

Our Delhi Letter

Retrenchment And Efficiency

Thursday Morning

THE CHALLENGE of retrenchment may be met by Government with the classical expedient—the appointment of a committee. It is likely to be a tri-partite body, consisting of officials of the Labour Ministry and representatives of workers and industry. It will undertake an inquiry into the desirability and feasibility of effecting retrenchment in major industries and will prescribe the scale and principles according to which this may be done.

The problem, perhaps is not yet acute. Of the 14,000 workers recently discharged in Bombay from various factories, 95 per cent are reported to have migrated to the villages to swell the ranks of the partially-employed agricultural labour. In fact, occupations connected with land can be expected to provide a large and safe cushion for absorbing the impact of industrial retrenchment on the social structure of the country. There are however certain significant pointers.

Mills and factories in India are closing down or curtailing their production at a distressing rate. At the meeting of the Central Advisory Council of Industries in November last, it was revealed that more than 215 industrial undertakings had shut down, throwing about 80,000 workers out of jobs. The reasons advanced for the closures, namely, old and worn out machinery, scarcity of raw materials, lack of capital and labour troubles, are as potent today as three months ago. Only the workers are less aggressive, being faced with stark realities.

That all the newly-unemployed workers cannot or do not choose "agricultural vocations is borne out by the increasing number of applications in the country's Employment Exchanges. The Director-General of Resettlement and Employment, recently admitted in a press note that "retrenchment

in Government departments, temporary closure of many mills and suspension of plans for industrial expansion in the country have led to further deterioration in the employment situation." Latest all-India returns from employment exchanges also show that while 83,033 persons registered themselves in September, 1949, only 18,246 could be found employment, as against 20,223 during the previous month.

Undoubtedly, mass unemployment consequent on retrenchment is fraught with grave social implications. All pro-labour elements condemn retrenchment as the worst manifestation of the *laissez-faire* principle. Even in official circles it is admitted that no Government can allow large sections of the country's working population to be rendered jobless with impunity. There is however another side to the medal, and the Prime Minister, Pandit Jawaharlal Nehru, presented it with candour at his last press conference.

Quoting Dr. S. Trone, Pandit Nehru emphasised that many industrial undertakings in India were, at the moment, heavily overstaffed. In several cases, the surplus employees not only added materially to the cost of production; they also retarded production. Dr. Trone is reported to have instanced several factories where, if more than half the workers were sacked, the output would improve!

This state of affairs is possibly more general than one may suspect. Again the Prime Minister provided the reason. During the war, profits were large and taxes were heavy. It did not therefore matter to the industrialist if he employed eight men or ten. The salaries of the extra two could always come out of the taxes. This factor, as well as the general unfamiliarity of the average Indian employer with modern methods of organisation and

administration, led to widespread overstaffing, which must now be curtailed in the interests of efficiency.

There is however no easy way of doing it. Pandit Nehru pointed out that due to the high degree of social consciousness among the industrial workers it would be impossible to peg down wages below a particular minimum or resort to large-scale retrenchments, without providing alternative employment to the retrenched personnel. The choice now would therefore appear to be between industrial efficiency and the present level of employment.

Where to draw the line will be the difficult task of the proposed tripartite committee. It could, of course, take its cue from the views expressed on the subject at the recent labour ministers' conference in Mysore. The consensus of opinion at the conference was that the problem should be considered from two major standpoints—administrative and technical. A section of the committee should devote itself to the consideration of the economic consequences of retrenchment while another, consisting of experts, should examine the technical problems of overstaffing.

The conference also urged that if, under pre-determined principles, retrenchment in a particular concern was decided upon, it should be effected according to certain rules. Some of the rules suggested by the conference were: (a) "last come first go"; (b) employers nearing the age of superannuation, 55 years that is, should be retrenched first; and (c) if several members of a family were working in a concern, one of them may be asked to go.

The other set of problems, which the proposed committee may have to tackle, relate to the provision of relief for the retrenched personnel. A broad principle which appears to have been accepted is that every discharged employee should receive 15 days total pay for one year's service. A detailed schedule of compensation may however be worked out by the committee, taking the industry's capacity to pay into consideration.