

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

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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.

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**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.

(ix). The Hon'ble Labour Court passed an award in I.D (L) No. 24/2012 dated 24.02.2016 directing the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry to reinstate 12 workers with 50 % backwages and with continuity of service and other benefits. But the management had offered employment to them as fresh appointees in the year 2016 and included them in the retrenchment proposal;

(x). The senior most employees Tmt. S.Kavitha, V.Sathya, M.Geetha, K. Geetha and D. Ramila were transferred from the Housekeeping Section to Finishing Section and included their names in the retrenchment proposal. And the junior most employees Thiru. A. Karunanidhi and Tmt. A. Kalaiselvi were retained in the House Keeping Section and not included in the retrenchment proposal;

(xi). The senior most union members were included in the retrenchment proposal and the junior most non-union members were not included in the retrenchment proposal;

(xii). The junior most employee Thiru.Sundar Rajan who joined in the year 2017 was designated as 'Incharge' and not included in the proposal;

(xiii). The management increased the station from 72 to 100 during the retrenchment proposal;

(xiv). The asset value has increased from Rs.51.81 Cr. to Rs. 69.4 Cr. for the last 3 years.

(xv). The cost of benefits provided to the employees is not constant and it has drastically increased in proportion to the quantum of production;

(xvi). The management insisted them to withdraw all legal cases pending before various forums / Courts so as to consider their charter of demands / wage revision. But, the union had proceeded legally and therefore the management has submitted the retrenchment proposal to threaten the union;

(xvii). The management filed letter informing the union to give full corporation to retrench the permanent workmen and to engage contract workmen to the extent of 25 % of the total workforce.

**AND WHEREAS**, the management filed reply statement dated 20.05.2021 for the objections put forth by the individual workmen / union and denied the allegations raised by them. The reply furnished by the management is as follows:-

(i). They had preferred Writ Petition No. 26510 of 2017 before the Hon'ble High Court, Madras against the award passed by the Hon'ble Labour Court, Puducherry and obtained interim orders of stay on backwages;

(ii). The management denied the allegations raised by the union over withdrawal of all cases as the union had not filed the copy of entire letter of the management and they had insisted to unconditionally withdraw only cases pertaining to bonus, removal of machineries, payment on increments, wage revision, confirmation order etc;

(iii). The management stated that continuous running does not mean that the company is running entire station or is having huge volumes and orders but it is required to have less rejection of materials;

(iv). The company has started its Agra plant in the year 2017 itself and it has nothing to do with the retrenchment application. The management wanted to give first chance to the senior workmen of Puducherry plant to Agra plant as it will lead to their career growth;

per the balance sheet indicating 6.89% return on capital employed for the year 2015-16, 6.58 % (2016-17), 2.14 % (2017-18), -16.24 (2018-19) & 0.09 (2019-20). But, there must be atleast 15 % return to run a business with so much trouble and pain.

**AND WHEREAS**, the individual workmen concerned, the representative of trade union and the employer representatives were heard and all petitions / representations / documents / reply statement were considered and it is observed that the principle for retrenchment 'last come first go' has not been followed while submitting the retrenchment application in Form PA dated 26.03.2021 (recd on 29.03.2021);

**AND WHEREAS**, as per section 25-G of the Industrial Disputes Act, 1947, where any workman in an industrial establishment, who is a citizen of India, is to be retrenched and he belongs to particular category of workmen in that establishment, in the absence of any agreement between the employer and the workman in this behalf, the employer shall ordinarily retrench the workman who was the last person to be employed in that category, unless for reasons to be recorded the employer retrenches any other workmen. But, the management has submitted the retrenchment application with Section wise seniority and not category wise seniority;

**AND WHEREAS**, few senior most employees were transferred from one section to another with change in their category / designation reckoning the original date of joining and not the date of transfer. But, however he is the senior most employee in his original place / section prior to transfer and though reckoning the original date of joining, he is a junior employee in the new section;

**AND WHEREAS**, the management transferred the senior most house keeping employees Tmt. S.Kavitha, V.Sathya, M.Geetha, K. Geetha and D. Ramila from Housekeeping section to Finishing section as 'Helper' category and included their names in the retrenchment proposal. The junior most employee Tmt. A. Kalaiselvi was retained in the House Keeping Section and not included in the retrenchment proposal. The transfers have been executed so to give effect to the retrenchment proposal;

**AND WHEREAS**, at Pt. 15 (Annexure-14 of the management) at Sl. No. 23 of Annexure to Form PA, the management stated that as per ICRA, Indian Footwear industry will witness a revenue drop to the extent 10-15 % in financial year 2021 and there will not only be a drop in volumes but also on the average selling price which will also have an impact on the component suppliers. The management had filed letter dated 11.11.2019 before the Labour Officer (Conciliation), that they propose to offer an incentive of Rs.700/-per week on achievement of 90% and above of the weekly production plan above the minimum of despatchable quantity of 75000 pairs /week. On perusal of Annexure - 6 (A) of Form PA - Financial position of the company, it is ascertained that the management has despatched continuously more than 3,00,000 pairs from the years 2014-15 till 2019-20 and therefore the workers had achieved production over and above the targets fixed by the management and there was no drop in volumes as stated by the management in the reasons for the retrenchment proposal;

**NOW, THEREFORE**, in exercise of the authority delegated vide G.O.Ms. No.177/80-LAB dated 1<sup>st</sup> September, 1980 of the Labour Department to exercise the powers conferred by sub-section (1) of section 25-N of the Industrial Disputes Act, 1947 (Central Act 14 of 1947) the Secretary to Government (Labour) hereby rejects the retrenchment application in Form PA dated 26.03.2021 (recd on 29.03.2021) in respect of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry to retrench 62 workmen w.e.f 26.06.2021.



**(E. VALLAVAN, I.A.S.)  
SECRETARY TO GOVERNMENT  
(LABOUR)**

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To

1. The Director of Stationery and Printing } With a request to publish the same in the Extraordinary Gazette and issue 10 copies to this office.
2. The Managing Director,  
M/s. Suolificio Linea Italia (India) Pvt. Ltd.,  
R.S. No.19/1 & 4/4, Pondy Mylam Road,  
Sedarapet, Puducherry - 605 111.
3. The President,  
Chemcrown Exports & Suolificio Linea Italia  
Thozhilalargal Sangam,  
No.42, Cuddalore Road,  
Bharathi Mill Thittu, Mudaliarpet, Puducherry.
4. Individual workmen - 62 Nos. (As per the list enclosed).

Copy to:

1. PS to The Commissioner of Labour, Puducherry.
2. PA to The Deputy Labour Commissioner, Puducherry.
3. The Labour Officer (Conciliation), Puducherry.
4. The Joint Chief Inspector of Factories, Puducherry.
5. The Web Master, Labour Department, Puducherry.
6. G.O.
7. Spare.