

**Employees' Forum**  
**Editorial July 2011**

**PFRDA BILL MUST BE SCRAPPED**

The PFRDA Bill now remaining slated in the Parliament for getting passed in the Lok Sabha. Now Parliament consists of only few members from the Left parties who are opposed to this anti-employee Bill. This poses a very big danger to the Government employees and other connected employees who are covered by the statutory Pension System.

But why the UPA-II Government is much bent upon hurrying to enact the Bill, reportedly in the ensuing Monsoon session itself?

In an unwarranted intervention in the Statutory Defined Benefit Pension system, the IMF in their work paper {WP/01/125,(2001)} propounded the creation of a pension fund by eliciting contribution from the wage earners at the earliest stage of their employment so as to fetch an annuity decent (?) enough to sustain him / her at the old age. In fact it was a suggestion for a retrograde change over from the defined benefit pension scheme to a defined contributory system. While suggesting so, they have categorically stated that India does not suffer demographic pressure experienced by major countries, for India's population beyond the age of 60 was about 7% in 2004 which rose to 8.6% in 2010 and is estimated at 13.7% in 2030 and 20% in 2050.

Already during his recent visit to Washington, Shri Pranab Mukherjee, Union Finance Minister assured the US Secretary for Treasury, when pressed by him that Government will hurry up economic reforms like privatisation of pension, privatisation of Banking industry and more FDI in Insurance sector. Naturally, under US pressure, Government bowed down to hurry up in implementing these economic reforms including privatisation of pension.

The New contributory pension scheme enunciated by the Government of India and adopted by most of the State Governments is covered by the PRFDA bill. The bill inter alia, envisages a social security scheme for all who desire to have an annuity at his old age which is voluntary and not mandatory. However, in the case of Civil Servants, who are recruited to Government service after the prescribed cut-off date ( 1.1.2004), the scheme is mandatory in as much as the employee is bound to subscribe 10% of his emoluments to the Pension Fund and the Government being the employer would contribute equal amount. No employee is entitled to opt out of the scheme.

Despite the inability to bring in a valid enactment, the Central and all State Governments other than those of West Bengal, Kerala and Tripura through illegal executive orders from the Government of India decided to impose the contributory pension system arbitrarily on the Central and State Government employees and teachers. While the Government of India notification excluded the personnel in the armed forces and para-military establishments, the Governments of the Left ruled States of West Bengal, Kerala and Tripura consciously continued with the existing defined benefit pension system.

The PRFDA Bill stipulates that there will not be any explicit or implicit assurance of the benefit except *market based guarantee*. The subscriber is thus exposed to the following risks after retirement.

- a) If there is a major market shock, the subscriber to the New Pension scheme may end with no ability to purchase an annuity and the entire money contributed by him / her may also be totally lost.
- b) Since annuity is and cannot be cost indexed, the real worth of the annuity might fall depending upon the inflationary pressure on the economy.
- c) As per the scheme, the subscriber is to make the choice of investment portfolio. The Civil Servant being mostly uninformed in finance and investment related matters, he / she might end up in making wrong choices which would eventually rob him / her of the old age pension.
- d) The subscriber is perforce to contribute to the charges of the investment managers, whose priority often is as to how much profit they could make through investment of the astronomical corpus of pension fund in the volatile share market.

The pension fund created by the employees' subscription and the employers' contribution which directly flows from the exchequer ( which is nothing but tax revenue of the Government.) is made available for the stock market operations which is not only unethical but also blatant diversion of public fund for private profit, both Foreign and Indian capitalists.

*The PFRDA Bill when enacted, it is rightly feared, will empower the Government to alter or even deny the present employees and pensioners the statutory defined pension benefit as has been done in the case of those who are appointed after the cut-off date.*

The 6th CPC while considering the agenda of Contributory Pension Scheme asked the Centre of Economic Studies and Policy of Bangalore to examine the issue. The study conducted by them concluded:

‘Since most of the State Governments have chosen to switch over to “contributory pension scheme” , in fairness ( from the *Study conducted by the Centre for Economic Studies and Policy*) it can be concluded that the pension liability of all the State Governments are bound to increase to three times of what it is today by 2038.’ This plainly means huge loss of Government revenue for the benefit of Indian and foreign capitalists.

We may, in fine, quoting the concluding paragraph (Page 76 of the report of the Centre for Economic Studies and Policy – Institute for Social and Economic Change), the Committee set up by the 6<sup>th</sup> CPC to judge the issue:

*“Mainly given the fact that the future liability although may be large in terms of absolute size is not likely to last very long and does not constitute an alarmingly big share of the GDP which is also on the decline. It appears that pursuing the existing ‘Pay as you go’ to meet the liability will be an ideal solution.”*

We therefore strongly demand of the Government of India that for the detailed reasons adduced in the foregoing paragraphs by an expert Research Institute, the new pension scheme enshrined in the PFRDA Bill may be withdrawn forthwith from the Parliament both in the interest of the Civil Servants and the exchequer.

Otherwise, the employees and teachers will be compelled to unleash countrywide united and mighty struggle to get anti-employee PFRDA Bill scrapped in toto.

### **Employees’ Forum Editorial August 2011**

#### **MASSIVE TURN OUT AT THE NATIONAL CONVENTION VOTED FOR STRIKE ACTION AGAINST PFRDA BILL**

The National Convention against PFRDA Bill was held at MPCU Shah Auditorium, Gujarati Samaj Hall, New Delhi on 22 July 2011 under the auspices of All India State Government Employees’ Federation (AISGEF), Confederation of Central Govt Employees & Workers, All India Railwaymen Federation (AIRF), All India Federation of University & College Teachers’ Organisation (AIFUCTO), School Teachers’ Federation of India (STFI) and All India Defence Employees’ Federation (AIDEF).

The August Convention was joined by Bank Employees’ Federation of India (BEFI), BSNL Employees’ Union (BSNLEU), All India Insurance Employees’ Association (AIIEA), Bharat Central Pensioners’ Confederation (BCPC), National Federation of Postal Employees (NFPE) and Centre of Indian Trade Unions (CITU).

The proceedings of the Convention were conducted by a Presidium consisting of R G Karnik, Chairman, AISGEF, S K Vyas, President, CCGE&W, P R Menon, AIRF, VAN Namboodiri, BSNLEU, N Narayana, STFI and Sardara Singh, AIDEF.

More than 700 delegates representing various organisations participated in the Convention. The ‘Declaration’ of the Convention was introduced in the House, before the capacity crowd, by Sukomal Sen, Senior Vice-Chairman, AISGEF and was seconded by S.K. Vyas, President, C.C.G.E&W.

The Convention was addressed by Basudev Acharya, M.P., Tapan Sen, MP and General Secretary, CITU, M.K. Pandhe, Vice-President, CITU, Shiva Narayan Mishra, General Secretary, AIRF, Ashok Barman, General Secretary, AIFUCTO, R. Muthusundaram, General Secretary, AISGEF, Pradip Biswas, General Secretary, BEFI, P. Abhimanyu, General Secretary, BSNLEU, Rajendran (STFI), Sardara Singh (AIDEF), Bhatnagar (AIIEA), Shyam Sundar (BCPC), Elangovan DREU and M. Krishnan, NFPE.

They spoke in details about the dangers posed to the existing pensioners and the serving employees when the contributory pension scheme will be passed in the Parliament. They cautioned that this is a most dangerous conspiracy dictated by the IMF and World Bank which would demolish the social security to the employees and workers in their old age and would work only to fatten the private profit at the cost of savings of employees and contributions from the national exchequer.

K.K.N. Kutty, Secretary General, Confederation of Central Govt Employees & Workers summed up the discussion and sought for the approval of the House for the next course of action which are as follows:

1. To organise a mass signature campaign to be submitted to the Prime Minister of India.
2. To organise Joint State Level Conventions between 1.8. 2011 and 6.9. 2011.
3. To organise March to Raj Bhavan , preferably on 6.9. 2011 at State Capitals.
4. To organise March to Parliament when the Parliament will remain in session.
5. To organise one day's strike.

The House approved the above programme including formation of a Steering Committee, consisting of representatives of all participating federations, who will finalise the dates of '*March to Parliament*' and the 'Strike'.

The Convention vowed to take strenuous efforts to make the above programmes a tremendous success and compel the Government to rescind their decision and withdraw the Bill from the Parliament.

## **Employees' Forum Editorial September 2011**

### **Why Pension PRIVATISATION?**

#### **Workers to Pay for the Economic Crisis Generated by the Capitalists themselves?**

September 2008, toiling people cannot forget the second biggest world shaking deep capitalist crisis, after that of 1929, as began with the crash of New York's Wall Street, the nerve centre of world capitalism, catastrophic effect of which is still operating in respect of the working class and the poor in particular.

Immediately after the collapsing crisis, the political leaders of the Capitalist states of the world got together several times and harped on the same theme that ;public expenditure has to be drastically curtailed and austerity measures have to be strictly followed by all Govts to tide over the crisis. Along with it, they granted bail-out measures spending tremendous amount of money from the states' exchequer, means common people's money to those collapsing industries and companies whose limitless greed for profit was the chief cause of the system's breakdown.

What they actually meant by curtailing expenditure and by austerity measures? They wanted actually to hoodwink people by some apparently innocent terminologies. Cutting public expenditure and austerity measures, mean cut in workers' and employees' social security measures in the form of privatisation, cutting pension, stopping recruitment, employment only on contract or piece-rate basis, cut in Medicare and educational benefits, cut in wages and salaries to cripple the already deteriorating economic condition of the workers and the poor by all other possible means.

Sharply rising unemployment and trend to overtake regular employees by increasing the number of contract employees and so on are the main features of this so-called austerity measures.

Already, worldwide these policy measures were operating on the workers and the poor against which mass and class struggles were rocking Europe and India and various parts of the world. After the Wall Street Crash additional economic attacks on the employees and workers and their trade union rights began which were back-breaking for the workers and the poor.

That is why, world trade union movement, WFTU in particular, raised the slogan that workers should not be forced to pay for the crisis, it is the capitalists and their Governments who created the crisis and responsible for that, should pay for this crisis. It means workers' hardship cannot be further increased by the Government and the Capitalists, on the contrary Government should mop up a part of the enormous profits the capitalists are gaining and increase the taxes on the rich to generate Government's resources to meet the deficit.

Which Government has followed this suggested course? None of the Governments including that of India have cared a straw to follow it, on the contrary, they are merrily imposing further back-breaking burdens on the workers and the poor people while the rich are wallowing in their sharply increasing wealth.

Pension privatisation is an attempt like this. In India, more than one crore of people are in Govt employment – in States, Centre, Railways, Defence and other public sector like BSNL. Privatised pension means deduction of 10% of the pay of the worker every month and Govt will contribute equal amount for the pension fund and this astronomical sum will be handed over to the Capitalists both Indian and foreign through selected fund managers to invest in share market and when the share market index rises, the capitalists will garner fabulous amount on their investment. But whose money they will invest in share market? Not theirs, but of the poor employees and the benefits will go to the pockets of the Capitalists – not of the employees. Employees may get an amount of it only when share market rises, but when it falls down, the employees' money will be drowned in the sea.

In addition, the Govt is making a 'pension plan' for the poorer workers of the employees. The Project is named as 'Swabalamban' – means self-independence. What self-independence? The Govt will cut certain amount of the wages of the poor workers and again that money would be invested in share market to help the capitalists to reap profit. In the process, the poor worker will lose everything of his/her life-time deposit as they will have to depend on the mercy of the unreliable share market.

How employees and workers can tolerate such a heinous and criminal policy of the Govt? Should not they rise in vigorous protest and militant action to stay the hands of this Government, intent upon committing dacoity on the income of the poor employees and workers?

Capitalists are flying in the sky like vultures. Vultures with their sharp eye-sight can see where an animal Carcass is lying. Immediately they will swoop down there and eat out the Carcass. In a similar fashion big capitalists of the world including India are flying in the sky and swooping down to pick pocket the employees and workers with the help of the Government's legislation, and the Government is making hatching conspiracy in the name of the PFRDA to commit robbery on the employees and workers.

During the recent Debt-limit crisis in USA, the President Obama's Democratic Party and the opposition Republican party came to the agreed formulae that to tide over the crisis, the rich should not be touched by further taxation, on the contrary, expenditure should and Medicare expenditure be cut and that public money, meant for the common people's benefit, would be utilized to tide over the debt crisis and meet the deficit.

This process of rescuing the ailing and collapsing corporate houses by funding from the Govt treasury is calculated to transfer the burden from the shoulders of the corporate houses to the Govt's own shoulder – thereby setting on a sovereign crisis engulfing the entire economy of the country of which the poor and working class its biggest victim.

This is the inhuman logic of Capitalism – in its neo-liberal phase!

This is the criminal action of the blood thirsty capitalists and their Governments.

22nd July 2011 National Convention at Delhi has given a call for united action leading to a countrywide strike through a number of preparatory measures. Let us prepare ourselves for executing this militant call of struggle. Butchers' hands must be stayed down. This is a dire warning by the trade unions to the Government of India.

**Employees' Forum**  
**Editorial October 2011**

*World Economy in a 'dangerous new phase' Warns IMF Chief.  
What about Indian Economy? Will the Govt clarify?*

The Prime Minister and the Union Finance Minister are always assuring the people that Indian Economy is on a substantially growth path, despite deep crisis in world economy.

The head of the International Monetary Fund repeated on September 15, 2011 her warning that the global economy is in a "dangerous new phase," and called for coordinated action by governments in the face of a slowing global economy and a deepening European debt crisis.

IMF Director Christine Lagarde also called on European countries to get their spending under control and for banks in the region to ensure they have enough cash on their balance sheets for emergencies.

Her comments came after the European Central Bank unveiled plans to lend American dollars to banks in three operations to be conducted in October, November and December.

The European Central Bank said it would collaborate with the US Federal Reserve, the Bank of England, the Bank of Japan and the Swiss National Bank in the lending operations.

The move was widely seen as a sign that the banks aren't providing short-term lending to each other because of fears about the quality of their loans to debt-burdened countries such as Greece, Ireland, Portugal, Spain and Italy.

'The programme will likely prevent a panic for the next few months, but it's only a first step', said Mark McCormick, a currency strategist at Brown Brothers Harriman.

"You're warding off contagion and crisis, but it's not going to solve the problem, which is too much debt," McCormick said, but added it was smart for the central banks to address the problem early.

In her speech in Washington, Lagarde also pointed to the problem of high debt, not only across the world economic system and especially among governments and banks in Europe, but also in US households.

The uncertainty about their ability to meet their obligations slows economic recovery, a problem made worse by policy indecision by political leaders, she said.

Lagarde evoked memories of the financial crisis in 2008, and called on the heads of the major European economies to provide leadership.

*"Exactly three years after the collapse of Lehman Brothers, the economic skies look troubled and turbulent as global activity slows and downslide risks increase. Without collective resolve, the confidence that the world so badly needs will not return."* Lagarde said.

While the IMF Chief feels the confidence of the world in stopping the slide down of the economy is shaken and badly needs to return, we do not understand how the topmost political leaders of the state feel confident about Indian economy. What is the magic of their confidence?

Her warning came as the European Commission reduced its outlook for growth in the region in the second half of the year but predicted that it would avoid an outright recession.

Still, EU economic affairs commissioner Olli Rehn said the economy was likely to come to a "virtual standstill," dragged down by the region's massive debt burden.

The EC kept its growth prediction for 2011 at 1.6 per cent, but said activity would slow to 0.2 per cent in the third quarter and just 0.1 per cent in the last three months of the year.

And the Greek finance minister, Evangelos Venizelos, warned that the country must brace for a fourth year of recession, amid new data showing unemployment had hit a new high of 16.3 per cent. He said the Greek economy will contract 5.3 per cent this year.

In this situation of second downturn, Eurozone finance ministers are set to meet in Wroclaw, Poland, to discuss how to deal with the debt crisis.

US Treasury Secretary Timothy Geithner will take part in the meeting and is expected to plead for more decisive measures to prevent a Greek default that could threaten Europe's banks and even spread to the global financial system.

Lagarde said she welcomes US President Barack Obama's job creation plan given what she called an unemployment crisis in the United States.

Lagarde will preside at her first annual meeting of the 187-nation lending institution next week.

The former French finance minister became Director of IMF on July 5 after taking over from Dominique Strauss-Kahn, who resigned in May to fight attempted rape charges.

*It is in this background, the top policy makers of the Indian Government need to clarify how they are so confident about the inner strength of Indian Economy? Can they explain also that the Indian share market they are desperately trying to boost up by infusing astronomical amount of money from forced pension contribution by the employees and workers through the New Pension Scheme will sustain or the entire hard-earned money of the employees and workers will be drowned into Indian Ocean?*

The Government is traversing a dangerous path of ruining the fate of the employees and workers by their too much zeal to boost up share market and serve the interest of the Corporate Houses at the cost of the poor workers and employees.

Obviously, the working class will have to build up a befitting struggle to desist the Government from the fragile and dangerous path.