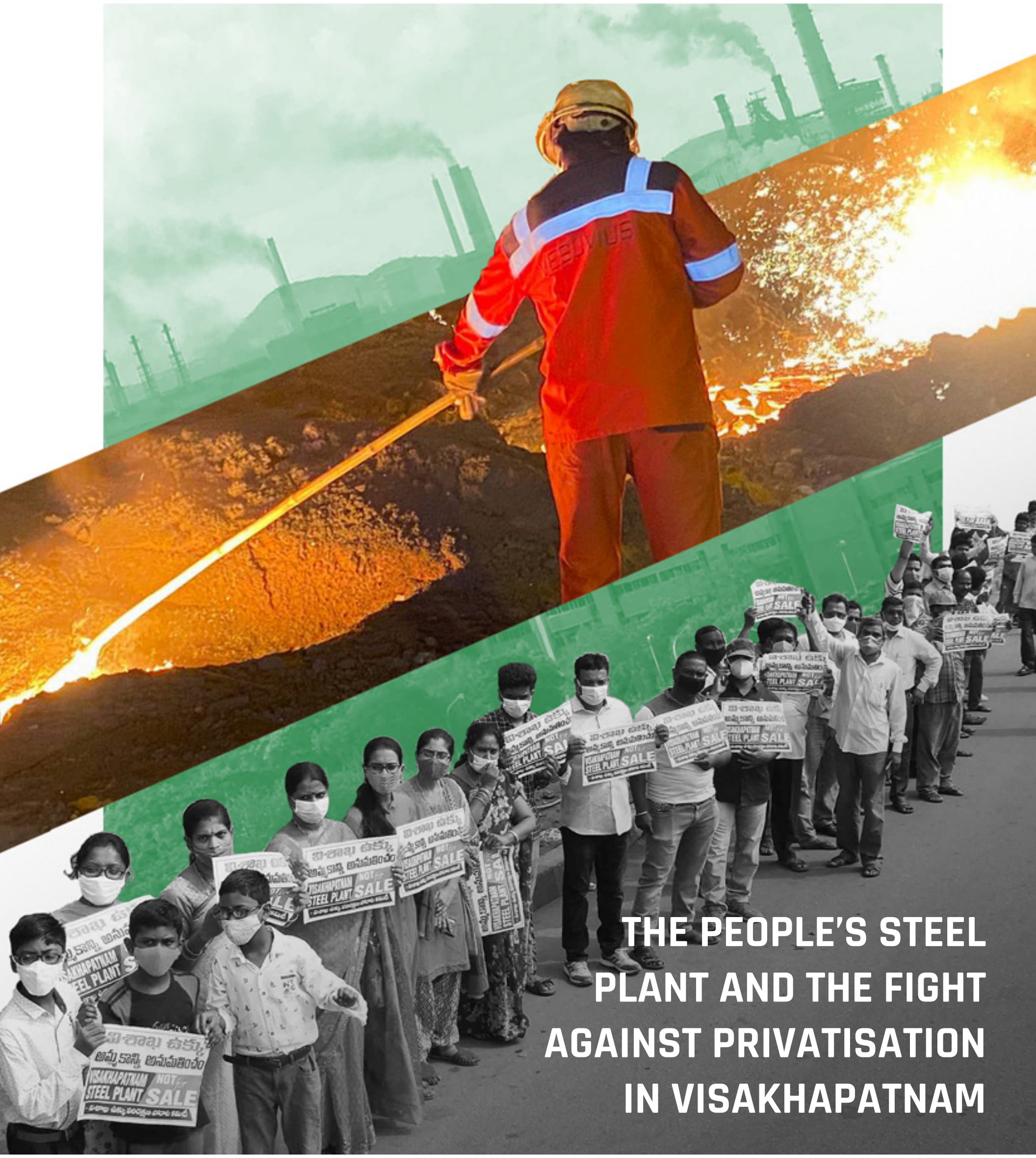

THE PEOPLE'S STEEL PLANT AND THE FIGHT AGAINST PRIVATISATION IN VISAKHAPATNAM

Dossier nº 55
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The story of the Visakhapatnam Steel Plant is not only a story about its workers. Their resistance, aspirations, and victories are part of a wider canvas that is interwoven with struggles to defend the public sector, confrontations with neoliberalism, and the fight to carry out a national modernisation project. Each collage in this dossier combines elements from three different perspectives: inside the steel plant, using photographs taken by the workers themselves; street mobilisations that involve children, elders, and broad sectors of society; and historical and contextual images reflecting the larger context of this struggle. Read together, the artwork highlights the interconnected and intergenerational nature of the Visakhapatnam struggle, taking us from the factory floor to the streets, from India to the world.

The photographs featured in this dossier were provided by Kunchem Rajesh of the Andhra Pradesh-based newspaper *Prajasakti* as well as Visakhapatnam Steel Plant workers and made into collages by Tricontinental: Institute for Social Research.

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The People's Steel Plant and the Fight Against Privatisation in Visakhapatnam

When the storm of neoliberalism swept across India three decades ago, the country's public sector industry was the first to take a frontal hit. For those that unleashed the storm – an alliance of international capital and Indian big capital – state-owned enterprises represented a succulent buffet of assets and resources to be gobbled up. There were hundreds of public sector enterprises that could be privatised in order to feed the asset-hunger of big capital; these included ports, shipping and ship-building industries, airports, airlines, railways, oil and gas extraction industries, petrochemical refineries, the telecommunication network, the nationwide railway network, enterprises that manufacture heavy machinery and electrical equipment, hotels, power generation and distribution, large insurance companies, the huge network of public sector banks, and, last but not least, steel plants.

During these thirty years of neoliberalism, the Indian state, at the behest of big capital, has run a persistent and pernicious offensive to undermine public sector enterprises. However, this offensive has not been as smooth-sailing or as fruitful as the neoliberal camp has wished, as the unionised working class has fought tooth and nail against every move towards privatisation, be it big or small, with much more success than failure. Though the Indian government has privatised or shut down scores of public sector enterprises, many more units – particularly the largest of them, such as the public sector steel plants – remain in the public sector as a result of workers' resistance. This struggle between the Indian working class and big capital, mediated through the Indian state, makes for an instructive tale of the fight against neoliberalism – a fight whose successes are seldom spoken about.

The story of the Visakhapatnam Steel Plant is an important example of this unyielding struggle. Located on the coast of the Bay of Bengal in the port city of Visakhapatnam in India's south-eastern Andhra Pradesh state, Visakha Steel, as the plant is affectionately called by the people of the state, or Rashtriya Ispat Nigam Limited (RINL), as it is officially christened by the Indian government, holds pride of place in the state's industrial landscape. The birth story of Visakha Steel is itself an illustration of the public sector industry's deep roots in Indian society and the reasons for its continued survival.

This unique steel plant, which was born of the will of the people in 1982, has survived multiple attempts to privatise it and has thrived in the face of many challenges. Based on the political and economic situation at different points in time, governments have tried various routes to privatise the plant: when the plant is vulnerable, they try to push disinvestment, the privatisation of individual departments, and the sale of assets; when the plant is going strong, their methods include diverting resources, policy sabotage, denying permissions, and delaying vital business decisions. All such attempts have been successfully beaten back by the plant's workers alongside allied movements and people in the region who fought for the steel plant.

Aspirations for the People's Steel Plant

After being brutally exploited and denuded of its riches, resources, and vigour for two centuries, India broke free of the British colonial yoke and declared independence in 1947. Rapid modernisation and industrialisation were among the foremost agendas before the newly formed state. Though hamstrung by underdevelopment, widespread poverty, a tight foreign exchange situation, and technological backwardness, India embarked on an ambitious industrialisation project, with the Indian state setting up the long-gestation, heavy industries required for the modernisation and expansion of the economy. With the help of the Soviet Union and other countries, the Indian state set up steel plants, oil refineries, mines, power plants, and industries producing heavy engineering equipment, electrical equipment, defence equipment, and pharmaceuticals. Almost all of them were set up as public sector enterprises.

Among these projects, setting up steel plants was a crucial milestone in India's economic development. Self-reliance in steel production was central to India's modernisation project, as steel was vital in building India's large railway network as well as in developing ports, building heavy industry, and constructing large irrigation projects that bring canal water to millions of acres of its parched lands. To Indians, steel – an alloy of iron with a bit of carbon – became much more than that, and steel plants became emblems of independent India's aspirations.

The steel plants that were built in the iron-rich belts of India's north and east were looked upon with aspiration and envy by the people of the south. In their eyes, the huge public sector steel plants, set up on thousands of acres of land and churning out millions of tonnes of steel to forge a brand-new India, were no less than temples. The sizeable employment generated by steel plants and the ancillary industries that sprang up around them were highly desirable, prompting the people of Andhra Pradesh to vie for their own steel plant.

In 1965, the Indian government, headed by then Prime Minister Lal Bahadur Shastri, announced its intention to set up India's first shore-based steel plant in Visakhapatnam upon the recommendation of the Anglo-American Consortium, which was engaged to select a suitable location for a steel plant in south India. This became a cause for jubilation in undivided Andhra Pradesh, particularly for the youth, who aspired for modern, industrial employment.

Though it is a bustling port city, Visakhapatnam is located in one of the poorest and most underdeveloped regions of the country. At the time, the northern region of Andhra Pradesh surrounding Visakhapatnam was predominately poor, with a large population of forest tribes. The region was rife with hunger, disease, and malnutrition, and thousands were often wiped out by epidemic fevers in the region. The existing industry in Visakhapatnam – some in the public sector, but mostly in the private sector – was inadequate to lift the people of the region out of poverty. An integrated steel plant would mean a much larger pool of employment and a far greater prospect of development. This was cause for the people of the region to rejoice.

However, jubilation soon turned to disappointment and outrage when then Prime Minister Indira Gandhi backtracked on the promise to set up the steel plant in 1966, citing a shortage of funds. With alternating stances and shifting promises, the central government tried to set off a tussle of sorts for a steel plant between the south Indian states. Dissatisfied with what they felt was discrimination and neglect of the south, the people of Andhra Pradesh reacted with anger and launched a battle for the steel plant.


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Visakha Ukku, Andhrula Hakku

'Visakha Steel is the Andhra People's Right'

Even before their fight for the steel plant, the people of Andhra Pradesh had a history of leading political movements for modernisation, such as their successful fight for the Nagarjuna Sagar Dam to be built on the Krishna River in 1955. Having witnessed the transformation that the irrigation waters from the dam brought to the villages downstream, the people's hopes for a steel plant were no less. Once again, they set out to fight for this new project.

In 1966, students from Andhra University, Andhra Medical College, and other colleges and high schools in Visakhapatnam hit the roads in protest to demand that a steel plant be built in the city and to support an indefinite hunger strike by the prominent Telugu leader T. Amrutha Rao towards the same end, sparking a broader movement. Very quickly, the agitation spread to the rest of Andhra Pradesh, with students and youth everywhere protesting on the streets for months, chanting *Visakha Ukku, Andhrula Hakku* ('Visakha Steel is the Andhra People's Right').

The movement was firmly supported by the communists, who had a strong presence in Andhra Pradesh. With fifty-one members in the state assembly, the Communist Party of India (Marxist) and the Communist Party of India together constituted the main political opposition in the state. The communists deeply believed in the importance of industrialisation in breaking free from the fetters of underdevelopment and feudal exploitation that strangled progressive impulses in society. They also recognised how vital industrialisation was for the emergence of an organised working class that is substantial in numbers and strong enough to take a joint lead in the struggle against the capitalist-landlord exploitation of the Indian masses. This understanding led them to lend their considerable political and organisational strength to this movement for modern industry, and their intervention played a crucial role in transforming the spontaneous sentiments of the people into a sustained movement across the state. The impromptu student mobilisations quickly became more organised following the communists' involvement, whose dominant presence in the movement both gave it strength and helped it reach the farmers and workers who were already organised under the leadership of the communists. Soon, a wider mobilisation of people gathered momentum.

Infuriated by the people's defiance, the central government called in the Indian army to quell the protests. This further angered the people, who felt that the central government was treating them as national enemies: the army, which is supposed to defend the country's borders, was being sent against its own people. When people went in large numbers to protest the army's presence in Visakhapatnam, the armed forces opened fire indiscriminately. Among the army's victims was a nine-year-old child; as he lay in a pool of blood, screaming for water, the armed forces shot at the protestors who tried to reach him, killing nine more people that day.

Popular anger against the army's killing of protestors spilled across the state, and even more people poured into the streets as part of protest demonstrations and hunger strikes in towns and cities across Andhra Pradesh. In district after district, administrations were unable to function, and rail and road transport came to a halt. The movement could not be quelled despite the escalation of state violence that killed thirty-two people and left thousands injured and despite the widespread arrests and torture of activists in police custody. The more severe the repression, the more determined the people became. Workers cut power to government departments, sabotaged communication, and halted public broadcasting. There were strikes and shutdowns.[1] Sixty-seven opposition members of the legislative assembly, fifty-one of whom were from communist parties, resigned from their seats, intensifying pressure on the government.

After the initial months of protests in the streets, the fight for the steel plant continued in different forms until the central government, led by Indira Gandhi, was compelled to bend to the will of the people, finally accepting the demand to build a steel plant in Visakhapatnam and constructing its first pylon at the site selected in 1971. Jubilant in their victory, the people of Andhra Pradesh had not thought that this was only the beginning of their struggle, nor that the steel plant which was conceived and born of their will would require their constant fight, support, and solidarity for its continued existence and viability.

Abandoned for Neoliberalism

Over the next few years, the central government dragged its feet, delaying the construction of the plant despite a tireless campaign by prominent leaders such as Tenneti Viswanatham. However, the defeat of the Indira Gandhi-led Indian National Congress (commonly referred to as Congress) in the 1977 elections as well as the formation of the Janata Party government the same year helped accelerate this process: the new government agreed to build the plant, to which it allocated Rs. 10 billion and signed an agreement with the Soviet Union for its construction.[2] But this was not to last: by the 1980s, the country was again under the rule of the Congress, with Rajiv Gandhi as the prime minister from 1984 to 1989. By this time, Indian big capital had grown in size and was impatient for greater economic power and for a greater share of the country's wealth. Its power over leading political blocs was increasing, and its influence, combined with the pressure of western capital, led India to veer off the path of self-reliance and public sector-led development and on to that of liberalisation and privatisation.

Visakha Steel was perhaps the first Indian public sector enterprise to experience the bitter taste of liberalisation, for the Rajiv Gandhi government sought to bring an end to the plant even before it took shape. Zeal for import liberalisation ruled the corridors of power, and the government saw no place for the budding steel plant since it could import many commodities, including steel, at much cheaper prices from international markets. This was also a time when steel industries in the US and Europe were saddled with excess capacity and were looking to dump their steel in the markets of developing countries. India was an attractive destination to dump steel at very low prices, and the Indian government obliged with its willingness to throw the pursuit of self-reliance to the winds and abandon itself to the vagaries of international capital and the markets it controls. The wild oscillations of commodities on the international market, from being dead cheap one day to dearer than life on another, never left enough ground for the nation to stand on its feet.

Despite having already spent Rs. 17 billion on the Visakha Steel project, the Rajiv Gandhi government moved to abandon it.[3] Yet, recognising that such a decision would invite the wrath of the people who had fought and given their lands for the plant, socially committed officers of the steel plant made an alternative proposal. As a compromise, Visakha Steel would be substantially downsized from the original design, which had envisaged blast furnaces and a steel melt shop with the capacity to produce 3.4 million tonnes of steel per year, multiple steel mills to turn the steel into high-value products such as I-beams, a port for its exclusive use (also known as a captive port) in nearby Gangavaram, and a captive iron ore mine in Bailadila (which was then in Madhya Pradesh, and now in Chhattisgarh). Instead, the government would only allow for the steel plant to be built with the capacity to produce less than 3 million tonnes of steel with a reduced range of finished products, employing a much smaller workforce. In addition, the plant would have neither a captive port nor captive mines.

This meant that the steel plant would not have optimal capacity and would be at an economic disadvantage, as it would face higher costs to transport raw material and finished products while being forced to pay four to ten times more to buy iron ore in the open market than it would pay if it were operating with a captive mine. Since the cost of ore accounts for about a quarter of the total cost of steel production, the possession or absence of captive mines could make or break a steel plant.

A steel plant is a long-gestation project that takes years to conceptualise, materialise, and operationalise, and it takes even more time to make it financially viable. On the one hand, the market for steel is dependent on the investment climate and is prone to cyclical changes. On the other hand, the production of steel, which involves the operation of a variety of furnaces, cannot be easily adjusted based on market demand. Due to their peculiar physical properties, cooling down and reheating the furnaces in response to demand causes significant physical damage to their structure due to thermal stress, amplifying the costs associated with production fluctuations; only continuous production avoids such costs. Whether a blast furnace produces crude iron at full capacity or somewhat below capacity, the cost of operation varies little. This leads to an incongruous situation where a boom in the market and high prices for steel products go together with a lower cost of production per tonne, whereas sluggish market demand and decreased steel prices go hand in hand with an increase in the cost of production per tonne. Though this is the case with most heavy industry, this problem is more acute in the steel industry.

This is precisely why the Indian government had a policy of allotting captive mines to integrated steel plants from their inception, whether in the public or private sector, allowing steel plants to produce their own iron ore from the mines allotted to them. This ability to get high-quality iron ore from rich Indian mines at cost of production protects their profit margins and increases their chance of surviving in an unpredictable market. Visakha Steel became the first company to bear the brunt of neoliberalism's attack on the public sector when it was denied captive mines, forcing it to depend on the purchase of expensive ore while its competitors in the market had their own mines.

Furthermore, the government delayed the disbursal of funds for the plant's completion, leading to time and cost overruns. As construction dragged on for a decade due to the government's refusal to provide adequate funds, Visakha Steel was forced to borrow large sums to complete the plant, in contrast to all the other public sector steel plants, which had been fully funded by the government. Consequently, Visakha Steel was saddled with a hefty sum of Rs. 37 billion in debt at its commissioning in 1992.[4]

By then, the Indian economy was experiencing a severe crisis, and the project of neoliberal globalisation in the country was in full swing under the guidance of the International Monetary Fund and the World Bank. The deregulation of the Indian financial sector had begun, causing interest rates to shoot through the roof throughout the 1990s. From day one, the plant was saddled with massive debt servicing costs that ate into its operational profits, which were anyway meagre due to adverse economic conditions in India and abroad during the 1990s.

When the plant became operational, the blast furnace had the capacity to produce 3.4 million tonnes of crude iron per year, while the steel melt shop had significantly less capacity to process the crude iron into steel. As a result, the plant was forced to sell a substantial amount of crude iron coming from the blast furnaces without turning it into steel. Since the profit margins for the sale of crude iron are far lower than those for finished steel, the lack of adequate capacity in the steel melt shop was a serious impediment to the financial viability of the plant.

Despite the pressure on profit margins due to the lack of captive mines and the steel melt shop's shortage of capacity, Visakha Steel still had the lowest cost of steel production per tonne in the country, largely due the commitment of its workers and engineers who tirelessly fine-tuned processes and found ways to increase production and to reduce costs. In addition, despite the highly productive workforce, the plant was saddled with such large debt that the debt servicing costs added at least sixty rupees to every hundred rupees spent on producing steel. As a result, in the very first year of its operation, the steel plant reported losses of Rs. 5.6 billion and continued to accumulate net losses throughout its first decade of operation.[5]


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Early Victories

The popular struggle that gave birth to the steel plant along with the strong presence of the communist movement within the workers' movement in Visakhapatnam ensured that the workers of Visakha Steel were highly militant from its inception. They realised quite early that fighting for their rights as workers would not be sustainable unless their fight was connected with the larger people's movement and unless it was anchored in an alternative vision for their own industry and for the country's economic independence and development as a whole. This vision became the basis for their fight against every effort to weaken, sabotage, and privatise Visakha Steel.

In the initial years, the workers, led by the left-wing Centre of Indian Trade Unions (CITU), continuously agitated for three demands regarding the plant:

1. That the government restructure the loans and convert them into state equity.

2. That the government allot captive iron ore mines to the plant.

3. That the government agree to increase the capacity of the steel melt shop to bring it up to par with that of the blast furnace.

The first measure would reduce the interest burden on the plant, while the latter two would greatly increase its profit margins, making Visakha Steel a viable and profitable entity.

Instead, the government set out to subvert the workers' demand for an additional steel melt shop and turn it into an opportunity to gradually privatise the Visakha Steel Plant. In 1994, the government signed a memorandum of understanding with a private company that allowed the company to set up a steel melt shop with a 1.5 tonne capacity within Visakha Steel's premises. The plan was for the molten iron from Visakha Steel's blast furnaces to go directly into the private company's steel melt shop, which could then sell the processed steel in the market at high profit margins. This meant that Visakha Steel would be saddled with the complex and hazardous operations of iron ore handling, sinter plants, coke ovens, air separation plants, the thermal power station, and blast furnaces, only to be paid low prices for crude iron, while the private company would take over the most profitable segment of production that also involves relatively less investment. This was nothing but robbing Peter to pay Paul – a blatant attempt at draining the lifeblood out of Visakha Steel to bolster private profits.

In response, the CITU organised a large workshop, gathering the workers, trade union activists, and even officers of the steel plant and called upon them to fight back against the backdoor privatisation of the company's operations. The workers staged sit-down strikes on the shop floors in order to stop any encroachment of private interests on Visakha Steel, forcing the government to put an end to its plans and to allow Visakha Steel to set up additional steel melt shops under its own steam in 1997.

A Critical Test and a Decisive Win

Because of the various disadvantages that Visakha Steel was saddled with, by 1999 it had accumulated losses amounting to Rs. 46 billion, providing a convenient excuse for the government to push privatisation.[6] Disregarding the fact that it was the government's undermining of Visakha Steel that led to these financial problems, the media also unleashed a propaganda blitz to set the stage for privatisation. Finding the situation ripe, the central government, led by the Bharatiya Janata Party (BJP), canvassed for buyers for the plant among both Indian and foreign corporations, even offering to clear its balance sheets by forgiving the steel plant's loans to make the sale attractive. The government, which for years refused to restructure the loans or to get the interest rates reduced, was now willing to waive the entire loan amount to facilitate the sale of Visakha Steel to private and foreign companies. This infuriated the workers, who strongly opposed the move.

In an attempt to divide the workers, some people in management, guided by the government, tried to convince them that if Visakha Steel was bought by a 'good company' like the Tata Group, India's largest conglomerate, their future would be safe. This campaign misled a major segment of the workers and trade unions, but workers and activists affiliated with the CITU swung into action, visiting every shop floor in the steel plant, holding meetings, and speaking to the workers as part of a campaign that ran for several weeks. They argued that, whether designated as 'good' or 'bad', capitalist firms are concerned with their immediate profits – not the interests of the nation, the people, or the workers. They succeeded in convincing the workers that the 'good capitalist' argument is nothing but an attempt to manipulate them into complaisance with privatisation against their own interests as workers and into betraying the wishes of the people of the state who fought for the plant.

Once united, the workers quickly launched a movement against the sale of the plant and took to the streets at the beginning of 2000. There were shutdowns supported by the people of the city. Movements of students, youth, and women in the region mobilised in support of the workers to organise protests and hunger strikes. Prominent freedom fighters Patti Seshayya and Bairagi Naidu went on an indefinite hunger strike, marching to the sea with stones around their necks when the government did not budge, with thousands of workers and members of the general public at their side. Even when the police went on a *lathi* (baton) charge and arrested the workers and freedom fighters, they did not relent, continuing to protest in various forms with people joining them at every step. The protests were so widespread and frequent that the police could not control their intensity, even when they arrested the leaders. When the state's chief minister came to the city for an election campaign, workers blocked roads throughout the city. In order to avoid facing the workers, the chief minister took a helicopter to reach the public meeting venue, but there, too, he faced protesting workers. The state administration's anxiety to act to placate the chief minister's anger resulted in a spree of police violence at the meeting against both the workers and the public, leaving them with injuries ranging from severe bleeding to fractured skulls and limbs. Those on hunger strikes were not spared either and were severely beaten by the police.

The police violence brought the issue of Visakha Steel into focus, and the people of Andhra Pradesh rallied behind the steelworkers with more vigour. This led the Telugu Desam Party (TDP, which was in power in the state) and the BJP, which were in alliance at the centre, to perform poorly in the local body elections. The TDP learned a lesson in people's anger and reversed its previous pro-privatisation stance. As corporations realised that they would have to contend with worker resistance, such as sit-down strikes, as well as a hostile public in their attempts to take over the steel plant, they scaled back their efforts to do so. These developments compelled the BJP-led central government, which depended on the TDP's support, to agree to the workers' demands. Finally, workers achieved a major victory with the central government, led by Prime Minister Atal Bihari Vajpayee, withdrawing the move to sell the plant and agreeing to capital restructuring.

A Fruitful Decade

Thanks to the workers' hard-fought struggles, the Visakha Steel Plant was relatively freed from the need to fight off privatisation in the decade that followed the workers' victory of 2000. In addition, the communist parties' strength in the parliament from 2004 to 2009 provided public sector industries with a shield against privatisation: since the Congress-led United Progressive Alliance (UPA) coalition needed the Left's support to form the government after the 2004 elections and to sustain the government, it avoided privatisation drives.

Having thwarted both attempts at privatisation, Visakha Steel increased its profit margins and viability as the global demand for steel rose. The move to expand the capacity of the steel melt shop under its own steam yielded fruit, and Visakha's high-quality steel was in high demand as global economic growth required more and more steel. The plant not only made substantial profits and paid off its loans; by 2004, it had surpluses on its books for further expansion.

The steelworkers demanded that the government allow the plant to expand. Under pressure from the corporate lobby, the UPA government continually delayed permission to do so, but the counter-pressure from Left parties forced it to allow the expansion in 2006. In the years that followed, using its own profits as well as funds borrowed from banks, Visakha Steel expanded its production capacity from 3.4 million tonnes to 6.3 million tonnes of steel per year from 2006 to 2015.[7]

In this context, it is important to take note of the fact that Visakha Steel workers have not only fought against privatisation but have also been strongly committed to the company's growth as a technically efficient and financially viable plant, whether by fighting to expand the plant, gain captive mines, or resolve technical glitches and issues. Whenever a technical problem has arisen in the plant, be it with coke ovens, power plants, steel melt shop, or otherwise, the workers and trade unions have tirelessly conducted thorough study and analysis to come up with and implement adequate solutions.

A Renewed Threat

Three Privatisation Strategies

The protection afforded to the public sector by the leverage Left parties exercised during the first term of the UPA government disappeared when the UPA was elected for a second term in 2009 and the communist parties' strength in the parliament weakened, leading to renewed efforts to privatise Visakha Steel.

The first of these efforts was in 2010, when the government designated the Visakha Steel Plant as a *Navratna* of the public sector.[8] This status allowed the board of Visakha Steel to spend up to Rs. 10 billion on operational decisions without the government's permission and, therefore, to undertake expansion as and when required without waiting for permissions.[9] But the government added a caveat: in order to retain Navratna status, Visakha Steel would have to sell ten percent of its shares in the market within the following two years. In 2012, when an initial public offering (in which the shares of a company are sold to the public for the first time) was mooted for the sale of ten percent of the shares of Visakha Steel, the plant's 36,000 workers went on a one-day strike in July and declared a schedule for further strikes. As a result of the workers' resistance, the government was forced to withdraw the offering.

Meanwhile, the government attempted a second strategy: to privatise the plant in bits and pieces. This was reminiscent of the 1990s, when the government set out to privatise the thermal power plant and air separation plant connected to Visakha Steel. Both plants are key to Visakha Steel's functioning: the thermal power plant serves the steel plant's energy needs and produces high pressure air for the blast furnaces, while the air separation plant produces various gases needed for steel production. Privatising these plants would put an additional financial burden on the steel plant, which would have to pay higher costs to private companies for the supply of energy and gases such as oxygen.

Though the workers had been able to successfully resist attempts to privatise the thermal power plant and the air separation plant in the 1990s, in 2010, the government finally succeeded in bringing in the French company Air Liquide to build, own, and operate the two new air separation units needed at Visakha Steel. Due to flaws in the design of Air Liquide's air separation units, the high-pressure oxygen pipes blew up during the trial run in 2012, killing and incinerating nineteen officers and workers. Even though ten years have passed since the incident, the air separation plants have still not become operational as Air Liquide feels that the profits in their operation are not optimal. Meanwhile, the older oxygen plants – which were designed by the public sector company Bharat Heavy Plate and Vessels (BHPV) – continue to function efficiently at the steel plant. This sharp contrast provides one among many clear examples of the perils of privatisation.

The government's third and most successful privatisation strategy has been to delay or deny permissions to public sector companies in order to stunt their growth, thereby allowing private steel companies to make up a larger share of the market. For example, when

Visakha Steel decided to set up a mill to produce seamless pipes – a segment of the market with high value addition – the government pressured the plant to shelve this plan, even though the work to set up the mill had already begun. This was done mainly to benefit other large private steel makers with a substantial market share in that segment. In this manner, Visakha Steel was denied permission to expand its product mix at various points of time in the last two decades.

Under Modi

From the early 2000s to the beginning of the 2010s, the Indian economy experienced high growth rates. The biggest beneficiaries of this growth were India's largest corporations, which pilfered public sector resources through methods such as the cavalier use of assets belonging to public sector telecom companies, illegal extraction of gas from public sector gas blocks, exploitation of mines, and misappropriation of trillions of rupees in loans from public sector banks through defaults.[10] At the same time, the government gratuitously allotted lands belonging to public sector industries to private companies, deliberately neglected the public sector Indian Railways to the benefit of automobile manufacturers, and gave massive tax concessions to corporations. This process allowed for the anarchic and parasitic growth of capital, morphing India's big capitalists into mega corporations which have come to wield influence on an unprecedented scale.

Growing corporate influence, coupled with the copious funding that these corporations have provided to the BJP, have contributed


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to Prime Minister Narendra Modi and the BJP being at the helm of the Indian government from 2014 onwards. Under their watch, the aggrandisement of corporations has continued with renewed vigour. With Modi's authoritarian rule and his government's unwavering dedication to furthering the interests of corporations, a number of public assets have been handed over to a small number of corporations (the biggest among them owned by Modi's chief financier Gautam Adani, whose net worth increased by 1,600 percent under Modi), including highly valued ports, airports, steel plants, railway lines, mines, and the countrywide network of silos and storage infrastructure belonging to the Food Corporation of India (FCI).[11]

Today, the Adani Group owns and operates the Gangavaram Port – the same port that was to be built and operated by Visakha Steel as its captive port. Instead, Visakha Steel pays substantial fees to use Adani's private port, which was built on 2,800 acres of land that originally belonged to the steel plant. The incongruity of the government's policy is further demonstrated by the fact that Adani's private port is exempt from paying property taxes in the city, while Visakha Steel is not.

A Backdoor Deal with POSCO

Since Modi came to power, Visakha Steel has periodically been in the news as a candidate for privatisation. Modi has often asserted that 'the government has no business to be in business' and that the sale of public sector enterprises is at the top of his agenda.[12] The National Monetisation Pipeline (NMP) launched during Modi's second term is an extreme manifestation of this philosophy. The NMP aims at selling or leasing out every possible public infrastructure, including land and assets belonging to public sector enterprises, by 2025.

In this spirit, in 2019, the Government of India proposed a joint venture with the South Korean steel giant POSCO to set up a rolling mill that would produce special auto grade steel on 3,000 acres of land belonging to the Visakha Steel Plant, with Visakha Steel receiving a minority stake in the joint venture. Though the government claimed that this would be a win-win venture for both entities, the workers could not see the benefit of giving up such a large tract of land – with a value of Rs. 300 billion in the open market – which Visakha Steel would need for its future expansion.[13] Similar to some of the tactics adopted decades earlier, Visakha Steel was being asked to handle the most complex, dangerous, and messy kinds of work – procuring ore, running coke ovens, oxygen plants, and various furnaces – while POSCO would take over the most lucrative part of the value chain. In addition, diverting part of the steel from Visakha Steel's melt shops to POSCO's mills would result in a short supply of steel to Visakha Steel's own mills, forcing them to shut down. The ultimate aim was clear: to clear the way for Visakha Steel's complete takeover by POSCO.

Workers once again went on strike to prevent the government from allowing the construction of a POSCO plant on Visakha Steel's land. Alongside the larger trade union movement, they took up a widespread campaign across the state. Thousands of workers participated in scooter rallies in the streets of Visakhapatnam as well as a 400-kilometre motorcycle rally in December 2019 ending in the state capital, Amaravathi, passing through many towns and villages on the way. Trade unions and student unions campaigned in other cities and towns in Andhra Pradesh, invoking the memories of the struggle to build Visakha Steel and the sacrifices of the thirty-two martyrs killed in 1966. Every political party except for the BJP, whether in opposition or in power, was compelled to support the workers' movement.

When thousands of protesting farmers stormed the national capital on Republic Day (26 January) 2021, the entire nation took notice.[14] While the focus was on the farmers, the very next day the government's cabinet committee on economic affairs decided on a complete, strategic sale of the Visakha Steel Plant, though it was not immediately announced. Having made the decision, the Modi government set about constructing alibis for privatisation.

Expecting a takeover by POSCO, the BJP government granted a captive mine in Jharkhand to Visakha Steel in 2019, three decades after the plant's inception. POSCO's chief attraction in India is the country's abundant, high-quality iron ore; setting up a steel plant in India with captive mines would also allow POSCO access to cheap iron ore for its plants elsewhere in east Asia. When steelworkers foiled the POSCO venture, in a vindictive move, the government cancelled the mine allotment to Visakha Steel. Ironically, POSCO, which does not have a single steel plant in India at present, retains the captive mines allotted to it in Odisha for a plant it has not set up – a sharp contrast with the captive mine briefly allotted to Visakha Steel and taken from it before it could even extract a spoonful of ore.

By 2022, Visakha Steel had incurred Rs. 220 billion of debt, much of it due to the company's expansion between 2006 and 2015. The tragic misadventure of Air Liquide, along with the severe damage inflicted to the plant by Cyclone Hudhud in 2014, caused delays and increased the cost of expansion. When the expansion was on the precipice of yielding results, the steel industry was hit hard by the COVID-19 pandemic. Visakha Steel, like many other steel producers, has been facing a serious downturn the collapse in demand since the outbreak of the pandemic. If it had been allowed to retain the mine allotted to it in 2019, the lower cost of iron could have provided a buffer against losses during the pandemic crisis.

Then, when the crisis began to ease and demand started to recover, the company was hit by shortages in international coal markets, which were exacerbated by the war in Ukraine. As a result, the price of coking coal imported from Australia has skyrocketed, even exceeding the price of iron ore on a tonne-to-tonne basis. Consequently, Visakha Steel's working capital needs have increased substantially, as is the case for all steel plants in India.

Due to the government-imposed limit of Rs. 270 billion on loans it can take, Visakha Steel, whose borrowings have already exceeded 80 percent of this limit, is unable to fully meet its working capital needs. As a result, even though the market for steel has revived, the plant is forced to produce below capacity: in 2021–22, it produced 5.2 million tonnes of steel, well below its total capacity of 7.3 million tonnes.

The current crisis of working capital that Visakha Steel is facing is a purely government-manufactured one. In the three decades of its operation, Visakha Steel has time and again proved its capacity to meet debt obligations. In fact, Visakha Steel has never reneged on the payment of interest or principal on the loans it has taken from banks. In contrast, many private steel companies (such as Bhushan Steel and Essar Steel) that have expanded at exponential rates by taking out substantial loans from India's public sector banks have defaulted on more than Rs. 1 trillion of loans in total to these banks.[15]

The government's refusal to raise the borrowing limits for Visakha Steel is simply one more instrument to weaken the plant and thereby dilute popular opposition to its sale. Despite these efforts, Visakha Steel has recorded Rs. 9.4 billion net profit in 2021–22.[16]

However, this did not stop Visakha Steel and its workers from stepping up to provide relief to the people during the summer of 2021, when a deadly COVID-19 wave tore through the country, killing thousands of people daily due to a lack of treatment and a shortage of oxygen. When public hospitals were overwhelmed and most private hospitals refused treatment to COVID-19 patients, leaving them gasping for breath on the streets, Visakha Steel was among the first in the industry to step in to supply medical oxygen to hospitals in Andhra Pradesh and across the country. Even as the steel plant struggled due to the pandemic-induced fall in demand for steel, its oxygen plants ran continuously to provide thousands of tonnes of medical oxygen to hospitals.[17]


CITU
VIZAG STEEL
Pride of Steel
SAVE STEEL PLANT
విశాఖ అఖిలపక్ష కార్మిక సంఘాలు,
ప్రజా సంఘాల
వైజాగ్ స్టీల్‌ప్లాంట్ పరిరక్షణ కమిటీ

The Road Ahead

With the BJP's absolute majority in both houses of the parliament, Modi seems to feel he has very little reason to consider the wishes of the people in the region. However, if the spectacular victory of farmers against the Modi government has taught anything to the workers of Visakha Steel, it is that the Modi government can be forced to step back through a strong, sustained mobilisation that can outlast its intransigence. The farmers' agitation and its victory have energised the steelworkers and reaffirmed their belief that they can win this fight – because they must.

Farmer-worker solidarity has become vital in this context. The steelworkers, many of whom come from agrarian families, reacted instinctively to the farmers' agitation and supported it from day one. In one of many such examples, a delegation from the steel plant visited the protesting farmers in Delhi in January 2021 and handed over funds collected from the steelworkers. The trade union movement, in coordination with the protesting farmers, called for strikes and other joint actions, including a successful nationwide shutdown. These interactions played a major role in persuading the leadership of the farmers' movement to take a stand against the privatisation of public sector enterprises, particularly that of Visakha Steel. In April 2021, Rakesh Tikait, Ashok Dhawale, and other prominent leaders of the farmers' movement travelled to Visakhapatnam and threw their support behind the steelworkers' fight in a public meeting, attracting the attention of the entire state

– particularly the farmers. This gave a broader nature to the fight to defend the public sector and the Visakha Steel Plant, further galvanising public opinion against the move to privatise the plant.

Many of the roughly 16,000 families who gave their lands for Visakha Steel to be built continue to fight alongside the workers, arguing that selling these lands to private corporations would be a betrayal of the original intention and the promise given to the people. Over the years, these families, together with trade unions, successfully fought to ensure that 8,000 jobs were created for them, though they continue to fight for more recruitment. In the current struggle against privatisation, they have joined the workers for an indefinite sit-in protest on National Highway 16, which has been ongoing since 12 February 2021, for over 500 days.

In addition to the indefinite sit-in, trade unions initiated a massive campaign to take the struggle to defend Visakha Steel to every nook and corner of the state, setting out to gather at least ten million signatures on a statement opposing the privatisation of the plant. The unionised *anganwadi* (rural childcare centre) workers, who are present in almost every village of the state, affirmed their support to the steelworkers and vowed to collect at least ten signatures each from the villages they serve in. By May 2022, well over six million people in the state had already signed, with the mayor and elected members of the municipal corporation of Visakhapatnam being the first to sign, as signatures continue to be gathered in the villages.

Three decades of uninterrupted struggles have tempered the steelworkers of Visakha into seasoned political fighters. Today, the workers are confident that they can stay the course, withstand the pressure, and win the fight against privatisation. The widespread support they have received from a broad spectrum of people and organisations in the state and across the country indicates that they are moving in the right direction.

Acknowledgments

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Endnotes:

1 Shutdown protests in India entail a shutdown of business establishments, government offices, and most services (including road transport) except for the most essential services such as hospitals and media. Those who call for the protest often try to enforce the shutdown by blocking roads and by urging people to keep establishments and offices closed.

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4 Ch. Narasinga Rao, *Visakha Ukku Andhrula Hakku Mahodhyamam*.

5 Ch. Narasinga Rao, *Visakha Ukku Andhrula Hakku Mahodhyamam*.

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8 Navratna (meaning 'nine jewels') is a status given by the Government of India to central public sector enterprises (CPSEs) in the country on the basis of criteria such as profitability and size. There are also two other categories – Maharatna ('grand jewel') for CPSEs that are bigger and more profitable than Navratna companies, and Miniratna ('small jewel') for CPSEs that are smaller and less profitable than Navratna companies.

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