's listed oil and gas companies are in danger of running out of working capital and even going bankrupt amid a slump in the value of crude, according to financial risk management group Company Watch.

The firm believes that 70pc of the UK's publicly listed oil exploration and production companies are now unprofitable, racking up significant losses in the region of £1.8bn.

October 2009 – October 2014: Five years of the Anti-People Operation Green Hunt!

By: JNU forum Against War on People; 19th October 2014

From Manmohan-Chidambaram to Modi-Rajnath:
The loot, plunder & the ever-intensifying war on people!

About a week back we were informed through the media of yet another "encounter" and "fierce gun-battle" in the forested tracks of Bijapur district in Chattisgarh. Three "Naxal women" were reportedly killed by the joint security forces constituting hundred odd CRPF & police all of whom were left unscathed. While the truth in all such cases is always the most difficult to discern, yet any such instance reminds us of the horrors of the Sarkeguda (2012) & Edakmetta (2013) fake encounters of adivasi villagers in the same Bijapur district – massacres that too were initially passed on by the security forces as "fierce gunbattles with Naxalites". The corporate media of course parroted the same. Despite the desperate attempts on the part of the police, the CRPF and the home ministry to plug the loopholes, it was soon clear that on the fateful night of June 28th, 2012, around 600 forces of CRPF, CoBRA & state police surrounded the hamlet of Sarkeguda and indiscriminately fired upon the hundreds of adivasis from the adjacent villages who had gathered to discuss the preparations for their annual seed festival. While the then Home Minister Chidambaram claimed to have hunted down "hardcore Maoists", but as per the then Union Tribal Affairs Minister's own admission out of the 20 persons gunned down, half were school-going teenagers; a child who sustained injuries was just four years old; they carried no arms; and none had any criminal record. A near exact re-enactment of the same horrific incident happened just a year later in Edakmetta village of the same Bijapur district. On May 20th, 2013, in the death of the night security forces surrounded villagers gathered to celebrate the "Beej Pondum" or seed festival and a volley of bullets was indiscriminately fired upon killing eight villagers that included three children and others between the age of 28-30, all unarmed. The claims of the government soon dissipated and such has been the history of brutalities or fake encounters in the five year long Indian state's ever-intensifying war on people in the name of Operation Green Hunt.

Five years since it began, ther beneficiaries of this war remain the same, only its executioners have changed hands. The war on people that was flagged off by the Manmohan-Chidambaram combine in 2009, today has an even more brutal Modi-Rajnath combine to pursue the hunt. We can recall, even after the Sarkeguda fake encounters, when all the progressive-democratic sections were outraged at such cold blooded murder, the then Home Minister Chidambaram was categorical in his justification/ support for the CRPF. He said, "The encounter for some reason is being called a fake encounter. The CRPF DG has said he has nothing to hide, nothing to fear. I am the home minister and the CRPF is under me. We have been absolutely candid, frank and upfront." The present Home Minister Union Home Minister Rajnath Singh has gone a step further saying that during his tenure as Uttar Pradesh Chief Minister, he had given a "free hand" to police officers to deal with Maoists and assured them that they would not be "hassled" by the Human Rights Commission. And with that he prepares the grounds for further fake encounters, massacres, arson, loot, torture, and rape by the security forces with the complete backing of the government. This only shows the single-mindedness with which the Indian state wishes to pursue this war.

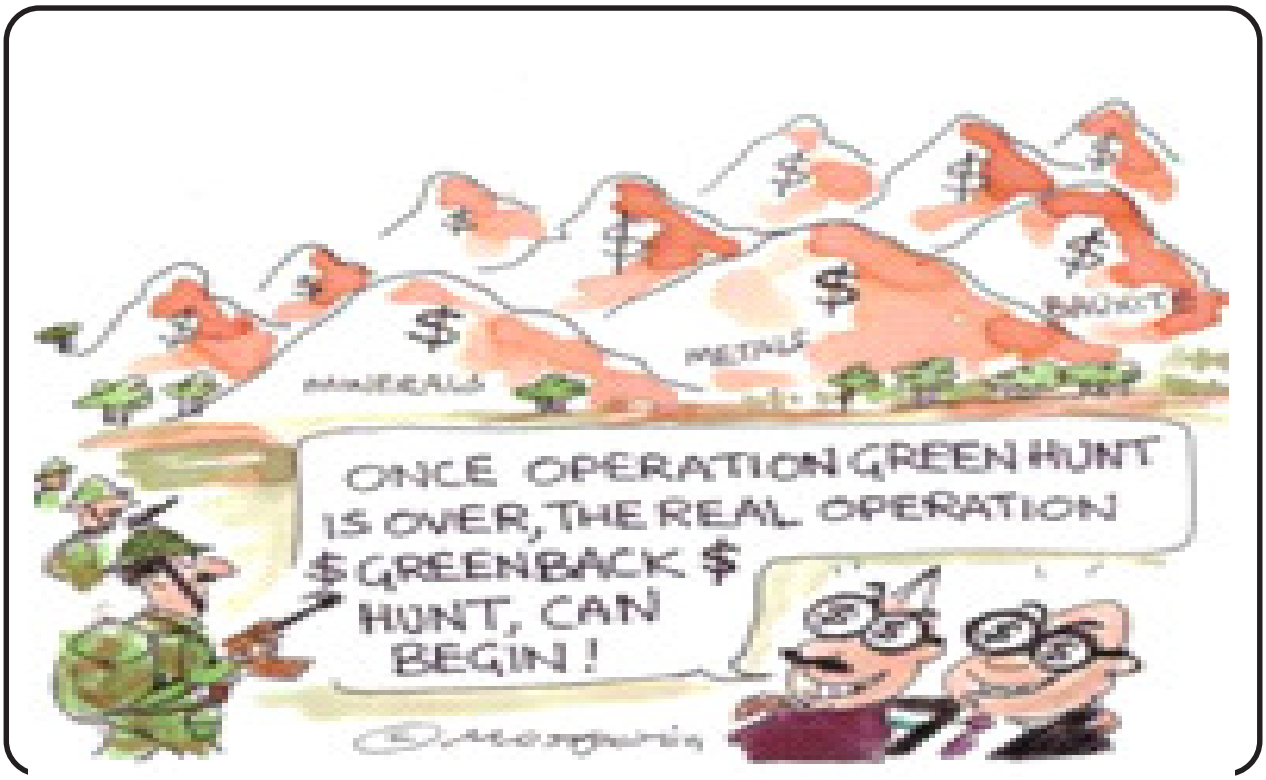
But alongside the brutality of this single-mindedness, what this also serves to show is a desperation of the Indian state. The big corporates, MNCs, the TATAs, Birlas, Ambanis, Adanis, and the Mittals, at whose behest the UPA had declared this war to facilitate the indiscriminate loot, plunder and sale of trillions of dollars worth of natural resources in the central and eastern adivasi heartland of India, are today ever more hungry for profits. With hundreds of MoUs – to mine, extract and sell at pittance – stuck in the pipeline, they are ever more eager to crush the resistance of the people struggling to defend their life, livelihood and dignity against the model of death, destruction and displacement that is being championed by the state in the name of 'development' or 'progress'. This was evident in the virulent corporate backing behind the NaMo campaign as Modi promised to deliver on his promises of a more "iron-handed" approach (than the erstwhile UPA regime) in steamrolling all "obstacles" to the path of "nation's development" (read the path of unbridled loot of resources). Delivering on the above promises, and to the delight of big business Modi right after coming to power has shoved aside all environment/forest/wildlife regulations in his blitzkrieg of clearances. In near about a month's time the MoEF cleared a record 175 projects. Doing away with the independent experts, Modi "streamlined" the National Board for Wildlife making it more "investment friendly" which then in a record sweep has cleared 133 out of the 160 waiting

projects in two days! Making a mockery of transparency of public institutions none of the details of these lightening clearances are being made public so as to avoid widespread protests and outrage. Taking Chidambaram's project to its logical culmination, the plan is to overhaul the already weakened environmental laws; distort the environmental impact assessment rules; restructure the National Green Tribunal; allow coal mining without any public hearing; and also take away the right of the gram sabhas to oppose any project in adivasi land. What is in store is a pro-corporate and anti-people drive of genocidal proportions.

Actualizing the above goals entails further intensification of Green Hunt to brutally crush all resistance from the people to save their lands, livelihoods and resources (threatening the so called "investment climate"/"development"). After assuming office, Modi has already added 10 more CRPF battalions to the lethal arsenal of the state comprising CRPF, ITBP, BSF, CoBRA, Greyhound, C60, Thunderbolt, support from the Army, the Air Force, as also Israeli drones apart from the Salwa Judum like private militia. Out of the total 36 battalions of Central forces in the state, 29 were deployed in Bastar alone. And now, with the 10 additional battalions deployed again in Bastar, it adds up to (39 battalions) nearly 30,000 paramilitary personnel in this district making it one of the most militarized region of the subcontinent. Modi also has appointed the infamous SRP Kalluri as the IG of Bastar – one who was held responsible by the democratic right activists across the country for the burning down of 300 adivasi houses in Tadmetla & Morapalli in 2011.

Witch-hunting voices of opposition to Greenhunt is just an another extension of Operation Green Hunt: Last week, several democratic groups intended to organise a meeting in Vishakapatnam to expose the state's brutalities of Operation Green Hunt and mobilize opinion against it. But, to ensure that no news of the state's war on the people reaches the urban centres, several civil liberties and political activists belonging to the APCLC and Virasam were taken into preventive custody to disallow the meeting. Arrests, suppression and gagging of democratic voices against Green Hunt has been a central feature of this war since it began in 2009 – be it Binayak Sen, Sudhir Dhawale, Sachin Mali, Hem Mishra and countless other people's activists and organizations. A few months back G.N. Saibaba, one of the conveners of the Forum against War on People in Delhi was similarly hunted down, abducted and charged with a plethora of false cases by the state. But as the state escalates this war on the most oppressed adivasi and dalit people of the country, to usurp their land and resources, the progressive democratic section must unite and build a most resilient movement standing in solidarity with the struggle for jal-jangal-jameen and demanding the immediate end to Operation Green Hunt.

(Courtesy: Sanhati)



Kabir Kala Manch, Bangalore Police and Free Speech

By Ambrose Pinto

The Kabir Kala Manch, a cultural organisation that was formed in Pune, Maharashtra in 2002 in the wake of the Gujarat riots, was in Bangalore on November 21, 2014 for a performance in St. Joseph's College. The venue was booked days in advance. Yet on the day of the performance, the police of the nearby police station came over to the college and the institution was asked to cancel the show. According to media reports, the request to cancel the show was from the Police Commissioner of Bangalore. The reason offered was that the organisation is pro-Naxal and the college should not entertain such groups. There was no way the college could proceed with threats that the Right-wing groups might obstruct the show. Helpless at the last-minute cancellation, the theatre group had nowhere to go. They were here for a show, all young people wanted to pass on a message of concern to students of their age.

Shift of Venue

The organisation requested St. Aloysius Degree College, Bangalore whether the college was willing to host the play. As the Principal of the college, I have always advocated free speech and I was happy to welcome the troupe. That was at 11.00 am. However by 1.00 pm, there were police from the Pulakeshinagar Police Station (the college comes under its jurisdiction), intelligence officers from the Office of the Commissioner of Police and others from the State and Central security coming one after another asking the college not to go ahead with the programme. When asked for the reasons, the police and intelligence had the standard answers. For them the Kabir Kala Manch is an organisation that is in nexus with the Naxal groups and they cannot be allowed to stage their performance in an educational institution. The police inspector of the station was categorical that the organisation had been banned. When asked for proof of the allegation, he would not respond. When I informed him that the information that the institution has is different from what the police have gathered, he claimed that theirs was the authentic information.

After a few minutes of conversation when I told him that the programme would carry on till I get a written order from the Police Commissioner, he was in conversation with the Commissioner of Police. "The Commissioner," he said, "would send me the order." He warned me of the consequences if the play was allowed to proceed with the possibility of Right-wing groups creating havoc in and outside the venue. I was not in a mood to listen to his arguments. My contention was that it was the responsibility of the police to see that those who disturb public peace are taken to task.

It was 2.30 pm then and the show was scheduled at 5.00 pm. The troupe was in the college and there was no way I would send them away from the institution. I called up the Advocate General of Karnataka, the Press Secretary of the Chief Minister and the State Public Prosecutor. They were astonished with the behaviour of the intelligence and police. In no time the news was splashed in the media and mediapersons were at the college to know what had happened.

Two policemen from the Commissioner's Office came over by 4.15 pm and said that they would provide the necessary security to the function. This must have been after instructions went from the officials of the State. One wonders whether the police were acting on Central intelligence or State intelligence! Karnataka is ruled by the Congress. One got the impression that the police were acting on the information of the Central services since the Kabir Kala Manch has taken a strong stand against communalism. The Commissioner of Police, however, denied that he had instructed against the staging of the play when asked by the media later.

It is true that the Kabir Kala Manch was framed under the Unlawful Activities (Prevention) Act. It was alleged that the organisation is sympathetic towards Maoists and Naxalites. In May 2011 the Anti-Terrorism Squad of the Maharashtra Government had accused them of promoting Maoist and Naxalite ideology. Some of their members were booked and others had gone into hiding. The charges have never been proved. The group has denied all charges.

It is a frequent practice of the state to frame organisations that are committed to the welfare of the downtrodden. There are so many innocent individuals and groups that have been framed without substantial proof. We have the recent examples of Binayak Sen and many Muslim young men framed and found innocent. The Kabir Kala Manch has been spreading—through music, poetry and theatre—anti-caste, anti-communal, anti-globalisation and pro-democracy messages to the society. Made up of students and young professionals who perform protest poetry and speak on behalf of the voiceless, it was the initiative of the students that was responsible for the formation of the organisation, which took up causes of social inequality, exploitation of the marginalised communities, farmers' suicides, female infanticide, Dalit killings and the widening net of corruption. Some of the performances of the Kabir Kala Manch have been featured by Anand Patwardhan in his documentary, Jai Bhim

Comrade.

Police and Intelligence

Why have the police then taken a hostile attitude to the group? If the group is of extremist nature, the state could have banned it. How could the state, or the police for that matter, ask an educational institution not to allow a group to perform when the organisation is not banned by it? Even if the organisation is banned should they be denied their right to free speech? This surely is an attack on free speech. The attitude of the police was highhanded. They had informed St. Joseph's College that the Akila Bharatiya Vidyarthi Parishad (ABVP) would protest and create disturbance at the college if the function is held. The police therefore wanted the show to be cancelled. This is how a democratic state committed to free speech operates. The actions of the police were condemnable.

The police exist to keep anti-socials away and not to terrorise individuals and institutions in favour of the Rightist groups. If the ABVP had decided to disturb the performance, the state should have disciplined the group instead of asking colleges not to allow the Kabir Kala Manch to perform. The second argument is equally sickening. How can the police state that the organisation is sympathetic to the Naxalites and Maoists without being found guilty? Even if the group is sympathetic, why shouldn't they have the freedom of expression? Does any group lose their right to free speech because they are sympathetic to extremist groups? In a democracy how is truth to be explored? Everybody, including the extremists of all kinds, should have the freedom of speech. Citizens should freely be able to discuss and debate issues to arrive at conclusions.

What was more shocking was, according to one of the newspapers, that the Police Commi-ssioner had said that even the Principal of the college, where the show finally had to be performed, is sympathetic to the cause of the Naxalites and Maoists. Such a comment from an official of the state, if made, would be disgraceful.

Police and Education

The police interference in the campus is surely an attack on higher education. While the issue of law and order belongs to the state, the police had no business to caution an institution what should or should not be discussed in the campus. Permitting the police control over institutions will prove expensive for Indian democracy. One of the police officials even said that colleges need permission to hold any function other than functions with students of the college. When I told him that ours is not a "police raj" but "swaraj", he was troubled. If the police take over the social space of the colleges, higher education surely will lose the academic space as well in the long run. In the interest of higher education colleges should reject any demand of ban on controversial groups or speakers to make a presentation in campuses.

Colleges exist to engage, not to marginalise. Unless views can be expressed, they cannot be challenged. By being places where ideas and beliefs can be tested without fear, institutes of higher education have to act as safeguards against ideologies that threaten open society. Not to allow a group to perform is to keep out an idea from the institution. Colleges cannot marginalise any ideology. They exist not to ban opinions, but to express them. Tolerance and respect for opposing views is essential for the formation of an open society. Institutions of higher education have to be fertile grounds for vigorous discussions and critical thinking.

On a campus that is free and open, no idea can be banned or forbidden. No viewpoint or message should be deemed so hateful or disturbing that it must not be expressed. An institution fails to fulfil its mission if it controls or restrains ideas, however repugnant. Indeed, by controlling ideas colleges would set an example of disservice to their academic mission.

Conclusion

One would agree that freedom of thought and expression does not permit bad behaviour. One thing is to provide a space for expression of ideas whereas it is quite another whether colleges could permit bad behaviour. While providing freedom of thought and expression, colleges and universities should adopt a range of measures that penalise socially unworthy conduct and behaviour against defacing property, physical intimidation or harassment, or disruption of campus activities and hate language.

Given the attacks on freedom of speech, the time has now come for institutions to condemn manifestations of intolerance and discrimination, whether physical or verbal. Freedom of expression requires toleration of "ideas we hate", as Justice Holmes put it. Free speech is not simply an aspect of the educational enterprise to be weighed against other desirable ends. It is the very precondition of the academic enterprise itself.

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