Ten million Indian workers strike against economic reforms

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A one-day national general strike brought much of India to a standstill on April 16 as 10 million workers demonstrated their opposition to government plans for further privatisation and changes to the country's labour laws to facilitate retrenchments. The strike was the largest ever industrial action against the program of market reform and reflects a deepening hostility among broader layers of working people to the government of Prime Minister Atal Behari Vajpayee.

The stoppage took place in response to the national budget handed down in late February, which set a target of 120 billion rupees ($US2.5 billion) to be raised from the sale of public sector enterprises. The plan will lead directly to a further round of retrenchments in state-owned companies and drastic cuts to wages and conditions—either in preparation for privatisation or by the new owners. Further job losses will also follow if the government proceeds with labour laws to allow any firm with less than 1,000 workers to dismiss employees without prior government approval.

Local and foreign investors have been insisting on amendments to labour legislation since the early 1990s when governments began to restructure the economy. “Labour reform” was first flagged in last year's budget but immediately provoked protests. The Vajpayee cabinet has recently approved the changes, however, and intends to push the new labour laws through the current budget session of parliament.

Some 85 percent of unionised workers and 90 percent of all workers are employed in companies with staffs of than 1,000 and would be subject to summary dismissal in conditions where there is no social security for the unemployed. Opposition to the labour amendments and to more privatisation has therefore been widespread.

The strike shut down much of the banking sector. The government intends to reduce its stake in public sector banks to 33 percent, thus offering private shareholders effective control. Around 90 percent of staff at the Reserve Bank of India—the country's central bank—joined the strike, which had a severe impact on financial markets in Bombay and elsewhere.

Public sector workers in insurance firms, coal mines and ports also stopped work. Operations at ports around the country were hard hit. The government is planning to “corporatise” the ports—a first step toward their full privatisation, leading to drastic cuts to jobs, wages and benefits.

In New Delhi workers marched and shouted “Down, down with reforms.” In the country's commercial capital, Bombay, about 80 percent of port workers participated in the strike. Thousands of striking bank workers rallied in the city's business district to protest against the government's plans. Rallies also took place in other major cities including state capitals.

Namachivayam, a worker at the telephone exchange near Madras, told the WSWS: “Workers went out on strike to express their opposition to the privatisation of public sector industries. Workers felt a sense of security being public sector employees as there is a job security and pension system. The privatisation would create insecurity regarding jobs and livelihood.”

All major unions except the Indian National Trade Union Congress (INTUC), which is affiliated to the opposition Congress (I) party, took part in the strike. These included the Communist Party of India (Marxist)-led Centre of Indian Trade Unions (CITU), the All India Trade Union Congress (AITUC), Hindu Mazdoor Sangh (HMS) and Bharatiya Mazdoor Sangh (BMS).

The refusal of the INTUC trade unions to join the strike is significant. When our correspondents in Madras spoke to Kalan, a local INTUC official, he offered the lame excuse that there had been protests against the plans previously and so the general strike was unnecessary. In fact, the INTUC's non-participation is a signal to local and foreign investors that, with the ruling National Democratic Alliance (NDA) in crisis, Congress (I) is committed to implementing the same market reforms.

The strike has raised questions in big business circles about the Vajpayee government's ability to implement further economic restructuring. Confederation of Indian Industry President Sanjeev Goenka described the industrial action as "unfortunate" and complained about the losses suffered as a result of the disruption to banking and transport. "India cannot afford the economic losses that such strikes entail, if its business aspires to become globally competitive," he warned.

INTUC's absence is all the more significant as even the BMS unions, affiliated to Vajpayee's own Bharatiya Janatha Party (BJP), were forced to call out their members. The BMS leaders obviously fear a loss of influence, given the growing unpopularity of the BJP-led government—not only among workers but also sections of business that are threatened as the Indian economy is opened up to foreign capital.

The trade unions were compelled to call the strike in response to growing opposition among workers but buried the political issues raised by the program of economic restructuring. Union leaders insisted that the aim of the strike was to pressure the government to change its policies even through Vajpayee has repeatedly demonstrated his willingness to carry out the dictates of international finance capital.

During a press conference, CITU general secretary Gurudas Dasgupta and other union officials tried to pin the responsibility for the economic restructuring on Finance Minister Yaswant Sinha. Blaming him for "all the ills" of the economy, they demanded his removal as a pre-condition for the "reversal of the anti-labour and other policies dictated by the multi-nationals and superpowers, adversely affecting the economy and the working class".

The purpose of making Yaswant Sinha the scapegoat for the restructuring plan is to deflect attention from the role played by all the political parties—including the Stalinist Communist Party of India (Marxist), which has held power in West Bengal for more than two decades and attempted to turn the state into a haven for international investors.