

Unions end Indian telecom strike, opening the door for privatisation

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A three-day old strike by over 300,000 Indian telecom workers was called off last Friday night by the leaders of the National Federation of Telecom Employees and the Federation of National Telecom Organisations after they struck a deal with Communication Minister Ram Vials Aswan.

The minister reportedly agreed to the unions' demands for job security and the protection of retirement benefits when the Department of Telecommunications is corporatised and renamed Bharat Sanchar Nigam Limited (Indian Communications Corporation) on October 1. Even before the major unions ended the strike, the government had secured a deal with the Bharatiya Telecom Employees Federation to withdraw its 35,000 members from the dispute.

An estimated 95 percent of union members supported the strike causing severe disruption to telecommunications services across the country. Internet and data services were cut off and long distance and mobile phone calls were seriously hit. The only unaffected areas were the capital New Delhi and Bombay, where a separate firm—Mahanagar Telephone Nigam—runs services.

The Indian government was desperate to end the strike, which had the potential to trigger broader opposition to the privatisation of other state-owned enterprises. It was also an embarrassment to Prime Minister Vajpayee who had just left for the US seeking, among other things, \$US15 billion in new overseas investment in India. Investors, particularly in the US, have keenly watched the opening up of the country's communications sector to private capital.

From the outset, the union leaders did not oppose the planned corporatisation outright but limited their demands to assurances over pension benefits and job

security. The unions had already given a commitment in June to support the government's plans in return for a promise by the communication minister to provide free telephone connections to Telecom employees.

The widespread support for the strike indicates that there are deep concerns among workers over the impact of the corporatisation on their jobs. The union leaders may have received “assurances” over job security from the government but such pledges are worthless. Once the department is corporatised, the imperatives of profitmaking and the market, not government promises, will determine what jobs, working conditions and benefits are to be slashed.

The point was underscored in an article on the web site *Narad Online* entitled “A strike too costly”. After attacking the strikers it commented: “To give the employees a guarantee that all their vested interests will be protected even after the corporatisation process is through, is to negate the very idea of corporatisation. Of course, there can be guarantees like those who work will not only be rewarded but they will also be entitled to a share in the profits by way of enhanced bonus, perks etc. But ipso facto, they will have to share the blame for the losses the corporations make.”

As many workers are aware, the restructuring of the Department of Telecommunications along commercial lines is a major step towards full privatisation. The newly corporatised entity is to have a share capital of 100 billion rupees, but the government will only provide 50 billion rupees. The other half will be raised through the sale of shares to private investors.

While the government denies its aim is the full privatisation of communications, it has already made moves to open up the lucrative industry to foreign investment. It plans to relax restrictions so as to allow overseas capital to hold 49 percent equity in the

telecom and cellular telephone sectors and 100 percent in Internet provider services.

The government has also given notice of its intention to end its monopoly over the international telephone connection provider, Videsh Sanchar Nigam Limited from April 2002. The decision was immediately welcomed in the *Hindustan Times* as a sign of “the seriousness of the government's pro-reforms intent.”

By shutting down the strike the unions have given a green light to the government, not only for the corporatisation and privatisation of telecommunications but also to press ahead with the restructuring and sell off of other state-owned enterprises and services.

The public sector unions have already demonstrated their willingness to go along with the government's plans. On August 12, after meeting with the prime minister, union leaders deferred a planned national strike against the government's proposals, including so-called disinvestments, and agreed to participate in a series of meetings with top government ministers to discuss the “reform” agenda for the public sector.



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