India truck protest enters its eighth day

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A nationwide indefinite protest launched July 20 by the All India Motor Transport Congress (AIMTC), a lorry-owners' association, has paralyzed truck-transportation of goods across India. The protest has begun to have a major impact on the availability of essential products, substantially increased prices of many vegetables, and caused manufacturers, including in the country's massive garment sector, to lay off workers.

This is the second nationwide protests by truckers since June of this year.

The truck-owners, who include both large truck companies and owner-drivers, have four main demands. The first is for diesel prices to be taxed at 18 percent under the nationwide GST (Goods and Services Tax), rather than the widely varying taxes imposed by each state. The second is for fuel prices to be reviewed once every three months rather than daily. The third is for the dismantling of toll booths at state borders, which the association alleges costs them 1.5 trillion rupees ($22 billion) annually, due to time and fuel-loss from idling at the toll booths. The fourth demand is for a reduction in the high insurance premiums they pay.

Despite the protests causing widespread economic and price increases throughout the country, creating shortages of raw materials used in manufacturing and curtailing exports, the rightwing Bharatiya Janata Party (BJP) government has not only made no overtures it is taking an increasingly hardline.

A high-official with the Ministry of Transport and Highways told the business daily *Business Today*, "Going on an indefinite strike knowing it will affect supply of essential goods is blackmail. Some of their demands are not even genuine. They cannot be allowed to hold the country to ransom."

This indicates that the government may soon move to suppress the strike. This would include declaring the protest an illegal strike and deploying security forces, unless the truck association itself capitulates.

In 2009, after eight days of protests over similar demands, the truck-owners called off their protest, in the face of threats to illegalize their action and in exchange for a promise from the then Congress Party-led government to constitute a "high-level" commission to look into their grievances.

The trucking association claims that the strike is costing them 40 billion rupees ($580 million) per day. ASSOCHAM, an industry association that has called on the truckers to call off their protests, estimates the total loss to the economy to be as high as 250 billion rupees ($3.6 billion) each day.

Prior to commencing the strike, the lorry-owners' association held last-minute meetings, separately, with Finance Minister Piyush Goyal and Road Transport and Highways Minister Nitin Gadkari. The BJP ministers informed them that the government will look into their grievances, but not to expect a quick response. This lackadaisical response is entirely in keeping with the autocratic outlook of the pro-business government headed by the Hindu-communalist strongman, Prime Minister Narendra Modi.

Ordinary truck drivers, who withstand brutal driving conditions, including long working days, are generally supportive of the protests. A "decent" amount of earning for a truck driver ranges from 20,000 rupees to 25,000 rupees ($300 to $360) per month.

Reacting to the Modi government's lack of any response to their demands, Bal Malkit Singh, the chairman of the core committee of the AIMTC, on Wednesday issued the following statement to *Times of India*: "The government has not initiated any negotiations and deadlock continues. We will intensify our agitation."

Fuel prices in India vary widely across the country due to the varying taxes levied by each of the state governments. For example, petrol prices per liter (0.26

US gallon) vary from 67 rupees ($.97) in Port Blair to as high as 86 rupees ($1.25) in Mumbai (formerly Bombay). Similarly, diesel prices vary from 65 rupees to 75 rupees per liter. Both diesel and gasoline prices are no longer regulated, allowing the state-monopoly oil companies to increase prices even when world crude oil prices are low.

The Indian government over the past couple of years gouged consumers by increasing excise taxes on fuel instead of reducing petrol and diesel prices. For example when the Modi government came to power in May 2014 crude oil prices were falling, but the government increased the excise taxes on petrol from 9.48 rupees per litre to the current rate of 19.48 rupees per litre, and for diesel from 3.56 rupees per litre to 15.33 rupees per litre.

These windfall taxes were an important part of the government's deficit reduction strategy, the centerpiece of which was major social spending cuts.

The Indian government is under heavy pressure from US credit rating agencies, such as Moody's, to maintain its already low credit rating by pursuing austerity, privatization and deregulation.

A lower credit rating would increase the interest rates the government pays to finance its budget deficit.

With crude oil prices rising and the Indian rupee falling to near historic lows in US dollar terms, the Modi government is claiming it has little fiscal room to bring down fuel taxes. This despite the fact that it has steeply and steadily increased military spending since it came to power in 2014. India will spend $60 billion in 2018–19 on its military, giving it the fifth largest military budget in the world, greater than that of United Kingdom.

Importing as much as 80 percent of its crude oil, the Indian economy, despite all of the bombast about it being the fastest major growing in the world, remains highly vulnerable to both increases in crude oil prices, which are priced in US dollars, and the continuing fall in exchange rate of the country's currency with respect to the US dollar.