

National Convention of Oil & Petroleum Workers AGAINST PRIVATISATION OF PSUs

**Constitution Club, Speaker's Hall, New Delhi
20th November 2019,**

DECLARATION

Today's Convention at New Delhi attended by petroleum workers coming from all over the country from the sectors of Production, Refining, Pipeline and Marketing representing ONGC, OIL, GAIL, IOCL, BPCL, HPCL & MRPL endorses the Declaration of the last Mumbai Convention held on 26th October 2019 (photo copy circulated to the delegates) and extends full solidarity with the ongoing long drawn chain of agitational activities by BPCL and HPCL workers which shall culminate into a day's Token Strike on 28th November 2019 protesting the decision of the Government to privatise BPCL and HPCL.

Government Attack on PSUs – Both Financial and Philosophical

The Convention notes that the recent economic 'bailout packages' presented by the Modi Government mainly to benefit the big business houses shall cost the Exchequer of the country a huge amount Rs.1.45 lakh crore. More such packages are under consideration of the Government. Now to make good the revenue loss, the Government has resorted to selling out PSUs with huge physical and financial assets. Shockingly the Government is turning blind eye to the fact that privatization of PSUs is bound to inflict revenue loss on account of loss of huge amount of taxes, duties and dividend payment by these PSUs.

With the ulterior motive to fast-track the disastrous process of privatization, Union Cabinet has introduced shortcut route to privatization bypassing all concerned Administrative Ministries '*which often used to place hurdles on the path of major stake sale.*' Under the newly introduced path, the DIPAM and the NITI Aayog will jointly identify PSUs for strategic disinvestment. The monstrous 'Trio': PMO, NITI Ayog and DIPAM have been entrusted with dangerous delegation of power to push forward fast the suicidal 'Project Privatisation.'

Union Cabinet has already given its approval for sale of the government's entire 53.29% stake in BPCL, its 63.75% stake in Shipping Corporation, 30% in Concor, 100% in NEEPCO and 75% in THDC. In the meantime HPCL has been added to the first list. At the instance of Ministry of Petroleum & Natural Gas, ONGC has taken initiative to sell out its full equity holding in HPCL. In fact Finance Minister Nirmala Sitharaman has made a statement to the media a few days back that by March 2020 BPCL and Air India shall be sold out.

Confirming Government move to privatise BPCL and HPCL, Petroleum and Natural Gas Minister of Modi Government Shri Dharmendra Pradhan told to PTI, "the government has 'no business to be in business', and Shri Pradhan further said, "When Prime Minister (Narendra Modi) says the government has no business to be in business, it is not a slogan, it is a philosophy of BJP." The Minister further said "The Government wants to get out of the oil business. Oil (and) products are commodities and should be left to the market and regulator to deal with. Product is important; who is running it is not important!"

The Convention notes that given the suicidal policy pursued by the Government in addressing the continuously aggravating economic crisis in the country by doling out one after another huge doses of financial and policy concessions to the big Business Houses of their choice by selling out the 'Maharatna' CPSUs, it (the Government) is not going to spare any strategically important and financially rich PSUs from the onslaught of privatization. It will be a serious mistake on the part of the trade unions in ONGC, IOCL, OIL, GAIL etc. that other than BPCL and HPCL all others are safe and secured from the onslaught of privatization.

Particularly the degree of danger of privatization of ONGC and IOCL must be understood from the fact that, as has been reported in the media, Government has already initiated process to sell out its equity of IOCL and bring Government holding down to 25%. Now once 75% equity of the oil PSU is in the market it becomes a fully private sector controlled company.

The situation in ONGC is rather more pathetic. The Modi Government forced ONGC to buy total Government equity of HPCL at a exorbitant price of Rs. 36,915 crore. Consequently from a debt free company ONGC became a huge debt laden PSU. The result has been that cash reserve of ONGC has come down to Rs. 1,013 crore from a comfortable figure of Rs.10,799 crore as on 31 March 2014. And it is indebted to the tune of Rs.25,593 crore.

With the intention to weigh peoples' reaction, a proposal in the guise of signed article has been published in Business Standard, dated 7th November"19 strongly advocating selling out the entire remaining Government equity in ONGC, IOCL, Coal India, BPCL, NTPC, POWERGRID to private sector and such disastrous deal is supposed to generate an amount of around Rs.8.00 lakh crore for the Government to address revenue deficit, which is again the result of anti-people and pro-Big Business policies pursued by the Government of the day.

Foreign Oil MNCs Recapturing Oil Sector of the Country

It is a matter of serious concern that foreign private Oil and Gas giants have already infiltrated into the Indian oil & petroleum business with support from the Government. Recently, French oil & petroleum giant Total SA announced the acquisition of 37.4 per cent stake in Adani Gas, which retails compressed natural gas to automobiles and piped cooking gas to households besides developing import terminals and a national chain of petrol stations.

At the instance of the Government, Oil and Natural Gas Corporation (ONGC) has signed a Memorandum of Understanding (MoU) with US petroleum giant Exxon-Mobil on 14 October, 2018 to collaborate in exploration and production of crude oil. BP Plc has acquired 30 per cent stake in Reliance Industries operated oil and gas blocks. Besides, they entered into a joint venture to set up 5,500 fuel stations across the country.

Reliance has also announced Saudi Aramco's plan to pick up stake in former's refining and petrochemical assets in Gujarat for over Rs 1 lakh crore. Early this year, Canada-based Brookfield Asset Management's India Infrastructure Trust acquired Reliance's loss-making entity East West Pipeline for Rs 13,000 crore.

Further a strategic entry into the oil sector of the country has been provided to the Saudi oil giant Aramco to store about 4.6 million barrels of crude oil into the country's 'Strategic Petroleum Reserve' in Padur in Karnataka. This step is bound to give strategic advantage to RIL-Aramco combine and can put IOC to disadvantageous situation.

Adverse Consequences of Privatisation of Oil PSUs

In view of the strategic importance of oil PSUs with excellent physical and financial performance during the decades of operation and the huge physical assets created by both the oil PSUs, handing over these national assets to private oil giants both domestic and foreign would be a clear act of betrayal to the nation and the people by the Government of the day. Some immediate ill fall-out of privatization are captured below:

The RIL's present refining capacity is 62 MMTA. If BPCL and HPCL Refineries are captured by RIL, their (RIL) total refining capacity will jump to around 120 MMTA and obviously RIL shall emerge as the decisively dominant Oil Refining Company in our country.

Similarly once the huge Sales Network with the strategically located Retail Outlets (Petrol Pumps) of both BPCL and HPCL totaling about 30,500 are captured by RIL, the decisive control of the Marketing segment of oil and petroleum business shall become the private domain of the company (RIL)

Now it is of utmost public interest that today more than 75 per cent of the Indian fuel marketing business is owned by three PSU OMCs - IOCL, BPCL and HPCL. Based on this strength even in the de-regulated fuel pricing regime, government has scope to exercise some control on fuel pricing.

But once BPCL and HPCL are fully privatized surrendering the controlling power to RIL, one can easily imagine as to how the petroleum products price shall start skyrocketing in the country. Precisely, both the vital strategic importance of India in respect of Energy Security and Energy Economy shall be fully under the joint grip of private oil giants from within the country and abroad.

Further, the PSU giants have been spending Lakhs of crore rupees for extending various welfare services to the people and the society in the matter of health services, drinking water, sanitation, education, roads, electricity and other infrastructure under the 'Corporate Social Responsibility'. The funding for the 'Swatch Bharat' scheme of the Government has been fully financed by PSUs. On the contrary private sector is hostile to the concept of CSR itself let alone doing anything worth-noting.

The Employees on the payroll of both the PSUs including the contractual workers shall eventually lose their jobs. The reasons, inter-alia, are (a) the authoritarian powers being extended to the employers to 'Hire and Fire' employees by the Government through the on-going pro-employer changes in Labour Laws under the guise of Code on Wage, Code of Social Security, Code on Health & Safety and Code on Industrial Relations. (b) Given the level of pay, perks and facilities achieved by the PSU employees through long drawn struggles shall not be accepted by the oil MNCs. (c) These (private sector) oil Companies employ only fixed term contractual workers and pay poor wages, in other words there is no system of appointing permanent workers. (d) These private companies' manpower policy is 'lower workforce and higher workload'

Past and Present Anti-Privatisation Struggles of Oil Sector Workers

Today's convention recalls that in the year 2002, the then National Democratic Alliance (NDA) government headed by the former Prime Minister Atal Bihari Vajpayee took steps to privatise BPCL and HPCL. Reliance Industries, BP of UK, Kuwait Petroleum, Petronas of Malaysia, the Shell-Saudi Aramco combine, and Essar Oil had submitted 'Expression of Interest' for buying out outright both the oil companies. The then Government had also decided to hive-off the total Marketing set-up of IOCL and sell off to private sector.

However, the then government's move was defeated under the multipronged pressure including a 3-day Strike Action by the Workers of BPCL and HPCL on 25th, 26th and 27th March 2003. Subsequently the Vajpayee Government decided to privatise the Marketing segment of IOCL after hiving off the same from the integrated IOCL. That move sent a shock wave amongst oil & petroleum workers all over the country cutting across oil PSU specific identity and also irrespective of Central TU affiliations. The 16th December 2003 historical strike against privatization of IOCL marketing network was participated by the workers of all oil & petroleum PSUs. That had been one of the most sparkling strike actions by oil workers in the country. This strike action forced the then Government to stop the move to privatise the marketing segment of IOCL.

The unity and determination of the petroleum workers defeated the previous move of the Government to hand over the oil PSUs to the domestic and foreign private oil MNCs. Responding to the present

challenge, the workers have already demonstrated their anger and determination to stop privatization. The Convention notes that already a well attended meeting of oil sector trade unions and a very successful convention attended by around 300 workers from all oil PSUs has taken place at Mumbai on 28th September 2019 and 26th October 2019 respectively. Further local level struggles of BPCL and HPCL workers have been continuing including massive Mobilization to Memorandum submission by delegations of workers to the Governments and Legislators.

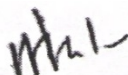
The Call of Today's Convention

The Convention renews its support to the united call of the Central Trade Unions including INTUC, AITUC, HMS CITU and Independent National Federations from the National Open Mass Convention of Workers held on 30th September 2019 at Parliament Street, New Delhi for Nationwide Strike Action on 8th January 2020. The following Action Programmes are unanimously adopted from today's Convention:


- **A total of 21 BPCL, HPCL and MRPL unions have already served Strike Notice for One Day Token Strike on 28th November 2019. For demonstrating strong protest against the move to privatise BPCL and HPCL, the workers are preparing to make the strike a grand success.**
- **Workers of ONGC, OIL, GAIL, IOCL BALMER LAWRIE, PAWAN HANS to Extend Solidarity support with the Striking Workers of BPCL HPCL and MRPL on 28th November by wearing 'Black Badge' while on duty and shall organize gate meetings, demonstrations etc.**
- **For the 8th January 2020 Nationwide United Strike, All PSU unions are to serve Strike Notice on 21st December 2019.**
- **Strike Preparatory Massive Campaign amongst the Oil & Petroleum PSU workers during 16th to 20th December 2019 by organizing campaign, propaganda and agitation activities at all locations of all the oil PSUs.**
- **Next National Convention of all Oil & Petroleum PSU workers on 22nd December 2019 (Sunday) at Kolkata to be jointly hosted by the affiliates of NFPW, AIPWF and PGWFI.**
- **8th January 2020 Nationwide Strike.**
- **After 8th January 2020 strike Review Meeting of the Unions (venue & date to be decided latter).**



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