

No. 1904/LAB/AIL/T/2021 1686
GOVERNMENT OF PUDUCHERRY
LABOUR DEPARTMENT

Puducherry, dt.27.05.2021

ORDER

Sub: Labour Department - Application seeking permission for retrenchment in Form-PA under Section 25-N of the Industrial Disputes Act, 1947 read with Rule 76-A of the Industrial Disputes (Central Rules), 1957 in respect of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry - Orders- Issued.

Ref: Letter dated 26.03.2021 (recd on 29.03.2021), enclosing application in Form-PA filed by the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry seeking permission to retrench 62 workmen w.e.f 26.06.2021.

WHEREAS the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry has submitted an application in Form PA dated 26.03.2021 (recd on 29.03.2021) to the Secretary to Government, Labour Department, Puducherry, seeking permission to retrench 62 workmen out of 204 workmen w.e.f 26.06.2021 under section 25-N of the Industrial Disputes Act, 1947 read with Rule 76-A of the Industrial Disputes (Central) Rules, 1957;

AND WHEREAS, on perusal of the retrenchment application dated 26.03.2021 (recd on 29.03.2021), it is observed that the Management has stated various reasons for seeking permission to retrench 62 workmen as detailed below:-

- (i) The financial position of the company has already been in the negative side i.e., minus Rs. 179.08 Lakhs as on 31.01.2021 (provisional) and it has deteriorated and the company is not able to pay the salaries on time and do not have enough resources to meet its salary expenses and suppliers.
- (ii) The anticipated savings due to the proposed retrenchment is Rs. 81.59 Lakhs CTC per annum. The staff strength has been reduced during 2019-20 till Jan' 2021 and the cost saving is Rs.89.53 Lakhs and the company is planning to reduce the power sanctioned load from 700 KVA to 600 KVA and planning to operate only 35 stations and 2 conveyors and the estimated savings will be around Rs. 10 Lacs per annum. The company is planning to shut down its Kolkata Office which will save Rs. 10 Lacs per annum.
- (iii) The company mainly deals with European Countries and its market and most of the countries in Europe have undergone negative growth for the last 5 years or more and have been cutting down on the fashion based goods. The trend has moved from leather 'durable products which India supplies to synthetic upper shoes which are cheaper and India has no position on the same compared to China, Vietnam, Cambodia and Thailand. Many new small players have come up and their cost is low and the management is not able to compete with them.
- (iv). While so, the COVID-19 pandemic has pushed the company to the edge. The company does not have any orders on hand and the possibility of getting orders is very remote. Though the situation warrants total closure of the business, the management for the time being has decided to reduce the manpower by retrenching some of its workmen.