

Volume 1, Number 3, July 2009

ISSN 0975-2889

ATLMRI INDIA LABOUR MARKET MONTHLY REVIEW

A Monthly Journal of
Adecco-TISS Labour Market Research Initiative

Bino Paul G D
Piu Mukherjee
Julie George
Venkatesh Murthy
K. Puranderan
Divya David



Adecco Institute
33 Regent Street, London, SW1Y4NB



Tata Institute of Social Sciences
Deonar, Mumbai 400088

Introduction

This paper has made an attempt to understand the labour market situation and the various issues related to Indian labour market. The review throws light on the budget 2009-10 which proposes many new initiatives targeting the labour market.

The National Rural Employment Guarantee Act (NREGA), with its transformative role in rural India as expected by policy circles, has daunting challenges to overcome, conveyed by instances captured from the media. One of the major concerns in the job market has been the economic slow down and job losses. This review throws light on down swing and illustrates how companies are coping with the economic crisis. Employers have strategically used cost cutting methods to retain desirable level of performance. Interestingly, there were instances of industrial relation environment getting tense, manifest in strikes.

1. Labour Market Issues in the current period

India, with its abundant labour force, has to resolve labour market and employment issues in order to convert the idea of demographic dividend into a reality. Labour researchers very often suggest reforms in employment, skill development and education to improve the labour market and labour environment situation. Labour environment, here, refers to the crucial factors which affect labour such as education, skill, vocational training, poverty, availability of food, shelter and labour law. The importance of reforms is a questionable. In order

to address this debate, it is important to begin with the knowledge that India as a country has two main segments of labour which are the organized and the unorganized sector. These two sectors are starkly different from one other in terms of their functioning and working conditions of the labourers. The most important factor which gives the organized sector an advantage over the unorganized sector is the level of skill development. Nevertheless, getting back to the first point, it is important that India has reforms in the areas of employment, education and skill development. These are important for India because major part of the population is in the working age group of 15 to 59 years. Thus, the demographic dividend of the country can remain a mirage if proper reforms are not implemented and people in these regions are not empowered with stable employment (Kale, July 6, 2009). Some attempt in this direction is seen in the recent budget and the Indian economic survey 2008-09. This month's review will try to understand the impact of the programmes of National Rural Employment Guarantee Act (NREGA), Budget and economic recession on the laborers of India.

Before reviewing the impact of budget and economic recession on labour market in India, a brief understanding of the nature of reforms India has to go for to resolve labour issues is of utmost importance. To begin with, education reform has to focus on the quality of education, in particular introduction of quality

vocational courses. The crucial aspect of vocational courses is that it develops a skill set and gives knowledge about that particular skill to the labour force, which increases their employability. Interestingly, it is reported that programmes like Sarva Shiksha Abhiyan and mid-day meal scheme have been successful in bringing young population of the country to school. However, the challenge ahead is to see that their education does not stop midway and the drop out rates from schools remains low. The idea of quality education does not serve its purpose if, people move out of schools without completing their education. For employment reforms, programmes like NREGA have been successful to some extent in giving people their right to work. From the long term perspective, labour commentators see that it is important to match labour supply with the demand for labour by making labour laws flexible so that it does not stop the expansion of organized sector employment. For example, the Labour Law Practitioners Association (LLPA) of the Madras High Court expressed that the Government should introduce amendments to Labour Laws to protect the rights of workers which would also contribute to expansion of the organized sector (The Hindu, July 23, 2009).

Further, ideas that have been put forward for employment reforms include strategies such as modernizing of employment exchanges which act as career centers providing apprenticeships, jobs and certifications. It is important to note that skill

development reform which has begun with the National Skill Development policy 2008 is of greater importance. The Government's emphasis on skill development as a strategy to combat unemployment and underemployment is crucial to take Indian Labour Market to a different platform. To operationalize the National Mission for Skill Development, announced in February, 2009 the government intends to set up 1,500 Industrial Training Institutes (ITIs) and 5,000 skill development centres in the next eight months. It is likely to be built on private-public partnership model (The Hindu, July 23, 2009).

2. Implications of the new budget for the labour market:

The Budget 2009-10 has significant implications for the labour market. Overall, it has enhanced allocation for both employment and education in line with the government's focus on a more inclusive growth. More importantly, there has been an increase of 144 percent over the previous year's budget for the NREGA. There has also been increase in the outlays for Rural Infrastructure Programme under Bharat Nirman, the Pradhan Mantri Gram Sadak Yojana and the Rajiv Gandhi Grameen Vidyutikaran Yojana. The Finance Minister has also proposed social security schemes for occupations like weavers, fishermen, toddy tappers, leather and handicraft workers, plantation labourers, construction labourers, mine workers, bidi workers and rickshaw pullers. Moreover, proposals have been made for

modernization of the Employment exchanges on a public-private partnership basis. Under the proposed project, a national web portal with common software will be developed which will contain all the data regarding the supply and demand of available jobs in the market (The Economic Times Supplement, July 7, 2009). According to Pranab Mukherjee, the finance minister, this would enable a job seeker to register online from anywhere and approach any employment exchange. This will help the youth to get placed and enable industry to procure required skills on real time basis (Assignments abroad, July 8, 2009). Interestingly, the present Government has been showing keen interest in modernizing the employment exchanges in the country. Harish Rawat, the Minister of Labour and Employment for the state, pointed out that “the various exchange centers will be focusing more on counseling of the job-seekers”. The main aim of these counseling centers will be to help out and assist the students about the various job avenues that are available in different sectors (Press Trust of India, July 20, 2009). Currently in India, there are around 965 employment exchanges. The objective of the employment exchanges was to facilitate more job opportunities to the labour force. A study conducted by the Associated Chambers of Commerce and Industry of India, in Uttar Pradesh, it was 37 placements from 90 exchanges. In Andhra Pradesh, it was 42 placements from 31 exchanges. In Karnataka, it was 45

placements from 37 exchanges annually.

In the education sector, the new Budget has proposed a full interest subsidy scheme for poor students (having family income of less than 4.5 lakh per annum) pursuing technical and professional courses in approved institutes. It has also allocated a higher outlay for IITs and NITs, being quality educational institutions. There has been increase in the provisions for schemes like ‘Mission in Education through ICT’ and setting up and upgrading of Polytechnics under Skill Development Mission. Moreover, the proposal for establishment of one Central University for each uncovered state has been given importance. There has also been a proposal for launching a National Mission for Female Literacy with a focus on minorities, SC and ST and other marginalized groups. The aim is to reduce by half the current level of female illiteracy in 3 years (The Economic Times Supplement, July 7, 2009). Skill development is gaining more and more importance in India. There are various skill development bodies in India such as the ‘Prime Ministers National Council on Skill Development’ which is working towards creating 500 million skilled workers by 2022. Interestingly, ‘National Skill Development Cooperation’ (NSDC) established under the Ministry of Finance is a non profit organization. It consists of several sub-committees and also plans to create State level structures and the ‘National Council for Vocational Training’. In spite of these initiatives, the skill development in India remains quite

inadequate (Sharma, July 17 2009).

Another important development is that the parliament has approved the Unorganized Workers Social Security Bill, 2007. The Government is working towards the implementation of the social security plans and providing financial assistance for various occupations. The Budget 2009-10 has shown a remarkable raise in the amount of funds allocated for various schemes. Quite evidently, allocation for the Agriculture Budget registered quite a significant increase. Further, the Rashtriya Krishi Vikas Yojana aims to increase the growth rate of the agriculture sector by 4% per annum. The credit facility provided by the government to the farmers has increased from Rs 87 thousand crore to Rs 2.5 lakh crore. The government has proposed to allot Rs 13,500 crore for the development of 25 states in India; farmers will be entitled for loans up to Rs. 3 lakh at 7 percent interest per annum.

Further, the current budget provides relief to salaried taxpayers through change in income slabs. The basic exemption limit for all individual taxpayers has been increased by 10,000 and for senior citizen by 15,000. (Baweja and Bajjal, July 13 2009).

3. NREGA

NREGA is visualized by many as an example of legislation which had the power of transforming the situation of rural poverty in India. The Act assures at least 100 days of work to an adult member of the

rural household of the country that registers for employment under the act. The real wage as assured by the Finance Minister was rupees 100 per day. Interestingly, if the above entitlements are enacted, any rural household in the country can earn around 10,000 rupees a year. Further, for India, the rural poverty line is rupees 400 per capita per day. According to the rural poverty line, a five member Below Poverty Line (BPL) family earn an income of rupees 24,000 per annum or less. Hence, if a BPL family gets the full promised benefit of NREGA, they could earn 40 percent or more than that from this one scheme alone. The above facts reveal the significance of a programme like NREGA. However, the data of three years during which NREGA has been operational (2006-07, 2007-08, 2008-09) show that on an average only 50 percent of the families that registered for employment under this scheme actually got employment. Further, the average number of days the rural people got employment was 45 days instead of 100 days. There is also a wide variation of performance across states. For example, in terms of percentage of registered households who were provided work, the Maharashtra state has a low average of 13 percent over the last three years while Rajasthan has an average of 73 percent. This variation can also be seen in the number of person days of work provided under the scheme. In West Bengal it was 22 days while in Rajasthan it was 79 days. Taking the indicators of employment -number of days of work provided and number of

registered people- shows that states that are above the national average are Rajasthan, Chhattisgarh and Assam, while states that are below the average include Gujarat, West Bengal, Bihar, Karnataka and Kerala. Further, although the national average wage rate is rupees 85, it varies from rupees 70 per person per in states like Gujarat, Meghalaya to double that amount in Haryana. A study shows that the demand for work is the maximum in the month of May-June and it is the least in the month of July-October. The main reason given for this is the monsoon and the kharif crop which provides farm employment opportunities to the rural people during the month of July- October. During this period the demand for employment under NREGA reduces.

In some states NREGA did not perform satisfactorily. The Block Development Officer of a village in West Bengal reports that there is lack of planning at the Panchayat level. The BDO mentions that the Panchayat Pradhans do not have the expertise to identify works, prioritize them and deliver the target set. Lack of appropriate skills is a problem in the implementation of NREGA. They do not have the logistic support and guidance that is required from the administration. Thus, the idea of decentralization for planning and for swift implementation of any government programme fails if the associated logistics is not sufficient.

Another instance of faulty implementation of NREGA is

reported from Lucknow district of Uttar Pradesh. The people of the region who have worked under the NREGA complain about payment delays. They also complain about caste and communal bias in enrolment for work.

For the district of Yavatmal, which is part of the most industrialized state of India, Maharashtra the situation is worse. It is reported that of the 20 crore cumulative grant for the scheme only rupees 8 crore has been utilized so far. The rest of the money has been diverted to other projects in the district. Villagers protest that they did not get any work and the Panchayat and the administration keep blaming each other for the failure of the project.

On the other hand, in Salem district of Tamil Nadu, NREGA has rejuvenated employment base, adding many facets to peoples' lives in terms of earning opportunities, road connectivity and so on. This has not just brought alternative avenues of employment but also all weather roads to remote villages (Raghuraman, July 12 2009).

Presumably, NREGA infused more demand for the labour, causing a shortage of casual laborers in the farm sector as laborers preferred working under NREGA. More succinctly, a significant increase in wages, due to the provisioning of entitlements under NREGA, attracted more labour force from farm sector where wage is abysmally low. Interestingly, farming interest groups have suggested that the Finance Minister along with increasing the

wages under NREGA, should ask the Commission for Agriculture Costs and Prices under the Agriculture Ministry to raise the minimum support price (MSP) for all agriculture produce to offset the loss farmers would incur on account of increased wages for farm labour (Ghadyalpatil, July 14 2009). The Business Standard Survey of NREGA sites in five states-Gujarat, Orissa, Madhya Pradesh, West Bengal, and Chhattisgarh found that the way agricultural wages have gone up since 2005-06 in some of the States makes it clear that NREGA has made agriculture more expensive for farmers and more paying for workers. On the other hand, NREGA has financially helped the people at Ranjandgoan district in Chattisgarh to build check dams and ponds for improving underground water level which would increase the agriculture production. Thus when NREGA has made agriculture costly, it has on the other hand created assets which has facilitated agricultural activity in the rural areas.

A programme like NREGA has been introduced in India with objectives of providing employment to people as well as to keep a check on migration of people. It is known that rural people who migrate to the urban areas for work are exploited by contractors that lead to miserable working conditions of the rural masses. People were given their right to work in the villages itself so that people do not migrate to the urban areas. Further, the future target of NREGA would be to help the rural individuals in creating assets and

convert the wage employment programme into a self-employment programme. However, with only 50 percent of the registered people under NREGA getting work the purpose of NREGA has been not completely fulfilled.

It is important to note that distinguished scholars like Meghnad Desai is skeptical of NREGA's efficacy as a sustainable solution to rural unemployment. According to him, it is a populist strategy to gain electoral votes. He suggests that India should look for long term solutions for such problems. Further, he views that India should reform labour law, inducing large manufacturing units to employ hundreds of workers by choosing labour intensive technologies (Financial express July 13, 2009). Interestingly, Yashpal committee report suggests it is important to link NREGA with skill formation, with a focus on vocational training. In fact, rural India is abound with local knowledge and skills that can be shared, sharpened and thereby makes them more employable. Further, The National Commission for Protection of Child Rights (NCPCR) discovered during their visit to some districts in Rajasthan that the tribal children are working under NREGA. Most of them, falling within the age group of 9 to 17 years, are school dropouts. Earlier, year after year children in the tribal dominated districts of Rajasthan migrated to Gujarat to seek work in cotton fields. This year, these children stayed back and preferred to work under NREGA. Perhaps, what motivated them to stay back is they get Rs 100 per day for NREGA work, which is significantly higher than

wages, varying from Rs 40 to 60, in Gujarat cotton fields for working long hours (Thacker, July 27, 2009).

4. Economic slowdown and Job losses

After the economic slowdown in the country, assessing the recovery of the economy is indispensable. An important question arises is if the recovery brings more jobs as the size of skilled labour force is huge in India. Perhaps, the excess supply of skilled labour force is due to recent spurt in job oriented education. To understand the job recovery situation it is important to focus on two questions. Firstly, whether there is a stop in job reduction. Secondly, are jobs being created? There are reports confirming that job reduction has not come to a standstill as yet. Job reduction is still on because of the methods used by the organizations in restructuring and redesigning of jobs to recover from the economic loss. Thus, the methods of recovery like combining jobs and merging lead to reducing employee cost and job loss. To recover from the economic slowdown, reducing employee cost will be a strategy in use by the organizations for the ongoing phase of economic recovery. Thus the employment process in the current phase will entail close examination of the employment requests, a control on the intake of people in the organization and overall restraint on employee headcount. Seemingly, these factors may cause slow recovery of jobs. Hopefully, as it occurred in the history, an economic crisis would have its end, followed by a slow,

then, a spontaneous recovery of both business and jobs (Chella, July 13 2009).

It is quite likely organizations use economic downturns as an opportunity to reduce their workforce. This strategy may persist even though signs of recovery are present in the business environment. It seems that this strategy enjoys some support in Indian industry too. It is important to observe that jobless growth is the hall mark of organized manufacturing in India. Even if the economy recovers in 2010 hiring may not be at the rate at which it happened in 2007. Another phenomenon that might delay the recovery of Indian job market is the aspect of "over employment" that happened in the 2006-07 business cycle. More employees were hired for a particular function, which exceeded desirable level of staffing, resulting in excess hiring (Barua, July 14 2009).

The Economic Survey 2008-09 indicates that due to the current financial crisis and economic slow down there is an increase in employment loss. A sample survey of 2,581 units conducted by the Labour Bureau under the Ministry of Labour and Employment indicated that during October-December employment has reduced by about half a million and the survey conducted in January 2009 indicates around 100,000 job losses. The sample survey conducted by Department of Commerce for 402 exporting units indicated a job loss of 109,513 employees from August 2008 to mid-January 2009. The

sample survey of 3,192 units conducted by the Labour Bureau for the period of January to March 2009 indicated that there has been an improvement in employment situation with an increase of about quarter million jobs. But in certain sectors such as leather, metal and transport, there is still a decline in employment level and the most affected are the contract laborers.

Industries such as gems and jewellery were the most affected sector with fall in employment by 8.5 percent. This was followed by transport sector (4.03%), automobiles (2.42 %) and textile (0.91%). According to the economic survey, steps need to be taken by the government to revive the labour intensive export sector. It emphasized on programmes to boost pro-poor public investment in physical and social infrastructure, programmes and schemes that protect and promote incomes of the poor and expansion in scope and coverage of social security schemes for the unorganized workers so that they are assured of minimum level of social protection. Research also says that information technology is no more the leading industry in the period of recession. It has been replaced by communication, energy, health care and pharma sector. Interestingly the health care, pharma and energy sector have hired 21 percent more temporary staff than last year.

We present select cases of how the different organizations have been responding to the economic slowdown in a number of ways.

A large scale reorganization of Air India staff will reduce the airlines staff by 50 percent. It has been reported that this strategy will bring down AI's employees per aircraft ratio from 230:1 to 100-150:1. This decision has its links with losses incurred by Air India in the previous years. Once the strategy gets executed, employees will join strategic business units (SBU), which act as independent profit units (Aggarwal, July 8 2009). Thus Air India has taken its steps to cope up with the recession.

Another interesting case is the Tata Consultancy Services (TCS), which called back its 1,200 employees from US who were working on-shore there. Perhaps, aim of this strategy is to reduce cost, and, also, increase work on offshore. Further, this year TCS is refraining from giving its employee increment in salary. However, last year the company reports an increment of 10 percent in the salaries of the employees. Further, the company plans to promote 9,000 of its employees whose promotion were held due to the cost cutting policy of the company. TCS intends to move work offshore as it helps reduce client and employee cost (Financial express, July 21 2009). Moreover, this quarter, 5,000 staff quit TCS on account of the financial crisis. The annual attrition rate, according to the company, is 11.5 percent which is similar to the industry average (The Indian Express, July 21 2009).

NACIL (National Aviation Company of India limited) which owns Air India has projected a loss of over

rupees 4000 crore for financial year 2008-09. Air India recently was not able to pay its staff the salaries of June. It requested its officials to voluntarily skip their salaries due to the liquidity crunch the company was facing. The awkward financial condition of the company was a result of the increased borrowing of the organization. The borrowings of Air India rose significantly from November 2007 to June 2009. These borrowings have gone up for several reasons. It has been reported that the operating losses of the company have gone up due to the present economic recession and the high oil prices last year. However, the airline along with the airlines unions has drawn up a comprehensive short, medium and long term strategy to get back to its lost glory. A turnaround committee has also been set up comprising key union's members and the management. The idea is that the committee will come up with initiatives that would enable the airlines to overcome its financial problem. Further, NAIL has also requested a 4,000 crore financial rescue package from the government and a soft loan of 1,000 crore.

The recession hardly impacted organizations like The Institute of Banking Personnel Selection (IBPS). IBPS is the premier institution promoted by public sector banks and Reserve Bank of India to manage recruitment of public sector banks of India. Interestingly, the institute has been supervising recruitment of nearly 100 public sector bank employees in the month of July. At a time when major Indian

companies are going slow in recruitment, the situation is different for IBPS. The estimated number of vacancies is 34,000, which is likely to go up. For the banks there is no contraction in hiring. In contrast to job losses in other sectors, there is tremendous job creation in the banking sector. There are reasons for this:

- 20 percent of the country's 750,000 PSU bank employees are expected to retire in two years.
- The policy of financial inclusion which means opening new branches across the country, implying the need for more staff to execute the idea.
- Most public sector banks have branched into specialized services and will definitely need skilled people (Lele, July 15 2009).

An ILO study, based on face-to-face interviews with a cross section of micro, small and medium enterprises, employer networks and associations, worker groups, banks, financial institutions and government agencies and support service providers such as transporters, reports the impact of recession on Ludhiana textile cluster, highlighting the strategies they are using to cope up with the recession. Interestingly, the smaller units are applying strategic shifts to fight the slowdown. The Micro, Small and Medium Enterprise (MSME) textile cluster in Ludhiana, Punjab has changed some of its practices to adjust to the global recession.

The changes in practices in the Ludhiana cluster are as follows

- More focus on the domestic market.
- Those with diversified businesses began investing more resources in other ventures and reducing their focus on textiles.
- Effort to train unskilled workers
- Larger units in search of higher margins attempt to build their own brands in the domestic market.
- SMEs have countered the pressure of delayed payments from their customers by delaying their own payments to their suppliers.
- They have shown a willingness to renegotiate contracts and also trading in profitable contracts from assured orders.
- Textile units have changed the formula for bonus payments from a fixed basis to a per-piece, productivity linked basis (Sindhu, July 14, 2009).

However, the impact of recession on cluster is limited since overall dependence on exports is moderate.

It is important to note that, keeping up its buoyancy about employment, the Khadi sector has generated 50,000 jobs. In the present fiscal year, cumulative number of jobs in Khadi and village industries has increased to 1.02 crore as against to 99.21 lakh in March 2008. The MSME is expected to employ 42 million people across the country in about 13 million units. (Asian Age, July

21, 2009). This could definitely help in reducing the flow of rural migrants to urban areas.

Team lease report mentions that temporary employment which saw an increase of 25-30 percent in the beginning of 2009 has recorded a fall in the mid year. The growth of temporary employment has reduced to 4 to 5 percent. It has also been estimated that the temporary salaries which witnessed a growth of 14 percent in the beginning of the year will witness a growth of 7.5 percent at the end of the year. The interesting point of the report is that the salaries of temporary staff and the permanent staff are converging. Further, the convergence is sharpest for people with 0-1 years of experience and 1-3 years of experience. According to many the convergence reflects labour market maturity and a more efficient people supply chain. However, it will be interesting to look into the fact whether all the decrease in temporary employment is a step towards managing the recession. One example which follows the above point is that Air India has recently reduced its temporary staff in order to deal with the losses of the organization. Further, Air India has also asked its permanent employees to forgo the salary of the month of July voluntarily in view of the losses the company has incurred due to the financial meltdown (Asian age, July 1, 2009).

To survive during the economic meltdown the business enterprises adapt different strategies. A study conducted by the Confederation of Indian Industry on the small and

medium industries of Gujarat shows that small and medium industries focused on innovation to survive the meltdown. The innovative practices that they used helped them to increase their profit margins and also increase their asset efficiency. The strategy adopted by them were forming retail joint ventures with marketing staff, innovative supply chain management strategies like setting up manufacturing and warehousing facilities near large customers, and de-risking business models by balancing foreign and domestic customers. (The Indian Express, July 21, 2009).

As an important retention strategy, Wipro in the recent days has offered an extended web-based training facility focusing on improving software skills and technical expertise. This training continues until there are new assignments to the newly recruited staff. This facility contains a stipend package. Interestingly, in case of lack of new assignments, this training facility can be extended even after the stipulated time period. This strategy can also be an important tool to keep the employees gainfully engaged during economic slowdowns. In contrary, as a traditional strategy, it is likely that many organizations in the wake of economic downturn have subscribed to the salary variation tactics (Puri, July 17 2009). Although, various cost minimization strategies such as mass layoffs, salary cuts, salary freezes have been widely practiced by companies all over the world, only 5% of organizations surveyed

have reported to have followed lay off strategy.

A study conducted by Hewitt Associates-a global HR consulting and outsourcing company reveals that performance based reward system has gained a tremendous momentum in the recent economic scenario. Performance based salary discrimination can be a tool to retain top performers in the organization (Ghate, July 27, 2009). While seeing performance as a criterion for the wage; firms are focusing more on long term incentives, while cutting down all the possible expenses which are not important like basic expenses. In fact, the misconception of employees that high competency level and higher pay package is subject to critical assessment (Rath, July 18, 2009). However, it appears that employees of Indian corporations with above average performance may have maintained the hike in wage despite the economic slowdown (Puri, July 17 2009). In addition to this, incentive driven performance is sensitive to the nature of organizational function in which employee is engaged with. For instance, sales and marketing teams are likely to be given more incentives than HR team. It denotes that incentive system and revenue contribution to the organization are linked directly. This shows that the employees who have direct impact on organization's revenue may receive more incentives than other functionaries. Quite interestingly, Sunil Goel- Professional leader, Global Hunt India opines that in the last year performance linked incentives accounted for more than 70% of the total hike compared to

30 to 40% in regular times (Puri, July 27, 2009). Interestingly sectors such as pharma, Manufacturing, telecom, and FMCG have maintained highest salary increments to the employees. Nevertheless, sectors such as IT, IT enabled services, and Financial Services have witnessed lowest salary increments (Puri, July 17 2009). It appears that as a result of this phenomenon change in the economy, several fresh graduates from various disciplines are opting for jobs in unorthodox sector like education. It seems that education has become an attractive job option (Ghate, July 27, 2009)

Employee retention

As Rath (July 18, 2009) views that wage level is “.....outcome of labour market economics and the general business sentiment”. Thus, when the economy is in the boom, companies compete with each other to attract the talent from their rivals. Economic slowdown made the companies to rethink and restructure the wage level of their employees, despite the fact that they need to retain and attract talents. It is apparent that this changing scenario could impact on the flow of talent and change the attrition figures.

It is important to see the dynamic changes happening in the corporate sector under the prevailing conditions of economic slowdown. The major question is being encountered by each corporation is that how to retain manpower. And whether to hire new man power? A recent study by

Deloitte reveals that consciously companies moved towards developing in house leadership. The study also reveals that attrition rate has come down drastically.

5. Strikes

The July 2009 witnessed several strikes all over the country; predominantly demand for hike in pay seems to be the root cause for the strikes. It appears that non-implementation of 6th Pay Commission in some of the states may be the major reason. Importantly, sectors such as health, automobile, tea, and education received a larger resistance from the workers. This month also witnessed a hunger strike by the differently abled workers in Tamilnadu. The cases reported below give a wide coverage of strikes occurred in organized and unorganized sectors covering public and private enterprises. Three cases of strike are reported from public sector covering health and education. There are two cases from private sector consisting of tea plantation and automobile workers.

Case 1

Mumbai Doctors went on Strike

Doctors in Mumbai were on strike from July 7th as they wanted a pay hike. A total of 3,000 resident doctors took part in the strike affecting 80 percent of government medical services in Mumbai. While the state was ready to offer a hike of Rs. 5,000 to Rs. 6,000, the doctors demanded a hike of at least Rs. 8,000. The major reason for the strike was found to be the exclusion criteria of Sixth Pay

Commission for resident post graduate doctors. In addition to the major demand, doctors had other issues such as better living conditions, more security, a fixed eight hour work schedule, medical insurance and sick leave (Prabhakaran, July 12, 2009; Bhayana, July 12, 2009).

Although, the major demand-hike in salary (upto 50%) has been met by the employer (state government), other sub demands have been ignored (Yogesh and Iyer, July 12, 2009).

Case 2

The Health Service officers on strike in Maharashtra.

The Health Service officers in the state government hospitals and the rural health centres who belonged to the Federation of Health Officers carried out a strike demanding pay hike as per Sixth Pay Commission. In addition to this, they demanded an increase in non-practicing allowances, and, implementation of the Dynamic Assured Career Progression Scheme of the central government, which assures regular promotion. The strike also emphasis on incentives to the health professionals those who work in difficult locations such as rural and in Naxal affected areas.

The strike is likely to affect the rural areas and the functioning of National Rural Health Mission's as the people of rural and Naxal affected regions depend on the health Service officers (The Indian Express, July 22, 2009)

Case 3

Teachers in Maharashtra went on strike

In July 2009, teachers of Junior Colleges, Degree Colleges and aided schools across the state went on strike to demand for pay parity with central government teachers. The major demand of the strike was to put pressure on state government to increase the wage level (Mukherjee, July 15 2009). The strike emphasized on non-implementation of 6th Pay Commission in the state.

As an outcome of this strike, government of Maharashtra took a decision to revise the pay scales as prescribed by the University Grants Commission (UGC) with effect from January 1, 2006.

Case 4

Darjeeling tea workers on strike

Darjeeling tea workers observed strike on July 13th supporting the bandh called by the Gorkha Janamukti Morcha. There are a total of 85 working tea gardens in Darjeeling district which employ 50,000 permanent workers with 15,000 office and supervisory staff. This strike resulted in suspension of work in three gardens. It also has an impact on production in other tea plants, according to the officials. Further, the workers on strike would also lose their wages and ration (Shantunu, July 14, 2009).

Case 5

Hyundai Workers on Strike

Hyundai workers went on a strike for a week's time demanding a legal status for their trade union. In addition to this the workers made demands such as new wage agreement with the union and settlement of pending bonus. Hyundai's reacted aggressively to the strike by sacking a few of its workers. Moreover, according to the Hyundai officials, their workers are paid highest wage among other automobile companies.

It appears that company has taken a decision to discourage union formation within the organization. In spite of this, employees of the company seem to be satisfied with the long term wage settlement (Fe Bureau, July 29, 2009).

Trade union bargaining power seems to have a tremendous impact on the workers decision making power. A recent case is reported from power generation, transmission and distribution companies of Maharashtra, despite the company worker's willingness to agree for 22 percent of rise in the salary, union continued its strike with a support from a few workers. (Hindustan Times, July 21 2009 Mumbai). Hence it can be stated that unions possess immense power in terms of reverting worker's decisions.

**Case 6
Federation of Tamil Nadu
Physically Handicapped
Associations strike**

Federation of Tamil Nadu Physically Handicapped Associations organized a protest in the form of a hunger strike against the Department of Social Welfare, government of India. According to the members of the association, demands put forward were accepted by the Chief Minister, however, none of the demands were implemented. These demands include constitution of a high-level committee to ensure 3% reservation in the government jobs for the disabled and permanent status for the temporary employees with disability who have put in more than two years of service. The demand also includes rising of disability assistance from Rs 400 to Rs 1,000 (Hindustan Times, July 21 2009 Mumbai).

6. Women in the Indian Labour market

Women Work Participation

An International labour organization's (ILO) report titled "Current Employment Strategies and Women's Work" emphasizes importance of employment for women with higher productivity, while suggesting policy makers to ensure enhanced rights and economic empowerment of these women. According to the report, in India, problem is not just finding a job for a woman rather finding productive work. Report also suggests that policy makers in India need to keep this fact while framing a policy for women workforce. Hence, making work

more productive will not only make women economically empowered, but also improve the standards of living. Importantly, increasing the productivity of women workforce enables women to make their own choices about the work they perform (Financial Express, July 21 2009; Moumita Bakshi Chatterjee, K Bharat Kumar July 14 2009).

Women Workforce in IT: A recent view

The ratio of women employees in the top IT companies has been on the rise. For instance it has been observed that in Tata Consultancy Services (TCS) the proportion of women employees increased by 2 percent, while in Infosys and Wipro technologies the proportion increased by 1 percent from the year 2008 to 2009. The major reason for this phenomenon is an increasing enrollment of women in the engineering colleges. Further, it is reflected in campus hiring by the top IT firms. It appears that major motives for higher women participation in IT works could be work environment in IT firms and a financial security. In addition to this, equal employment opportunity policies in IT companies have triggered off an increase in women's participation.

Reservation by Tamil Nadu Government

A decision by Tamil Nadu government to reserve 30 percent seats for women in Tamil Nadu state and subordinate services have been approved by Tamil Nadu high court. As far as women work

participation is concerned in India, this is a crucial decision. (Special correspondent, July 25, 2009). At present in India, taking the cues from macro data, female work participation rate is low. Especially, the urban female participation at the age group of 15 to 35 is much lower than that of their rural counterparts. Indeed, the steps taken by Tamil Nadu government may induce the women work participation and enhance the equality.

7. Automation trend in Public sector units

An interesting case of automation and superannuation has been reported from the Steel Authority of India Limited (SAIL). In order to enhance its competitiveness and productivity through rationalization of manpower, company plans to reduce their work force by 20,000 by 2011. The rationalization process will be done through superannuation of its employees on attainment of 60 years as well as through voluntary retirement schemes. However, at the beginning of the fiscal year the strength of the company was 1, 21,295. In addition to this, they plan to introduce certain methodical changes like cluster system of working, flexibility in deployment, automated working and implementation of practices to develop efficiency and better work culture. In 2008-09, the company had a reduction of 7,500 employees through superannuation and voluntary retirement schemes (Press Trust of India, July 18, 2009).

8. Education: Right to Education Bill-A critical debate

On 20th July, Rajya Sabha passed the "Right to Education Bill". It makes education a constitutional right for the children who are in the age group of 6 to 14. It offers free and compulsory education, and also seeks 25 percent of reservation of seats in the private schools for the students who belong to weaker sections. However, the reservation system is left to the freewill of state governments (Ahuja, July 21, 2009). It appears that some states may not subscribe to the system of reservation due to the control of the private schools over the education system. Now the important question comes is who provides education for these poor/weaker section? Do private schools take care of 25% percent of students from weaker section?

Further, the basic idea of taking the age group, 6 to 14 for 'Right To Education' can be questioned on the grounds that what kind of skill or learning a student would acquire by studying up to class VII or VIII? Does this education ensure the individual with a livelihood? Or will the person end up following their parental job to earn their bread? The significance of this kind of a bill is questionable. Whether this bill will be able to positively affect the standard of living and quality of life of the lower income strata is to be seen. As per the recent estimates 70 million children are out of schools, majority of them from poor sections. Adding to this, India's budget expenditure on education accounts for only 3 percent of total

GDP, while developed countries such as US and UK spends more than 6 to 7 percent of their GDP in education (Marwaha, July 24, 2009). Moreover, the 'Right to Education Bill' has not mentioned steps that need to be taken to keep drop out rates less from schools (July 24, 2009).

However, even after the Right To Education Bill, the Ministry of Human Resource said that India should subscribe to more and more private participation in education system as the government may not provide education to "surplus population" (Ahuja, July 21, 2009). This is quite contrary to what education bill states. Further, the terminology "surplus population" has to be clearly defined by the ministry. Otherwise, it may generate a sense of fear among a group of population that they can be excluded from the education system.

Nevertheless, some initiatives by the central government have been taken to reform Indian education system. As part of it one can appreciate the ideas such as "debureaucratisation" in education system, encouraging internal accreditation system, and "removal of oppressive examination system". In India, the question of quality education which essentially relates to the development of skill in an individual and the capacity to generate ones livelihoods still remains critical. A recent symposium held in Chennai focused on the divide between existing education system and the industry requirement. The symposium mentioned that this divide can be bridged only through

strategic approaches such as inclusion of value system into the education, vocational training, exposure to modern technologies, and emphasis on learning local languages. However, the skill development also requires proper infrastructure, management and utilization of resources. Unfortunately, in India institutions are mostly paralyzed due to the lack of infrastructure and resources. Moreover, the regularity in work of the teaching staff needs to improve. Recently, a teacher in a Madhya Pradesh village was suspended by the village council due to irregularity in work. (Staff Reporter, July 25, 2009).

9. Emigration of Indian Labourers

Indian labour continues to flow out of the country. The recent data shows that in the first two quarters (January to June) of year 2009, there were 3.27 lakh emigration clearances. The flow of Indian labour community persists despite economic slowdown all over the world. Over a period of time, there has been an increasing trend in emigration clearances. It was 6.77 lakh in 2006 that rose to 8.09 lakh in 2007, and, in 2008, it showed a slight increase at 5 percent growth rate which resulted to total emigrant clearances of 8.49 lakh (AAT (a), July 18, 2009). This is likely because of the Asian job market including east and mid-east Asian countries attracting Indian work force. Nevertheless, this trend signifies that Indian labourers form a significant chunk of labour force in the global economy.

Importantly, in a move to protect the Indian emigrant workers, Indian government brought the amendment to the existing emigration rules. According to it emigrants should be assured of insurance for the period of employment contract (AAT (b), July 18, 2009). This system of providing security to the emigrant labourers minimizes the level of exploitation. However, this may have a negative impact on emigration flexibility.

10. Importance of Soft skills in Hospitality/Hotel Industry

It appears that the hospitality industry has been emphasizing more on employees soft skills. The

employee's soft skills such as ability to communicate well, ability to listen patiently, analytical abilities to find a solution on spot as per the need, improved level of tolerance in case of customer's miss-behaviors with female/male employees are important. Although, there are in-house training facilities that help the employees to acquire some level of competency, it is not enough to make them aware of changing trends in the system. Hence, it is argued that external exposure in terms of sending employees to counterpart firm would enhance their soft skill level (Rao, July 27, 2009).

Table 1 Public Sector Jobs offering in India under different sectors during July, 2009

S.No	NIC Code	Descriptions	Number of jobs
1	11	Growing of crops; market gardening; horticulture	29
2	20	Forestry, logging and related service activities	1
3	101	Mining and agglomeration of hard coal	30
4	142	Mining and quarrying	17
5	192	Manufacture of footwear.	1
6	241	Manufacture of basic chemicals	1
7	312	Manufacture of electricity distribution and control apparatus	353
8	321	Manufacture of electronic valves and tubes and other electronic components	91
9	410	Collection, Purification and distribution of water	13
10	551	Hotels; camping sites and other provision of short -stay accommodation	1
11	601	Transport via railways	2
12	602	Other land transport	2
13	611	Sea and coastal water transport	1
14	642	Telecommunications	108
15	651	Monetary Intermediation	458
16	660	Insurance and pension funding, except compulsory social security.	201
17	700	Railway transport	191
18	722	Software publishing, consultancy and supply	5
19	731	Research and experimental development on natural sciences and engineering	424
20	751	Administration of state and the economic and social policy of the community	731
21	752	Provision of services to the community as a whole	94
22	802	Secondary/Senior Secondary education	11
23	803	Higher education	617
24	809	Other education	12
25	851	Human health activities	216
26	900	Public services in the union government including defense services	154
27	923	Library, archives, museums and other cultural activities	40
28	930	Other service activities	122
		TOTAL	3926

Source: ATLMRI, July, 2009. Compiled from various sources.

11. An analysis of Indian Public Sector job for July 2009

Table 1 gives a brief picture about India's public sector jobs that has been offered in the month of July 2009. The compilation of job advertisements in newspaper and in various public sector organizations is categorized as per NIC 3 digit code, 2004. The number of jobs that have been advertised this month is around 3,926. Out of this, the majority jobs are in the sector of administration of state and economic and social policy (NIC code 751). In this sector alone there have been 731 jobs that have been offered. The second major job provider has been higher education such as universities and colleges (NIC code 803) which has offered 617 jobs in the month of July. There is consistency with the number of jobs offered in the last month. The third highest job provider was in the field of monetary intermediation. This sector offered 458 jobs, which

includes banking and insurances (NIC code 651). Research and development activity in natural sciences and engineering is also a major sector in terms of job offering, which includes space research, medical research institutions among others. This sector has offered 424 jobs in the month of July (NIC code 731). Manufacture of electricity, distribution and control apparatus sector offers 353 jobs (NIC code 312). Moreover, the last month's job offering in this sector was 256. Health activities (NIC code 851) offered 216 jobs in this month. However, in the last months it was only 12 jobs. The sectors which offers only a few jobs are manufacturers of footwear (NIC code 192), forestry, logging and related services activities (NIC code 020), manufacturer of basic chemicals sector (NIC code 241), hotel, camping sites (NIC code 551), sea and coastal water transport (NIC code 611) sector.

Table 2: Number of jobs offerings in July, 2009 for reserved candidates

S.No	NIC Code	Descriptions	SC	ST	OBC	PWD
1	11	Growing of crops; market gardening; horticulture	5	1	1	2
2	142	Mining and quarrying	2	1	1	-
3	233	Processing of nuclear fuel	1	-	2	-
4	312	Manufacture of electricity distribution and control apparatus	102	12	149	18
5	651	Monetary Intermediation	139	59	184	21
6	660	Insurance and pension funding, except compulsory social security.	52	28	99	-
7	611	Sea and coastal water transport	12	6	23	2
8	621	Scheduled air transport	9	1	-	-
9	700	Railway transport	286	49	249	14
10	731	Research and experimental development on natural sciences and engineering	56	33	91	24
11	751	Administration of state and the economic and social policy of the community	13	10	19	-
12	752	Provision of services to the community as a whole	24	8	45	-
13	803	Higher education	112	33	113	4
14	851	Human health activities	31	6	17	2
15	900	Public services in the union government including defense services	20	16	32	10
16	901	Public services in state governments including police services	152	31	257	-
17	930	Other service activities	-	15	3	-
		TOTAL	1016	309	1285	97

Source: ATLMRI, July, 2009. Compiled from various sources.

12. Jobs for Reserved categories under public sector

During the month of July 2009, there were 1,016 jobs for the candidates belonging to scheduled caste (SC), 309 jobs for scheduled tribes (ST), 1,285 jobs for other backward class (OBC) and 97 jobs for persons with disability (PWD). This month, the number of jobs offered to the reserved categories is higher, compared to the month of

May and the month of June 2009. Table 2 shows that 286 jobs were advertised in the month of July for SC candidates in the railway transport sector (NIC code 700) alone. In this sector there were 249 jobs available for OBC candidates. 139 jobs for SC candidates and 184 jobs for OBC were available in the monetary intermediation sector (NIC code 651) in the month of July. Higher education sector (NIC code 803) offers 112 jobs for SC

and 113 jobs for OBC candidates. The majority of the jobs for OBC candidates were being offered in public service in various state Governments (NIC code 901), which include police services. In this sector there were 152 jobs offered for SC candidates. The sub-sector of manufacturing of electricity distribution and control apparatus (NIC code 312) offered 149 jobs for OBC and 102 jobs for SC candidates. Mining, quarrying

(NIC code 142), processing of nuclear fuel (NIC code 233) and scheduled air transport (NIC code 621) are the sectors which turned up with fewer vacancies in the month of July. There were considerable numbers of jobs being offered (152 for SC, 31 for ST and 257 for OBC) for candidates in public services in state government, including police services (NIC code 901).

Table 3 Private Sector Job Offerings in Mumbai during July, 2009

S.No	NIC Code	Description	No. of jobs	No. of Advts.
1	222	Printing and service activities related to printing	7	6
2	291	Manufacture of general purpose machinery	2	3
3	300	Manufacture of office, accounting and computing machinery	-	20
4	359	Manufacture of transport equipment	27	-
5	452	Building of complete constructions or part; civil engineering	68	-
6	523	Other retail trade of new goods in specialized stores	184	2
7	551	Hotels; camping sites and other provision of short -stay accommodation	15	5
8	552	Restaurants, bars and canteens	13	9
9	642	Telecommunications	72	6
10	660	Insurance	-	2
11	721	Hardware consultancy	2	2
12	724	Database activities and distribution of electronic content	-	15
13	729	Other computer related activities	42	31
14	741	Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy	122	12
15	742	Architectural, engineering and other technical activities	1	23
16	743	Advertising	11	3
17	749	Business activities	167	33
18	801	Primary education	43	60
19	802	Secondary/Senior Secondary education	30	22
20	803	Higher education	94	61
21	809	Other education	-	19
22	851	Human health activities	16	17
23	930	Other service activities	-	17
		TOTAL	873	368

Source: ATLMRI, July, 2009. Compiled from various sources.

13. Private sector job offerings in Mumbai

Table 3 shows that there were 873 jobs offered in Mumbai in the month of July. In this table, we have made two groups: number of jobs and number of advertisement. The major job providers were from retail sector (NIC code 523) with 184 jobs. The business activity such as marketing and sales (NIC code 749) offers 167 jobs in Mumbai. Legal, accounting, book keeping and auditing (NIC code 741) offers 122 jobs. Higher education sector (NIC code 803) offered 94 jobs, and telecommunication sector (NIC code 642) offers 72 openings.

Interestingly, the real estate sector [code 452) seems to be recovering from a setback by offering 68 jobs, which did not exist in the month of May, and the month of June 2009. Job advertisements that are seen very frequently in newspapers are higher education (NIC code 803), primary education (NIC code 801), business activity (NIC code 749) and other computer related activities especially BPO (NIC code 729).

References:

- AAT, July 18, 2009, Outflow of Indian workers continue, *Assignment Abroad Times*, Mumbai.
- AAT (b), July 18, 2009, Emigration rules amended to shield Indian workers, *Assignment Abroad Times*, Mumbai.
- AAT news service, July 8, 2009, employment exchange modernization, *Assignments abroad*, Mumbai
- Aggarwal, S., July 8, 2009 , AI staff to be redeployed, size to be cut by half, *Times of India*, Mumbai.
- Ahuja, July 21, 2009, RS passes right to education bill, *The Asian Age*, Mumbai.
- Asian Age, July 1, 2009, Temp salaries growth dip in Q 3, *Asian Age*, Mumbai.
- Barua, A., July 14, 2009, How many MBAs do we really need, *Business Standard*, Mumbai.
- Baweja, D., & Baijal, N., July 13, 2009, Are the salaried better off, *Times of India*, Mumbai.
- Bhayana, N., July 12, 2009, Docs refuse to bow to states pressure, *Times of India*, Mumbai.
- Chatterjee, M., & Kumar, K., July 14, 2009, *Women employees on the rise in top IT companies*, Financial Express
- Chella, G., July 13, 2009, will the coming economic recovery be jobless, The Hindu- Business line.
- Express News Service, July 21, 2009, In slow down times, firms focus on selective hiring, *The Indian Express*, Mumbai.
- Express News Services, July 22, 2009, Now, health officers on strike for better pay. *The Indian Express*, Mumbai
- Financial Express, July 13, 2009, A week later, re-reading the budget, *Financial Express*, Mumbai.
- Fe Bureau, July 29, 2009, Hyundai workers end strike, *The Financial Express*, Mumbai.
- Ghadyalpatil, A., July 14, 2009, Job Scheme may hit state farmers hard, Economic times, Mumbai.
- Ghate, S., July 27, 2009, Coaching a hot new career amid slowdown, *Hindustan Times*, Mumbai.
- Hajela, R., July 21, 2009, TCS headcount shrinks as nearly 5,000 leave firm, *The Indian Express*, Mumbai.
- HT Political Bureau, State power employees go on strike, July 21, 2009, *Hindustan Times*, Mumbai.
- Kale, S., July 6, 2009, A Tall Order, *Financial express*, Mumbai.
- Lele, A., July 15, 2009, public sector banks on recruitment drive, Business Standard, Mumbai.

- Marwaha, P., July 24, 2009, Right to Education Bill, 2009: will it help all Indians make the grade?, *Business Line*, July 24, 2009.
- Mukherjee, A., July 15, 2009, After doctors teachers go on strike, *Times of India*, Mumbai.
- Mukherjee, A., July 21, 2009, we intend to move work off shore as clients want it , *Financial express*, Mumbai.
- Prabhakaran, P., July 12, 2009, Government strikes residency off doctors resume, *Asian Age*, Mumbai.
- Press Trust of India, July 18, 2009, Workforce to shrink by 20,000, *The Asian Age*, Mumbai.
- Puri, M., July 17, 2009, India Incs top talent gets 17 percent hike, *The Economic Times*, Mumbai.
- Rao G., July 27, 2009, Skilled to Serve, *Education Times*, Mumbai.
- Rath, B., July 18, 2009, Fitting Compensation to changing times, *The Financial Express*, Mumbai.
- Sharma, M., July 17, 2009, Imperatives in the job front, *The Hindu*, Chennai
- Shankar, R., July 12, 2009, NREGA is a promise half kept, *Sunday Times of India*, Mumbai
- Shantunu, S., July 14, 2009 Strike halts work in Darjeeling tea gardens, *Business line* Mumbai.
- Sindhu, S., July 14, 2009, Recession takes a toll on Ludhiana cluster, *Business Standard*, Mumbai
- Special correspondent, July 25, 2009, Job quota for women not a violation of constitution, *The Hindu*, Chennai.
- Staff Reporter, July 25, 2009 Symposium focuses on quality of education, *The Hindu*, Chennai
- The Economic Times Supplement, July 7, 2009, Budget Speech, *The Economic Times*, Mumbai
- Thacker, T., July 27, 2009, In Rajasthan, child labour under NREGA, *The Indian Express*, Mumbai.
- The Hindu, July 23, 2009, Amend labour laws to protect rights of workers in globalization regime, *The Hindu*, Chennai.
- The Indian Express, July 21, 2009, SMEs focus on innovation to overcome economic meltdown, CII study reveals, *The Indian Express*, Mumbai.
- GoI, July 2, 2009, The Economic Survey 2008-09, *Government of India*, New Delhi.
- Yogesh, N., & Iyer, M., July 12, 2009, Government offers 6000 hike, *Times of India*, Mumbai

About the Journal.....

India Labour Market Monthly Review is a monthly journal of Adecco-TISS Labour Market Research Initiative devoted to the diffusion of knowledge concerning Indian labour market. In addition to this, the journal publishes quality articles in the field of labour related themes. This is the fourth issue in the ATLMRI series of Indian Labour Market Monthly Review.

All editorial correspondence should be addressed to,

Editor,
Adecco-TISS Labour Market Research Initiatives
School of Management and Labour Studies
Naoroji Campus, Second floor, No 207
Tata Institute of Social Sciences
Deonar, Mumbai 400088
Email:atlmri @gmail.com
Website:www.atlmri.com