INTRODUCTION

Retirement is common and normal phenomenon in service-life. There may be debate about the actual age of retirement, but it has generally been accepted that employees must retire from work after a certain period of employment. The idea of early retirement is, however, different in the sense that it cuts short the potential period of employment by paying certain financial benefits to the person accepting early retirement. Certainly the perspectives and conditions of forced retirement differ from normal retirement, as the former does not generally provide the beneficiary any opportunity for pre-retirement plans and post-retirement adjustment. In the present socio-economic scenario, the notion of early retirement has got mixed up with the urge for industrial restructuring. Changes in the productive processes worldwide and the ensuing culture of market competition today have added new momentum and meaning to the old concept of retirement (Braverman, 1974). In a competitive world, the need for downsizing the excess workforce so as to reduce production cost and replace them by machines or informal work processes have left little or no choice to the employees accepting early retirement. The dictates of the organization or market forces thus have reintroduced early retirement with a new look which may be defined as forced retirement.

The current LPG (liberalization, privatization and globalization) model of development has introduced several constraints and challenges for both labour and management. In a much changed situation the age-old concepts of social justice and equitable development have become almost irrelevant to the captains of modern industry (Burawoy, 1985). Market globalism necessitates the rise of a work culture that speaks only in favour of efficiency, productivity and discipline. A thin and lean work force with high moral and skill have become a need of the day. As early retirement is sudden and mostly compulsory, it induces a role-less-role for the workers who now have to fight with uncertainty, dissatisfaction, fear and loss of identity. The process of early retirement has, therefore, contributed to several social, economic, psychological and personal problems of the workers and their family members. This paper primarily focuses on the socio-economic impact of early retirement, particularly forced in nature, on the workers of Mining and Allied Machinery Corporation, a public sector enterprise in Durgapur, West Bengal.

CONCEPT OF EARLY RETIREMENT

The strategies of industrial restructuring and labour adjustment are intricately linked with the process of globalization and privatization. Labour retrenchment that was implemented under different schemes was one of the main aspects of industrial restructuring. In India the process of labour retrenchment was first introduced in the early 1980s in central public sector undertakings. Later on, the Bureau of Public Enterprises has decided to launch a early retirement scheme from 1988 and began implementing it from 1989. But this attempt has got a fresh momentum in 1991 with the economic restructuring programme adopted by the Government to cope with the economic crisis of the country. Later on, the scheme is popularized through a scheme called ‘golden-handshake’. In 1992 the National Renewal Fund (K.S Chalam, 1996) was established to cover the cost of retraining, redeployment and retrenchment compensation to adversely affected labourers by...
the restructuring of public sector industrial units. It should be noted here that several methods of labour retrenchment, particularly in the private sector did exist in the country before economic reforms. But after economic reforms, labour retrenchment in even public sector units has been formalized through Voluntary Retirement Scheme (VRS). According to the Lawyer’s collective, the strategies used to promote VRS range from outright coercion to aggressive marketing.

Early retirement in post-reform India is legalized by different schemes namely VRS, Voluntary Separation Scheme (VSS), or Compulsory Retirement Scheme (CRS). Although these terms are often used interchangeably, there are sharp differences among them. Another scheme of early retirement of employees, namely Voluntary Separation Scheme (VSS) was developed by the Department of Heavy Industry, Government of India, in late 1990s. This scheme, basically meant for sick and unviable industries. However, employees would have to opt for VSS within three months from the date of offer failing which they would be eligible only for retrenchment compensation. In Mining and Allied Machinery Corporation (MAMC) workers were forced to take VSS as the unit was declared sick by Board for Industrial and Financial Reconstruction (BIFR).

EARLY RETIREMENT SCHEME IN MINING AND ALLIED MACHINERY CORPORATION

Mining and Allied Machinery Corporation, one of the premier public sector units in the country was established on 16th November 1963 during the prime ministership of Jawaharlal Nehru. From the very inception the industry could not reach the target due to various reasons and could utilize only 15 per cent of its total capacity. One of the important reasons for such under-production was the lack of adequate order of those costly instruments from the private coal- mine owners. Additionally, the industry had to fulfil the governmental commitment of employment generation including other social liabilities. Hence, ‘earning profit’ was a distant dream for MAMC management.

After the introduction of New Economic Policy, MAMC also required modernization of its total plant in order to survive in a competitive environment. But the Government was totally silent on this and rather favoured downsizing the work-force through VSS. The Government, however, did not show any interest in its revival and remained silent over a long period. By the end of 1998, the Government ultimately decided to close down the unit through forceful retirement of all its employees. But due to various legal problems the unit was finally closed down on 2002.

Like other Public Sector Units of the country, MAMC also suffered from the problem of overmanning. In the early 1990s it was operated with 7500 employees of which 35 per cent were executives. As a consequence, MAMC had failed to maintain profit due to huge wage bill. From 1990 the management was cautious about the problem and tried to overcome this through downsizing the workforce. In MAMC, early retirement scheme was first implemented in 1991 after the introduction of new economic policy. Initially some officers and physically incapable workers came forward to accept the scheme and such endeavour continued till the mid of 1998. During this period only a small number of workers had retired from MAMC, as the scheme was totally voluntary. The senior executives showed their interest much towards the scheme as they enough scope for further employment. But the situation had changed rapidly in the late 1998 when the Government decided to close down the unit. In December 1998 the management introduced a separate early-retirement scheme, called Voluntary Separation Scheme (VSS), which was designed for sick and unviable units. Under this scheme an employee was entitled to an ex gratia payment equivalent to 45 days emoluments (Basic + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal date of retirement, whichever is less.

OBJECTIVES OF THE STUDY

The present paper primarily aims at examining the impact of early retirement on workers themselves and their familial life. The major objectives of my research are as follows:

1. To understand the nature of early retirement scheme utilization of retirement compensation.
2. To trace out the impact of early retirement scheme on individual worker, particularly on his/her social, economic and psychological life.
3. To find out the impact of early retirement scheme on familial relations between husband-wife, parent-child and other close relatives.
4. To find out the impact of early retirement scheme on neighbourhood and society at large.

RESEARCH METHODOLOGY

The nature of the objectives has decided my strategy of study. To trace out the overall impact of early retirement on workers and their family members, an exploratory research strategy is required. Since my interest lay in examining the socio-economic impact of early retirement scheme, I have decided to focus on those institutions and processes that have shaped the social life of early retirement taker. In other words, I have adopted the strategy of intensively studying micro-phenomena with a macro perspective.

The primary data for this study have been drawn from observations and interviews in the year 2005. I conducted several informal discussions and unstructured interviews with the workers both individually and on a group basis and later systematically interviewed 200 early retirement takers on the basis of purposive sampling technique. In the unstructured interviews I collected biographies of several workers. I also interviewed the employers, the family members of early retirement takers, trade union leaders, politicians and managers. Besides, relevant data regarding the history and performance of the industry were collected. My unstructured interviews and observations allowed me to trace the emergence and development of this scheme, and helped me to appreciate the peculiar problems faced by the workers accepting forced early retirement and their family members.

SOCIO-ECONOMIC PROBLEMS OF EARLY RETIREMENT IN MAMC

Retirement is common and inevitable part of our life. Though every retirement has certain costs, early retirement is entirely different. Because such retirement introduces a disjunction between pre-retirement plans and post-retirement adjustment and the concerned employees often fail to adjust with the exigencies. As a result most of the early-retired employees have become victims of personal, familial or other problems which have developed due to their pre-mature and
unplanned retirement. The problem is acute for those who have been forced to accept early retirement at an early age either directly or indirectly (Srinivasan, 1999). In MAMC, for instance, employees were forced to accept Voluntary Separation Scheme, as the Government had decided to close down the industry. Thus, the scheme jeopardized the normal service life of workers. Sudden loss of work and decline of life-style made them puzzled and helpless that intensified their day-to-day problems.

**PROBLEM OF UTILIZING EARLY RETIREMENT COMPENSATION**

Early-retirement provides a lump sum amount of money to the workers as retirement benefit. In case of MAMC this amount was comparatively less than those of other public sector units in India as there was no pay revision in the company for the last 15 years. The amount of compensation, however, increased significantly in 2001 when the Government declared 100 per cent additional ex gratia for all the remaining workers. As a result nearly 1500 workers were benefited from such step. Therefore, there is wide variation in the amount of compensation paid to different categories of MAMC workers. In this situation, proper utilization of the compensation becomes important to the workers. My study shows that most of them have failed to utilize their money properly. Interestingly, table-1 reveals that only one of my MAMC respondents has invested the money solely for productive purpose. This is mainly due to the fact that it was not possible to invest the small amount of money in such areas which bear the risk of investment. It is evident in most cases that after fulfilling various family commitments a meager amount of money has been left in their hand for gainful utilization.

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Category of Workers</th>
<th>Mode of Early Retirement Compensation By MAMC Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Productive Investment (risk)</td>
<td>Executive 0, Skilled 02, Unskilled 02</td>
</tr>
<tr>
<td>02</td>
<td>Investment in Interest-earning (Non-risk) Schemes</td>
<td>Executive 14, Skilled 10, Unskilled 06, Total 30</td>
</tr>
<tr>
<td>03</td>
<td>Housing Including Land Purchase</td>
<td>Executive 04, Skilled 04, Unskilled 02, Total 10</td>
</tr>
<tr>
<td>04</td>
<td>Marriage of Daughter</td>
<td>Executive 00, Skilled 04, Unskilled 06, Total 10</td>
</tr>
<tr>
<td>05</td>
<td>Education of Son/Daughter</td>
<td>Executive 04, Skilled 02, Unskilled 02, Total 08</td>
</tr>
<tr>
<td>06</td>
<td>Medical Treatment</td>
<td>Executive 00, Skilled 02, Unskilled 02, Total 04</td>
</tr>
<tr>
<td>07</td>
<td>Any Other</td>
<td>Executive 00, Skilled 02, Unskilled 00, Total 02</td>
</tr>
<tr>
<td>08</td>
<td>Combination (between 2 and 7)</td>
<td>Executive 38, Skilled 34, Unskilled 54, Total 126</td>
</tr>
<tr>
<td>09</td>
<td>Combination (1 and any one between 2 and 7)</td>
<td>Executive 04, Skilled 02, Unskilled 02, Total 08</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>Executive 64, Skilled 62, Unskilled 74, Total 200</td>
</tr>
</tbody>
</table>

**ECONOMIC HARDSHIP AFTER EARLY RETIREMENT**

Improper use of early retirement compensation has created such a situation where a sizeable section of early-retired workers are forced to search for further employment in order to maintain their family need. In MAMC the need for further employment is acute as a large number of young and middle-aged workers were forced to take early-retirement. The reality, however, did not favour such a desire as the post-liberalized Indian economy saw the rise of either job- lost or jobless growth. Regarding the scope and nature of reemployment it is evident that only 42 out of 124 workers who have applied for further employment are successful. Furthermore, the jobs available at post-retirement period are mostly casual, temporary or contractual in nature.

Thus, inappropriate use of VR fund, failure to manage further employment and various family commitments and burden are responsible for the development of economic hardship among my MAMC respondents. After meeting the immediate family commitments they do not have enough fund to start an enterprise for self-employment. The present economic scenario and limited resources of VR takers also do not bear any promise to invest their money in risky ventures. Majority of my respondents have utilized their money in different fixed interest earning schemes instead of their lesser yield. But these ‘investments’ were not enough to meet the family needs of many of my respondents. Table 2 shows that 46 per cent of my total respondents in MAMC have suffered from the problem of economic hardship. In my survey, 54 per cent of the MAMC respondents hailing basically from executive and skilled category have been able to overcome economic hardship and related problems to a major extent.

**Table-2 Economic Hardship of VR Takers among MAMC Respondents**

<table>
<thead>
<tr>
<th>Nature of Response</th>
<th>Category of Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe Hardship</td>
<td>Executive 06, Skilled 08, Unskilled 22</td>
<td>36</td>
</tr>
<tr>
<td>Mild Hardship</td>
<td>Executive 14, Skilled 14, Unskilled 24</td>
<td>52</td>
</tr>
<tr>
<td>No Hardship</td>
<td>Executive 44, Skilled 40, Unskilled 28</td>
<td>112</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>64 28 74 200</td>
</tr>
</tbody>
</table>

Among those facing economic hardship in MAMC, 18 per cent are the victims of ‘severe’ economic hardship, where the VR takers have failed to maintain their family even after huge curtailing of family budget. These people in many cases were earlier forced to spend a major portion of their money to fulfill family commitments and subsequently they have failed to manage further employment. On the other hand, 26 per cent have reported the incidence of ‘mild’ economic hardship where the respondents could manage their family somehow by restricting the family budget to immediate and essential expenditures. Although they have mostly failed to manage reemployment, lesser family liability and greater share of fixed

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investment have helped them to adjust somehow. It is important to note here that more than half of the total VR takers facing economic hardship are unskilled workers.

**Impact on Family**

Post-retired family life normally gives rise to certain changes in life cycle and related complications. But when retirement impinges pecuniary constraint on a family, it augurs a deteriorating marital and family relation. Economic hardship initially leaves its imprint on the squeezed family budget. My study shows that regarding the changing trend of family expenditure, 47 per cent of the total respondents are forced to cut and delimit the family expenditure. Nearly half of them belong to unskilled category, as they have mostly failed to utilize their money for gainful purposes. Additionally meager amount of VR compensation and lack of further employment opportunities have also contributed to their misery.

The impact of economic hardship on family relationship particularly among the closest family members also bears some interesting consequences. As post-retirement life of majority of my MAMC respondents is full of tension and tremendous pressure, they face some problems in maintaining normal familial relations in a systematic way. The complex calculations at post-retirement period and the failure to fulfill immediate or essential family needs ultimately led to familial disharmony and resultant conflict within the family circle. Thus, the tension and mental anxiety of VR takers and their family members developing after retirement put certain stresses in the quality of relationship. In MAMC only 10 per cent of the total respondents have reported their ability to maintain pre-retirement standard of living or even better than that of the earlier life- style. Table 3 provides a brief outline about the impact of economic hardship on closest members of the family. 48.84 per cent of the total spouses have noticed various changes in family relationship after the acceptance of forced retirement. For instance, among the spouses noticing changes, 10.47 per cent have developed ‘distance’ in relationship, 24.42 per cent and 8.14 per cent have started occasional and daily quarrelling respectively, and 5.81 per cent have experienced a certain kind of ‘breakdown of intimate relations’. All these expressions, though qualitative, reiterate the fact that even within the so-called normative pattern of Indian families, strains do develop out of financial crunch. It is important to note here that along with economic factors, non-economic factors like psychological depression, management of extra leisure time etc. have also played a significant role in deciding the quality of relationship.

<table>
<thead>
<tr>
<th>Family Members</th>
<th>Changes in family relationship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Impact</td>
<td>Distance in Relationship</td>
</tr>
<tr>
<td>Spouse</td>
<td>88 (51.16)</td>
<td>18 (10.47)</td>
</tr>
<tr>
<td>Son</td>
<td>48 (40.00)</td>
<td>24 (20.00)</td>
</tr>
<tr>
<td>Daughter</td>
<td>48 (44.44)</td>
<td>16 (14.82)</td>
</tr>
</tbody>
</table>

Source: *Field Study in the year 2011

* Families having single partner (Husband and Wife) are excluded from the figure.

** The figures include only those families having both Son and Daughter or any one of them.

The situation is, however, different in case of sons and daughters. Their responses are more aggressive than the spouses. 60 per cent of the sons and 55.56 per cent of the daughters have reported changes in relationship with their parents or other family members. Table 4 shows that 25 per cent and 33.33 of the sons and daughters respectively have started quarrelling daily or occasionally. What is more important to note here that 15 per cent and 7.41 per cent of the sons and daughters respectively have argued that their close or intimate relationship particularly with the parents have broken down over the last few years. All these may initiate chaos and disharmony within the family circle. Non-fulfillment of immediate needs and declining standard of living are the important factors behind it.

The problems emerging within the family circle have influenced the personal and social life of early-retired persons gradually. It has also contributed to the growth of severe tensions and strains among a large chunk of workers due to a combination of factors related to inadequate income-generation and rising expenditure. Their daily life has got fused with quarrel over petty issues leading to mistrust, uncertainty and intolerance even in close social circle. Various other personal and social problems like problem of managing extra leisure time, problem of adjustment, psychological depression, insecurity and consequent health problem have arisen as a consequence of early retirement. Many of my respondents there was no answer to the problems faced after retirement. Hence, unlike the similar other PSU workers, the MAMC workers are gradually drawn into a grim reality which is beyond anybody’s expectation.

**Conclusion**

Early retirement schemes have emerged as easiest and important weapons of the management to downsize the surplus workforce or to close down non-viable and sick units. It is responsible for bringing about various changes in the society and such changes have widespread impact on the workers, their family members, the work organization and the society as a whole. It appears that the problem of risk and social security attached to forceful retirement of industrial workers has much wider impact than one would have thought it to be. It may fairly be argued that in the present day ‘risk-society’ forced early retirement is necessarily linked up with economic, social and psychological stresses of the retired persons and their family members. It is evident that forced early retirement has been directly responsible for lowering the standard of living for a certain section of workers. The impact of changing nature of family expenditure on family relationship particularly among
the closest family members also bears some interesting consequences. Post-retirement life for many of the workers is full of tension and strains that deeply influence the quality of relationship among family members leading to marital disharmony and intergenerational conflict. The problems emerging within the family circle have got reflected in the personal and social life of workers.

REFERENCES


