

Can Modi govt ask companies not to sack workers due to Covid crisis or should firms decide?

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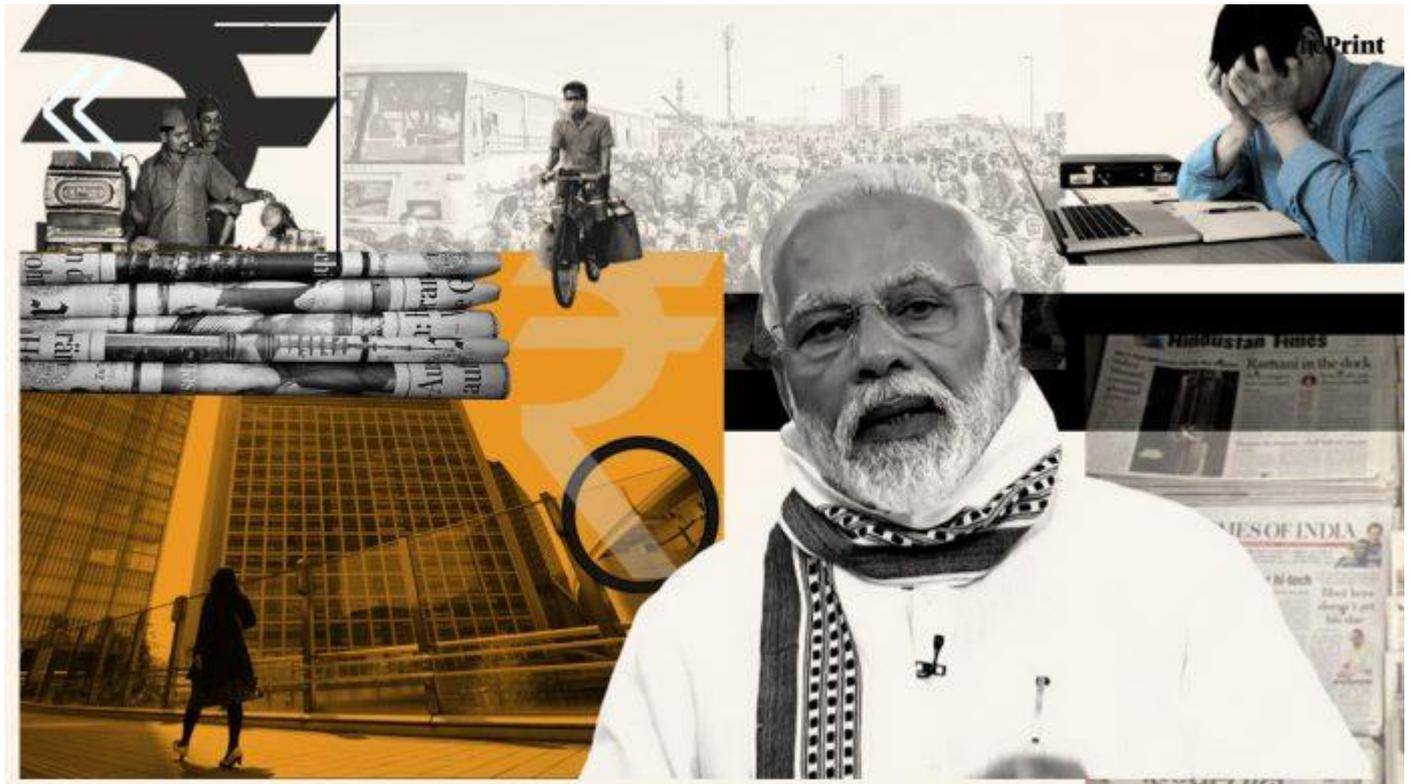


Illustration by Soham Sen | ThePrint

PM Narendra Modi has appealed to the industry leaders to be compassionate and not sack employees as he extended the nationwide lockdown until 3 May. Migrants gathered at Bandra station, Mumbai, demanding transport arrangement to go home. Several firms have fired employees amid growing concern over demand stagnation. India Inc has been waiting for a stimulus package and industry-specific support from the government.

ThePrint asks: Can Modi govt ask companies not to sack workers due to Covid crisis or should firms decide?

Workers have generated surplus value for companies all these years; it's now firms' duty to pay back from their profits



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The Indian economy has been put into deep recession due to the Covid-19 crisis. The IMF's projected growth rate for India in 2020 is [1.9 per cent](#) and there are real fears that the economy may slide to negative growth as well. The lives of migrant workers have already been hit hard during the 21-day lockdown.

It is important that the Narendra Modi government asks companies not to sack workers. It seems for the firms to downsize if they are not earning profits. However, what goes unnoticed is that over the years, it is these workers who have generated surplus value for the companies. During an unusual crisis, it is the duty of these companies to pay back to the workers from the profits they have made in all these years.

Moreover, if workers won't have jobs and don't get paid, we will be facing a downward spiral of aggregate demand in an economy that is already suffering from depressed demand and underproduction.

We may also be looking at a country with food riots, chaos, social unrest, mass scale frustration with further negative impact on their productivity. If the demand can be placed back on track along with steady supply, the economy's growth may still maintain a decent rate.