

## The Meaning of Mergers and Acquisitions

The Year 2016 saw a spate of mergers and acquisitions that had far reaching effects on India. In the cement sector, international giants Holcim and Lafarge decided to merge into a single entity. Though the decision was made by the two MNCs outside the Indian legal system, it will create a behemoth in India's cement sector as both the companies hold for more than 70 per cent of installed production capacity in India. Some years back, the Competition Commission of India (CCI) imposed a penalty of about Rs.3000 crore on 9 cement companies for hiking the prices of cement using their monopoly position in Indian market. Again last year, the CCI penalized to the tune of about Rs.4000 crore the same companies for the same violation of overcharging the customers. Yet the government of AP bargained with the cement companies for the supply of cement for the government sponsored projects at a rate less than the present over price but more than that what the CCI thought as fair price. Such a blatant support from the state makes the companies bold enough by denying to pay the penalties imposed by a constitutional authority. Given this back ground, the merger of Holcim and Lafarge will place the new company in a super monopoly position in India. And allow it to drain Indian consumer's hard earnings making super profits.

Similarly the oil sector witnessed many M&As in 2016. In October, Russian oil major Rosneft announced the acquisition of Essar Oil and Vadinar Refinery along with Vadinar port. This is the largest foreign direct investment in 2016. The Anil Agarwal owned Vendanta group got clearance for the merger of Vedanta Ltd. (formerly Sterlite) with Cairn India, a subsidiary of British company Cairn.

Not only the industrial sector but also the infrastructure projects saw the M&As. Last year asset sales in the road sector involved Rs. 6500 projects. Another 18 road assets totaling 1888 km and involving a cost of Rs.30,452crore are up for sale in the coming months. The 2016 deals include IL&FS Transportation Network's sale of Andhra Pradesh expressway to Cube Highways and Infrastructure and Spain's Albertis buying TrichyTollways and Jadcherla Expressway. Cube Highways is financed by IFC, the investment arm of the World Bank.

The most sinister of these mergers is that of Monsanto and Bayer. The new company, if gets clearance from the authorities, would control more than 25 per cent of the global supply of seeds and pesticides. Bayer's crop business is the world's second largest after Syngenta with 17 per cent share, while Monsanto held a 25 per cent market share of all seeds sold in the world. This merger followed the trend of M&As in agricultural business with Dow and Du Pont having agreed to merge and Swiss giant Syngenta merging with Chemchina. These mergers would mean that three companies would dominate agricultural seeds and chemicals sector, down from six – Syngenta, Bayer, BASF, Dow, Monsanto and Du Pont. Prior to the mergers, these six MNCs controlled 60 per cent of seed and more than 75 per cent agro-chemical markets.

Consolidation and monopoly in any sector under capitalism should be concern to everyone. More so in the case of agriculture. The export of Green Revolution though out globe has not only reaped profits for the MNCs but also made the farmers increasingly dependent on patented commercial seeds, whether non-GM hybrid seeds or GM seeds, and the chemical inputs designed to be used with them. Monsanto seed traits are now in 80 per cent of corn and more than 90 per cent of soybeans grown in US. How it affected the American people? The US citizen is now consuming a largely corn based diet, instead of wheat, which is a less diverse diet than in the past, is high in calorific value, but low in health-promoting nutrient dense food. This health damaging "American obesity diet" and the agricultural practices are now being pushed on to a global scale.

As Colin Todhunter correctly observed: "These companies are high-rollers in a geopoliticised, globalized system food production whereby huge company profits are directly linked to the world wide eradication of the small farm – the bedrock of global food production. Small scale farmers increasingly live a knife-edge existence in which the burden of debt has become a fact of daily life. But its not just small farmers but consumers, taxpayers and the environment are left to pick up the costs of bad food and poor health, inequitable, rigged trade, environmental devastation, mono-cropping and diminished food and diet diversity, the destruction of rural communities, ecocide, degraded soil, water scarcity and drought, and destructive and inappropriate models of growth. A handful of powerful and politically connected corporations are determining what is grown, how it is to be grown, what needs to be done to grow it, who grows it and what ends up on the plate". (Third world Network)

By its very nature, the monopoly capitalism captures every sector of economic activity and occupies every aspect of social life with the sole aim of making profit through capture and expansion of markets. In this process, it replicates itself wherever it goes, bringing misery, destitution and hunger for millions of people. Thus from India to Africa to Latin America it promises development and better life, but in reality increases poverty and unemployment. Until and unless this parasitic system wiped out of the face of world, purposeful, prosperous and happy life eludes the humankind.

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