

## CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

### RETRENCHMENT IN ORDNANCE FACTORIES

**Shri Nambiar (Mayuram):** Under Rule 216, I beg to call the attention of the Minister of Defence to the following matter of urgent public importance and I request that he may make a statement thereon:

"The situation arising out of the large-scale retrenchment of civilian employees in Ordnance Factories and the impending strike on an all-India scale."

**The Minister of Defence (Dr. Katju):** As a result of a continuous fall in demand for service stores for over two years, a large number of workers have been rendered surplus in the Ordnance Factories. With a view to avoiding large scale retrenchment, the Government embarked on a policy of manufacturing in these factories goods for civilian consumption. About 8,000 workers are now employed on this civil trade work. The value of such work has gone up from Rs. 54 lakhs in 1953 to Rs. 3.5 crores in 1955. Further expansion of civil trade work is not possible, because the Ordnance Factories are not primarily designed for the production of civilian goods. Even after the absorption of about 8,000 men in this civil trade work, a large number of surplus employees have remained on idle-time payment in these factories. The average number of idle workers in manufacturing units is undesirable for many reasons. It affects economic and efficient production, and increases costs. It leads also to indiscipline and discontent. A stage has, therefore, been reached where it is no longer in the interests of the tax-payer or the State to continue to retain in service this surplus personnel.

In addition to the surplus personnel in the Ordnance Factories, there are about 2500 employees in other Defence installations, such as Ordnance Depots, Technical Development Establishments, etc., who also have become surplus to requirements. The main reason for this is that the decrease in the work-load of the Ordnance Factories has resulted in a corresponding decrease in the work which is done in the Ordnance Depots, Technical Development Establishments, etc. A subsidiary reason is that combatants have become available to replace those civilians who had been employed during war-time in lieu of combatants.

With a view to limiting this problem of surpluses, a ban was imposed on the recruitment of semi-skilled and unskilled workers about two years ago. But, so long as there appeared to be a possibility of increasing the work-load by undertaking civil trade work, etc., no retrenchment was effected. The present position is that the number of surplus employees in each factory has been assessed after a very careful examination of the workload including the possibilities of expansion of Defence orders. The total number of surpluses in each factory have been communicated to the Works Committees, which consist of equal numbers of representatives of the management and labour; and there have been discussions with the Works Committees. An enquiry has been made to ascertain which surplus employees would be willing to revert to lower grades, if necessary. Also it has been decided in respect of the factory labour that when a worker is retrenched, he will be given, in order to mitigate the hardship caused to him, certain travel concessions. He will also be given Contributory Provident Fund in addition to the Retrenchment Compensation under Section 25F of the Industrial Disputes (Amendment) Act, which comes to 15 days' average pay for every completed year of service.

I need hardly say that Government are most anxious to see that as far as possible no worker, who can somehow be retained in service, is thrown out of employment. In respect of every surplus worker, efforts are first made to accommodate him in any vacancy which may exist either in the same installation or in any other defence installation. Efforts are also being made to see whether any alternative appointment can be found for him in any other Central Government undertaking existing or being set up. We have recently taken a decision that skilled workers will not be retrenched at all. It may also be stated that a fairly large reserve of workers will be retained even after any retrenchment that may take place, to provide for any unforeseen expansion of the workload of the factories. The Government have also accepted a suggestion made by the All India Defence Employees Federation and have appointed a Liaison Officer, specially for the purpose of finding out ways and means of securing alternative employment for as many of the surplus employees as possible. This officer will maintain close personal contacts with the employing Ministries on the one hand

and the industrial installations of the Defence Ministry on the other. He will also keep in touch with the All India Defence Employees Federation.

I may mention here that Government have been keeping the All India Defence Employees Federation informed of these developments and have held discussions with the representatives of the Federation with a view to finding a satisfactory solution to this difficult problem. Every attempt has been made to explain to the Federation why this retrenchment of a large number of workers has become absolutely unavoidable.

Initially, it had been considered that the retrenchment of the surplus workers should be done at the end of the last financial year, i.e., at the end of last March. But in order that a further effort may be made to locate alternative appointments for as many surplus workers as possible, the retrenchment had been postponed. The recently appointed Liaison Officer will be given time to contact the employing Ministries, in order to ensure that the number of persons who must after all be unavoidably retrenched may be reduced as much as possible. This interval, I hope, will prove useful in obtaining offers of alternative employment from other Central Government undertakings for at least a fair number of the surplus employees. But those persons for whom such employment cannot even then be found will, I am afraid, have to be retrenched, as they cannot be retained in service as idle labour indefinitely. But even after their retrenchment, efforts will continue to be made to find re-employment for them as early as possible. In this connection, there is however one point I should like to make clear. If any surplus worker to whom an alternative appointment is offered does not accept it, he will be retrenched forthwith. Obviously Government cannot agree to pay idle-time wages to a surplus worker who has been offered an alternative employment and has refused to take it.

In conclusion, may I add that we are fully alive to the importance of this problem and have endeavoured to do the best we can to help the surplus labour whose services are no longer required.

**Shri Nambiar :** May I seek a clarification? What further steps have Government taken to avoid retrenchment and the strike, notice of which has been served on the Government by the Defence Employees' Federation?

**Dr. Katju:** So far as I know, no notices of retrenchment have been served so far anywhere.

**Shri Nambiar:** I refer to the strike notice served on the Government by the Federation to start on May 21st.

**Dr. Katju:** I do not think; I would ask my hon. friend to put any specific question if he wants.

**Some Hon. Members rose—**

**Mr. Speaker:** No questions on a statement.

### STATEMENT ON INDUSTRIAL POLICY OF GOVERNMENT

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** Sir, I beg leave to place before the House a Resolution of the Government of India in regard to industrial policy. I understand that copies of this Resolution will be available to the Members of the House through the Lok Sabha Secretariat.

The Government of India set out in their resolution dated the 6th April, 1948, the policy which they proposed to pursue in the industrial field. The Resolution emphasised the importance to the economy of securing a continuous increase in production and its equitable distribution, and pointed out that the State must play a progressively active role in the development of industries. It laid down that besides arms and ammunition, atomic energy and railway transport, which would be the monopoly of the Central Government, the State would be exclusively responsible for the establishment of new undertakings in six basic industries—except where, in the national interest, the State itself found it necessary to secure the co-operation of private enterprise. The rest of the industrial field was left open to private enterprise though it was made clear that the State would also progressively participate in this field.

2. Eight years have passed since this declaration on industrial policy. These eight years have witnessed many important changes and developments in India. The Constitution of India has been enacted, guaranteeing certain Fundamental Rights and enunciating Directive Principles of State Policy. Planning has proceeded on an organised basis, and the first Five Year Plan has recently