

To  
Shri Gopal Krishna Gandhi  
Hon'ble Governor, West Bengal  
Raj Bhavan  
Kolkata 700001

21 August 2007

Respected Sir,

We would like to bring to your kind notice the events at National Tannery Co. Ltd at Kolkata.

The workers and employees in this unit are suffering. They are being dehumanised.

Their plight is unthinkable while the State Government turns ruthlessly indifferent to them.

The State Government, which incidentally had 'taken-over' the renowned leather unit, is irresponsible. The state machinery is unresponsive. The Central Trade Unions uncaring. The civil society largely unaware.

It is not a recent event – it is a sixteen-year-old ulcer.

With the globalisation-powered juggernaut on the role thousands of workers are dying and lakhs suffering – away from the spotlight of publicity. National Tannery is one such glaring case.

They don't ask for what they don't deserve. They have lost their dreams, their aspirations and their earning capacity and in the process they have gained hunger and pauperisation.

These workers really needed the Government to be by their sides when they were in such dire straits! However unimaginably, in their case the 'lawmakers' have turned hostile 'lawbreakers' and truly the workers are up against the wall with almost no one by their side.

We still believe that a well-meaning intervention can deliver justice.

That is why we, a civil society initiative, write to you on behalf of these workers whose numbers are steadily dwindling. Empathy is the main aim of this solidarity effort.

Please find below the bare facts before we make our humble submissions:

**FACTS:**

**Phase-I: National Tannery Before 'Take-Over'**

1. National Tannery was set up at Calcutta (now Kolkata) in 1905.
2. The two doyens of Indian nationalism – Acharya Prafulla Chandra Ray and Dr. Nil Ratan Sarkar – took lead roles to establish it.
3. Interestingly, Mohandas Karamchand Gandhi visited National Tannery and with keen interest saw the process of manufacturing chrome leather.

4. The Company flourished in the mid-1950s under the stewardship of Sanjay Sen, a West Bengal based industrialist.
5. Products of National Tannery earned reputation worldwide.
6. Other than the Bata India Ltd, National Tannery was the only factory in Eastern India, which had a footwear division, established in 1969.
7. The Company started turning sick from early '70's owing to lack of initiative of the management and alleged financial irregularities – there was no 'proverbial' labour unrest or dearth of market whatsoever.
8. In 1974 IRCI (later known as IRBI and presently IIBI) made some investments in National Tannery.
9. In May 1983, IRBI took over the management of National Tannery.
10. However in 1985 IRBI dissolved the Board of Management and virtually abandoned the Company.
11. The last full-time Chairman, J G Kumaramangalam, formerly Chairman, Coal India, agreed to act as part-time Chairman on being requested by the West Bengal Government.
12. National Tannery then, survived only on job work. Bata was the main customer. National Tannery made 'North Star', 'Quo Vadis' and other value-adding products for Bata. Leather and chemicals were supplied by Bata, and for each finished pair of 'North Star' shoe, National Tannery got Rs 9.50.
13. The State Government declared National Tannery as a 'relief undertaking' to insulate the sick company from the creditors who were thus prevented from going into legal action. Workers did not get even half their legitimate wages.
14. During late eighties, the State Trading Corporation (STC) proposed to set up a production unit at National Tannery. Strangely the State Finance Minister refused to grant an appointment to the Chairman STC.
15. The National Tannery was referred to the Board for Industrial and Financial Reconstruction in 1989. The BIFR, in the absence of any rehabilitation scheme, put it up for liquidation.
16. On 10 July 1990 High Court ordered the sale of the Company as a 'going concern'. A Committee of Management consisting of 5 workers' representatives (2 from CITU, 2 from INTUC and 1 from officers' association) was formed under the Official Liquidator to run the Company till the auction. The Chairman was the General Secretary of the CITU-led union.
17. Union election had not taken place and self-proclaimed leaders had seized union leadership and committee of management posts. Employees/workers did not get even

Rs.300-400 per month. Despite repeated protests and deputations to the Labour Minister about widespread irregularities, there were no results.

18. Ultimately the workers went to Calcutta High Court against the Committee of Management making various allegations of corruption, non-payment of wages, default of PF deposits, etc.
19. The High Court ordered an enquiry and appointed a Special Officer.
20. As a matter of revenge, the canteen was closed without any notice and wages/salaries stopped. During the ten-month period workers did not get their wages for 7 months. 5 machines of the Footwear Division were also removed. Customers of the company for job work were asked to remove their materials.
21. In May 1991, the five-man body pasted a notice at the factory, declaring lockout. This was the first instance when two labour unions (CITU and INTUC) had shut down any establishment.
22. On 12 September 1991, the High Court ordered that the canteen should be reopened; work to be started; salary should be paid from February to August; all machines removed from the factory should be returned and reinstalled; and Rs.8 lakhs (which was revealed to be missing as per the account presented by the Special Officer to the High Court) should be given to the employees to partially offset wage/salary dues. However none of these orders were obeyed.

## **Phase-II: 'Take-Over' Of National Tannery**

1. The State Government submitted that it was prepared to takeover National Tannery for Rs. 50 lakhs in response to the auction notice issued by the High Court, on 11 March 1991. The Court, however, was unwilling since the price was 'exceptionally low' as compared to reserved price of Rs 1.76 crores. The State Government submitted that it would purchase National Tannery as 'a going concern', agreeing to take over the responsibility of paying workers' dues (amounting to nearly Rs 3.5 crores by conservative estimates) in consultation with workers. Workers of NT who were present appealed to the High Court to accept the LF Government's proposal.
2. On 18 September 1991 the High Court passed an order, directing sale of National Tannery in favour of the West Bengal Government at a cost of Rs.50 lakhs and further directed the Government to settle outstanding dues in consultation with the workers.
3. The State Government paid Rs 5 lakhs as the first instalment and Rs 10 lakhs thereafter. But then it stopped paying instalments. Consequently the Official Liquidator moved the High Court for forfeiture of Rs 15 lakhs. It was only then that the advocate-on-record for the State appeared before the High Court, seeking time to pay the remaining Rs 35 lakhs.
4. The State Government took over National Tannery in November 1992.

5. In March 1994, the West Bengal Finance Minister stated in the 'Economic Review' that "National Tannery has been acquired by the State Government".
6. In response to a petition by the workers, the High Court instructed the State Government on 7 September 1994 to give 15 lakhs to the workers of NT. Since then, till date, besides the 50 lakhs it had invested initially, the State Government has paid Rs 3500 to each worker incurring another 15 lakhs only in the process.
7. The same High Court order stated that the State Government had informed that, on its own or through its representative, it was keen to reopen National Tannery as soon as possible.
8. On 10 November 1994 the Government again informed High Court that the factory would be reopened soon.
9. In response to a deputation of the workers on 18 November 1994, the Chief Minister iterated that – 'Department of Industrial Reconstruction will look into the matter and place its report within 7 days'.
10. During 1996 the State Government, calling on promoters interested to run National Tannery to respond, inserted advertisements in 'The Statesman' and 'Sanmarg'.
11. Minister-in-Charge of the Department of Industrial Reconstruction stated in his Budget Speech of 1996-97, that "...State Government has recently bought the assets of National Tannery from the Official Liquidator and steps have been taken to reopen it shortly..."
12. 10 November 1999 the State Government stated at the High Court that the workers have been paid a total of Rs 15 lakhs (Rs 3500 per head) and that National Tannery would reopen shortly.
13. The National Tannery Shramik Union submitted before the High Court on 4 July 2003 "...that the workers have now found out an entrepreneur named Basanta Saha, [owner of Amicos (India)] who is ready and willing to pay a sum of Rs 1.76 crores for the assets in addition to Rs 65 lakhs by way of total workers dues..." The State Advocate General responded saying, "...tannery unit was located in a congested area. Hence, the said tannery, despite sincere efforts of the State Government cannot be reopened at the place where it is situated..."
14. With the operation of tanneries being specifically prohibited in this area beyond February 2002, as per Supreme Court order, State Government proposed before the Hon'ble High Court that the assets of this unit be allowed to be utilized in an environmental-friendly industrial unit to be set-up by a resourceful entrepreneur / business house duly selected by State Government.
15. It is evident from the dictated High Court order of 4 July 2003 that the State Government submitted to the High Court in writing on 3 July that a Garments Park (in the Joint Sector) would be set up at the National Tannery premise and that the government was "agreeable to absorb all the workers who are fit and eligible to work in

such Joint Venture Project ... [and] also agreeable to compensate those workers who may be found not capable of being absorbed on health grounds or otherwise.”

16. In a Government document dated 15 March 2004 it was stated that “...all the movable and immovable assets at the premises of erstwhile National Tannery Co. Ltd. be transferred inter-departmentally on ‘as is where is’ basis from the Industrial Reconstruction Department to the Commerce & Industries Department for its appropriate utilization, keeping the commitments made by the Government of West Bengal to the High Court ...” on 4 July 2003 (mentioned at 15).
17. National Tannery had freehold land measuring 7 acres and leasehold lands measuring 4 acres, the current market value of which is conservatively estimated to be around Rs 50 crores.
18. On 15 December 2004 the machines, sheds and equipments of National Tannery were dismantled, carried away or broken down. One of the machines, thus taken away, was sold at over Rs 1.2 crores, according to a very reliable source. The dismantling of National Tannery started without intimation or compensation to the workers who witnessed this unprecedented scene from a distance.
19. Work on ‘Garments Park’ is in progress in the premise of National Tannery since 2005.
20. The Commerce & Industries Department, to which the entire asset of NT was transferred by Industrial Reconstruction Department in 2004, it is learnt, next sold the National Tannery land, to West Bengal Industrial Development Corporation (WBIDC) for a sum of Rs 20 crores sometime in 2005 or 2006.
21. In a 2007 booklet Minister of Industries referred to National Tannery as ‘Government of West Bengal Undertaking’.
22. Recently the Government of West Bengal has stopped paying the monthly assistance to workers of National Tannery as per FAWLOI (Financial Assistance to Workers of Locked Out Industries) Scheme though the full and final settlement of the legal dues of the workers have not yet been made.

## **SUBMISSIONS:**

### **1. An ‘Exemplary’ Initiative**

The ten months in 1990 during which the ‘workers’ of the National Tannery had run the unit as per the orders of the High Court (in the interim period before liquidation) was touted by CPI (M), CITU and the Government of West Bengal as an exemplary workers’ initiative. However under these ‘self-proclaimed’ leaders the workers suffered so much that 170 members of CITU appealed to the High Court about rampant corruption, non-payment of dues, etc. against the Management Committee. After the enquiry by a Special Officer the High Court among other things ordered that the management committee return the unaccounted money amounting to Rs 8 lakhs and distribute it among the workers as unpaid salary. So much for the ‘exemplary initiative’.

***We submit that Rs 8 lakhs is yet to be returned to the workers despite specific orders of the High Court on 12 September 1991 and that the State Government should take legal action as per law.***

## **2. Unheeded Submissions at Court**

The State Government offered Rs. 50 lakhs to take over National Tannery during the auction the High Court, on 11 March 1991. The Court declined since the price was 'exceptionally low' as compared to reserved price of Rs 1.76 crores. The State Government submitted at the High Court that it would take the responsibility of paying workers' dues (amounting to nearly Rs 3.5 crores by conservative estimates). Workers of NT who were present on the day vociferously appealed to the High Court to accept the proposal. The High Court agreed and the Government clinched the deal.

***We submit that since till date only Rs 15 lakhs have been paid to workers instead of the outstanding Rs 3.5 crores (by conservative estimates) the Government should take early steps to clear the pre-takeover dues as per its commitment to the High Court.***

## **3. Dismantling of National Tannery**

The National Tannery has been razed to the ground. Machines have been removed. As per existing law a factory cannot be dismantled unless outstanding dues of the workers are paid. The West Bengal Government has not only ignored this 54-year old Act, by not framing related Rules, it has on its own violated the letter and spirit of a law of the land at National Tannery.

***We submit that till such time that the relevant Rules of the 'West Bengal Factory Dismantling Act, 1953' is framed, the District Magistrates or Collectors should be empowered to realise all the outstanding dues of workers on their behalf, whenever and wherever a closed factory is caused to be dismantled.***

## **4. Government 'Generates' Profit from National Tannery**

It is common knowledge that mere dismantling of a factory even as junk 'generates' profits. The National Tannery had many operable machines when it was dismantled in December 2004! Several crores of Rupees must have gone into Government coffers in the process of dismantling/selling. Similarly one of the Departments of Government has sold the land of erstwhile National Tannery to another Department at Rs. 20 crores. The workers were ignored, as were their unpaid legal dues, while the Government sold the land and 'generated' profit. The WBDIC, which presently 'owns' the land will sell the land in small parcels to private entrepreneurs and 'generate' larger profits. Land grabbing and real estate business of the Government of West Bengal?

***We submit that the State Government which has gone into a profit 'generating' spree ignoring the workers dues should come clear with a detailed account of the same and should clear all the dues (including interest) of the workers whose factory land it is utilising for 'generating' profit.***

## **5. Government Announcements and Reality**

On 11 March 1991 the Government submitted that it would purchase National Tannery as 'a going concern'; in 'Economic Review' of March 1994, the Finance Minister stated

that 'National Tannery has been acquired by the State Government'; High Court order dated 7 September 1994 stated that the State Government had informed that, on its own or through its representative, it was keen to reopen National Tannery as soon as possible; 18 November 1994, the Chief Minister iterated that – 'Department of Industrial Reconstruction will look into the matter and place its report within 7 days'; Minister-in-Charge of Industrial Reconstruction stated in his Budget Speech of 1996-97, that '...State Government has recently bought the assets of National Tannery from the Official Liquidator and steps have been taken to reopen it shortly...'; in the year 1997, West Bengal Government told the Calcutta High Court, that National Tannery, which had all the potential to become viable, could not be reopened owing to the lack of a suitable entrepreneur; on 10 November 1999 the State Government stated at the High Court that '... National Tannery would reopen shortly'; on 4 July 2003 the State Advocate General stated, "...tannery unit was located in a congested area. Hence, the said tannery, despite sincere efforts of the state government cannot be reopened at the place where it is situated...";

***We submit that there were 11 long years between Government takeover and the Supreme Court Judgement prohibiting tanneries in this area. It was long enough to reopen National Tannery, which was purchased as a 'going concern' from the High Court. On many instances there were promoters/leather manufacturers of repute who responded as intended buyers. There was a ready market, highly skilled workmen, machines in working conditions and no 'proverbial' labour unrest. The Government should come out with a report on its 'sincere efforts' and giving reasons for its failure to reopen of National Tannery.***

## **6. Another Cruel Act**

Recently the Government of West Bengal has stopped paying the monthly assistance to workers of National Tannery as per FAWLOI (Financial Assistance to Workers of Locked Out Industries) Scheme. This act is synonymous to cruelty even if it is justified as mistake in the future. As per FAWLOI the workers from locked out industries who are below the age of superannuation will be financially assisted with a sum of Rs 500 (now raised to 750) per month until their legal dues are fully and finally settled or the unit reopens. The workers at National Tannery have received a total of Rs 3500 each during the last 16 years and yet suddenly they find their financial assistance being stopped. This is indeed cruelty.

***We submit that the financial assistance to workers of National Tannery should be restored immediately pending their full and final settlement of all their legal dues.***

## **7. Government 'Employees' Abandoned to Starve**

In a 2007 booklet, Minister of Industries refers to National Tannery as a 'Government of West Bengal Undertaking'. In a way it is miles from the truth but factually it was what National Tannery should have been once the Government bought this unit. It is a totally different question that it did not open for a day and 13 years later it was dismantled. However the highly skilled workers was given to understand that the unit would reopen and hung around for years together. Many died, many crossed the age of superannuation, many partially starved, many committed suicide and as yet there are hundreds who felt that their career and earning capacity has been destroyed by the whims of a declaredly pro-worker Government. It was a huge financial disaster for the

hapless workers. The Industries Minister was right in a way – National Tannery was treated as a Government Undertaking as far as its land and assets were concerned. But pathetically the Left Front Government has shunned its responsibilities towards the workers/employees of National Tannery. The West Bengal Government has appropriated the assets of the Company but is yet to show any responsibility towards employees liabilities.

***We submit that the Government must compensate for destroying employment and earning capacity of the workers at National Tannery from 1991 to 2007 during which period the State Government was certainly the ‘employer’ and thus the workers -- ‘government employees’.***

#### **8. When the Government Violates Human Rights what does the Worker do?**

It is a matter of fact that it could take nearly Rs 50 lakhs to purchase a large shop in an up-market location. Why was the Government allowed to purchase a modernised composite tannery with 11 acres of land at that cost? The deal went through since the workers and most of the other creditors including Banks and Financial Institutions were optimistic about the future. Government takeover implied job security or fair compensation for workers/employees and they entreated with Court and other sundry creditors to allow the deal to go through. It is a general feature of all liquidation process that the money collected from the auction is distributed among secured creditors. However the workers of National Tannery and some of the other creditors decided to forego their dues for the time being just in order to keep the price low enough for the Government to go ahead with its ‘takeover’ bid. At the end of the day far from being offered ‘government jobs’, they were victims of human rights abuse. Even their legal dues remained unpaid. They remained jobless and hungry. They had no one to turn to. Who would protect the victims when the Government unleashed such ruthless violation as the ‘employer’ breaking all relevant laws? Those who were supposed to protect and defend them were in this case the principal violators. Government as an employer for the last sixteen years have done what hundreds of unscrupulous private employers do – deprive the workers of sick and closed units for decades by leaving even there legal dues unpaid.

***We submit that the plight of the workers of National Tannery who have knocked on every possible doors need to be suitably addressed by you. Since in this State, of which you are Governor, the ‘lawmakers’ have indeed turned hostile ‘lawbreakers’!***

Under the above circumstances as a civil society initiative we urge upon you to kindly look into the entire matter and do the needful.

Thanking you,

Yours sincerely,

(Naba Dutta)  
General Secretary  
Nagarik Mancha

