

# Protect the deserving

Minimising the loss of productive jobs and retraining of willing workers should be the focus, says Uttam Gupta

**T**HE only concrete manifestation of the government's intention to provide a "safety net" to deal with consequences of industrial restructuring was the announcement by the finance minister in the 1991-92 budget regarding the setting up of the National Renewal Fund.

The objective was essentially two-fold: To finance the compensation packages for the employees of the public sector enterprises availing of the Voluntary Retirement Scheme (VRS) and to fund programmes/schemes for retraining and re-employment of such employees/workers.

The government intended to fund these requirements from the proceeds of the disinvestment of shares in PSUs. Besides, the World Bank made a spontaneous gesture by providing a token contribution of \$500 million for the proposed NRF. Three years have passed since and the picture looks extremely disappointing. The allocation of funds under the NRF have, in fact, declined. During 1993-94 for instance, a meagre sum of just about Rs 700 crore was provided. The amount is inadequate even for the 68,000 employees in the central PSUs availing of VRS. A number of PSUs do not even intend to finalise their respective restructuring plans until they are assured of funds from the NRF.

But, that is only a part of the problem. The main issue i.e. retraining and re-deployment of the workers/employees retrenched, has received scant attention. Whereas during the first two years of reforms, there was practically no financial provision, in the 1994-95 Budget a meagre allocation of Rs 50 crore has been made for the purpose.

After an inordinate delay, it is only now that the NRF steering committee has cleared the action plans for the five pilot centres to be set up under the scheme i.e. at Bombay, Kanpur, Ahmedabad, Indore and Calcutta. It will take some more time before the Cabinet finally approves it.

The number of states and the scheme recommended under the action plans is time consuming. Briefly, the plans envisaged in a chronological order, surveys to be undertaken by the designated institutions to identify employees to be laid off by public and private sector enterprises under

VRS, identification of job opportunity available in different areas in each centre, commencement of the training programmes in various disciplines, launching of the self-employment schemes etc.

Clearly, it would appear that the emphasis is on institution building as an end in itself which may provide lucrative jobs to some professionals in their respective fields, but, would hardly do any thing concrete to provide timely succour to employees/workers who have become victims of the restructuring. It is really unfortunate that one can lose a job in

away nor return back to status quo. Needless to mention that there is considerable international pressure on India to live up to the promises it has made.

In fact, at the recent meeting of the India Development Forum (IDF) at Paris, the emphasis was on what the World Bank labelled as the "unfinished agenda" — which called upon the Government of India to carry out restructuring of PSUs, including its privatisation, besides the improvement of infrastructure. So, it is only natural that mechanisms like NRF are kept alive.

segment which works. For this, the restructuring plan has to emerge on the basis of a totally professional interaction between the management and the workers (free from interference by unions or politicians) at the individual company level.

The focus of the NRF as conceived by the government is narrow and fails to look beyond those who take VRS. There are numerous instances of PSU employees having got away with lucrative compensation packages at the cost of the exchequer and also found reasonably good employment elsewhere. Certainly, they cannot be the intended targets.

Individual company managements should be asked to come out with comprehensive restructuring proposals and not just the VRS plans and consequential claims for compensation packages. The former should contain plans for rationalisation of the labour force which should include identified staff under clearly demarcated categories.

Those whose performance record is bad must necessarily be retrenched. Others, whose record is good but are surplus due to bad planning in the past must be identified for retraining. Herein, the government may be roped in to provide support. The NRF funds should be utilised for establishing and operating a networking system and financing training in industrial establishments, including those in the private sector.

With this, much of the fears on account of largescale retrenchment will be automatically set at rest. Finally, the government should address to the task of ensuring that there is no unwarranted closure of the units which are efficient and cost competitive. Presently, this is happening primarily because of ill conceived and frequent changes in the policies. Very often then not, this results from the government's enthusiasm to show to the outside world that we are fast implementing the reforms.

The present disjointed and uncoordinated approach to restructuring has to give way to a well thought out and coordinated strategy that would on the one hand, minimise the loss of productive jobs and on the other, lays off only recalcitrant or unproductive workers and retrains productive employees. The NRF has to be suitably dovetailed into this overall rationalisation plan.



no time but has to wait indefinitely to find re-employment.

The ingrained tendency for not doing things fast enough and working strictly as per the inflexible rules and procedures is undoubtedly an important factor behind the government's snail's pace. In a bid to sell the reforms package to the international institutions, including the IMF and the World Bank, and attract foreign investment, the government promised too many things. But, it neither had the national consensus nor the necessary courage to push through these aspects of the reforms. This is evident from the government's handling of HFC and FCI in the fertiliser sector which turned sick long ago.

But the government can neither get

While political compulsions would undoubtedly force the government to soft pedal the issue, it must lean on the side of restructuring in the interest of the overall national economy and the well-being of the common man. It does not matter who owns the enterprises. What is important is that we need to organise enterprises in a manner that they get a reasonable return on the colossal Rs 300,000 crore that has been invested.

There should be no doubt that what is good for the enterprise will also be in the interest of the labour. The contradiction comes up primarily because a large section of the labour does not want to work but still wishes to retain employment. Such labour has to be segregated from the