

**GOVERNMENT OF INDIA  
MINISTRY OF LABOUR AND EMPLOYMENT**

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 2492  
TO BE ANSWERED ON 08.08.2018**

**SCRUTINY OF RETRENCHMENT OF WORKERS BY COMPANIES**

**2492. SHRI K. C. RAMAMURTHY:**

**Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:**

- (a) whether there are any mechanisms in place for compensation and alternate job offers to workers who are retrenched from companies facing financial crunch;**
- (b) if so, the details thereof;**
- (c) whether there is any criteria before the Ministry to scrutinise the reasons claimed by companies when they terminate services of certain workers, whether they are justifiable or not and if not, whether there are any provisions in place for the purpose of granting any fine(s) on the companies; and**
- (d) whether the Ministry plans to strengthen the laws relating to workers' unions by providing them more powers and rights?**

**ANSWER**

**MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT  
(SHRI SANTOSH KUMAR GANGWAR)**

**(a) & (b): The mechanism for compensation of retrenched workers has been provided under the Industrial Disputes Act, 1947. Section 25F of the Industrial Disputes Act, 1947. The relevant provisions have been reproduced below:-**

**Sec 25F (a) & (b): No workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until—**

**Contd..2/-**

- (a) the workman has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice;**
- (b) the workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days' average pay ( for every completed year of continuous service) or any part thereof in excess of six months; and**

**Similarly Section 25H of the Industrial Disputes Act, 1947 provides for re-employment of retrenched workman, wherein if any workmen are retrenched, and the employer proposes to take into his employ any persons, he shall, in such manner as may be prescribed, give an opportunity (to the retrenched workmen who are citizens of India to offer themselves for re-employment, and such retrenched workmen) who offer themselves for re-employment shall have preference over other persons.**

**(c): Section 25F of Chapter VA of the Industrial Disputes Act, 1947 which applies to the industrial establishments in which less than 50 workmen on an average per working day have been employed in the preceding 12 months specifies that when the employer goes for retrenchment of employees he has to follow the procedure as laid down under section 25F of the Industrial Disputes Act, 1947 i.e. the workman is to be given one month's notice in writing indicating the reasons for retrenchment and similarly in Chapter VB, which applies to the establishments in which not less than 100 workmen were employed on an average per working day for the preceding 12 months. Section 25N of the Industrial Disputes Act, 1947 stipulates the conditions precedent to retrenchment of workmen.**

**It says that no workman employed in any industrial establishment to which this chapter applies, who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until:-**

- (a) the workman has been given three months' notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice; and**

**(b) In this regard the prior permission of the appropriate Government or such authority as may be specified by that Government by notification in the Official Gazette (hereafter in this section referred to as the specified authority) has been obtained on an application made in this behalf and the appropriate Government or the specified authority after making such enquiry or after giving a reasonable opportunity of being heard to the employer, the workmen concerned and the person interested in such retrenchment may having regard to the genuineness and adequacy of the reasons stated by the employer, the interests of the workmen and all other relevant factors may grant or refuse to grant such permission and order shall be communicated to the employer and the workmen.**

**Section 31 in The Industrial Disputes Act, 1947 provides that whosoever contravenes above provisions of the Act or any rule shall be punishable with fine which may extend to one thousand rupees.**

**(d): A proposal for amendment to the Trade Unions Act, 1926 to provide for recognition of Trade Unions, is under active consideration of the Government.**

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