

gokaldas exports ltd

10th June 2020

To

Dr.S.B.Ravikumar
Dy. Labour Commissioner,
Region - 2
Bengaluru.

Dear Sir,

Sub: Representation dated: 8.6.2020 of the Garment and Textile Workers Union.

1. We refer to your notice No.DLCB-2-KV/CR-03/2020-21 DATED: 8.6.2020, enclosing the representation dated: 8.6.2020 of the union.
2. The union has raised a concern with regard to the lay-off of the workmen by our factory at Srirangapatnam. We would like to offer our comments with regard to the issues raised by the union as under:
 - 2.1 The company is engaged in the manufacture of Garments. The products of the company are not only sold in India but are also exported to different countries.
 - 2.2 The company's plant at Srirangapatnam in Mandya was established on 1.7.2010. The plant has been largely catering to production and supply of demands of a leading European fashions brand and a large iconic USA brand for export. The unit was also manufacturing garments for the two leading India retail businesses.
 - 2.3 The unit at Srirangapatnam employs 1370 employees and we have provided employment to 1189 women employees.
 - 2.4 The Covid-19 has seriously affected the global and the Indian market. Our company is not an exception. The manufacturing activities at the plants had been severely affected. The order position at the plant came down drastically and has become zero. Further, the extended lock down, closure of the malls and retail outlets severely impacted the retail business in the country. The unit at Srirangapatnam suffered on both the counts. The products of the company could not be exported on account of the stoppage of Air Flights and other modes of overseas



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transport. The available products could not be disposed off even in the local market as the retailers were yet to resume their operation and they had huge pile of inventories. There was no sign and symptom of any improvement in the situation and the retailers had confirmed cancelation of any future order with the company until end of the year.

2.5 It is under these circumstances the company was left with no alternative except to lay-off the workmen in the interest of the company and also to save the employment of the employees. The reasons for stoppage of operations have been set out in the notice of layoff dated: 6.6.2020 and the relevant paragraphs reads as under;

"The Covid-19 seriously affected the global and Indian market and thereby the manufacturing activities of the company. The orders position has dwindled down and has become zero. The Covid-19 outbreak and the pandemic prevailing in several countries including the countries in which the customers of the company are located has completely affected the business. The situation was beyond the human comprehension. The situation has turned in to a natural calamity/disaster and was beyond the control of the management. The company has been paying idle wages for certain period. The adverse circumstances prevailing in India as well as the countries in which overseas buyers are located has resulted in overseas buyers cancelling their orders or withdrawing their orders and there is uncertainty about the market conditions. All these factors have cumulatively resulted in inability of the company to provide employment to the workmen on the rolls, for want of orders to undertake manufacturing activities at the plant."

2.6 1186 workmen have been laid off w.e.f 8.6.2020. The Management has clearly notified that the workmen who have been laid off will be paid lay-off compensation at the rate of 50% of the Basic and DA as per the provisions of Industrial Disputes Act. The company has also dispensed with the workmen to sign lay-off register every day to avoid any inconvenience to them.

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- 2.7 The company would like to emphasize that the lay-off was inevitable in the circumstances which had developed consequent to Covid-19 and the lockdown imposed by the Central and the State Government. The company has resorted to the lay-off with a view to save the employment of the employees. If the situation had continued, a stage may have reached where the unit will not have any resources to settle even the statutory dues of the employees.
 - 2.8 We would submit that the Authority should appreciate the circumstances which had developed after March 2020 and the circumstances were beyond the control of the management. The reasons for lay-off are therefore bonafide in the best interest of the company as well as the employees.
 3. We may also state here that the company has 1370 employees. The employees after gauging the developments which have taken place decided on their own to separate themselves by submitting resignation and 335 employees have submitted resignation. The company accepted their resignation and settled their dues.
 4. In view of the facts narrated above, the company would submit that the union may be advised to recognize the reality of the situation and co-operate with the management to save the plant and protect the employment of the employees.
 5. The union in their petition dated: 8.6.2020 have claimed that the company has violated the provisions of Chapter- V B of the I.D.Act and in particular Section 25M of the Act.
 6. The company would like to submit that Section 2(kkk) of the I.D.Act which defines the lay-off clearly stipulates that **"the failure, refusal or inability of an employer on account of the shortage of coal, power or raw material or the accumulation of stocks or the breakdown of machinery or natural calamity or for any other reason to give employment to workmen whose name is borne on the muster rolls of the Industrial Establishment and who has not been retrenched."**
 7. Section 25M of the Act prohibits lay-off in the establishments which employ 100 or more workmen without the permission of the Appropriate Government. The only exception where clear permission for lay-off are not mandated are in cases where the
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lay-off occasion due to shortage of power or due to natural calamity.

8. A combined reading of section 2(kkk) and Section 25M of the I.D.Act clearly show that an industry is permitted to lay-off workmen without the prior permission of the Appropriate Government or the Authorities only in case of shortage of power or due to natural calamity. The situation which developed turned in to a natural calamity/disaster which was beyond the control of the Management. The action of the Management is therefore in full conformity with the provisions of the Industrial Disputes Act referred above.

9. The other demand of the workers and the comments of the company thereof are as under;

9.1 The company cannot withdraw the lay-off notice at this point of time. There are no orders for undertaking the production at the plant.

9.2 The company is unable to provide employment to all the workers until normalcy returns to the market and fresh orders are received from the overseas buyers and the domestic retailers.

9.3 The company paid an advance of 50% wages to workmen for the month of April in which the plant remained closed, during the lockdown. When the plant resumed operation necessary intimation was sent to all the employees. The employees who reported for work until 23.05.2020 have been already paid this advance. Some of the employees have not reported for work pleading one or the other reason. The company was not providing transport even prior to lockdown. The employees were making their own arrangement to report for duty. Those who have not reported for duty despite direction to report for duty have not been paid wages. They are not entitled for the wages and the action of the company is in accordance with law.

9.4 The next issue is that the union has sought that the management should engage in collective bargaining with GATWU. The company would continue to have dialogue with the union. The union should also understand the situation and co-operate with the management to deal with the situation which was not within the control of the management as well as the union/workmen.

10. In sum we request the Authority to advise the union appropriately and emphasize the need for their co-operation in

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ensuring that the plant survives the current difficulty and the employment of the employee are not at stake.

Thanking you,
Yours faithfully,

For Gokaldas Exports Ltd.,



Dominic George
Vice President - Human Resources