सत्यमेव जयते

Report
on
Effect of Economic Slowdown on Employment in India

(October – December 2009)

Government of India
Ministry of Labour & Employment
Labour Bureau
Chandigarh
February 2010

Acknowledgement

I, sincerely thank the Secretary, Ministry of Labour & Employment, Government of India for entrusting the important task of conducting Quarterly surveys on effect of economic slowdown on employment in India, to the Labour Bureau. We conducted the first such national survey for the quarter October-December, 2008, though on a small sample basis, during January, 2009 and submitted report within a period of one month.

So far four quick quarterly surveys have been conducted and reports thereon have been released. The present report is based on the employment data collected for the period Oct-Dec, 2009 during the fifth quarterly survey. I appreciate the wholehearted efforts of the staff of Labour Bureau towards collection of data and preparation of the report in such a short time.

I am thankful to the Labour & Employment Adviser and DDG (ESA) of the Ministry in guiding us. I am also grateful to the State Labour authorities and the management of sample units for the wholehearted support and co-operation extended in making this survey successful.

Harbinder Singh
Head of Department

Place: Chandigarh
Date: 22.02.2010

Contents

Executive Summary

I	**Introduction**	**1-7**
II	**Analysis of Employment and Earnings Trends**	**8-22**

Annexure

Questionnaire canvassed in the survey

Executive Summary

- The current survey is the fifth in the series of “Quarterly Quick Employment Surveys” conducted by the Bureau to assess the impact of economic slowdown on employment in India.

- The survey was launched in the third week of January, 2010 and completed in the first week of February, 2010.

- A total of 2,953 sample units have been covered during the survey in eight selected sectors viz. textiles, leather, metal, automobiles, gems&jewellery, transport, IT/BPO and handloom/powerloom.

- The employment in all the selected sectors studied has increased during the period Dec, 2009 over Sep, 2009, except a negligible decline in transport sector.

- At overall level (all sectors covered) employment has increased by 6. 4 lakh in Dec, 2009 over Sep, 2009.

- Major contributor to increase in employment is the IT/BPO sector, wherein the

- employment has increased by 5.7 lakh during the period Dec, 2009 over Sep, 2009.

- The employment in exporting units during the period Dec, 2009 over Sep, 2009 has increased at much higher rate (2.95 per cent average monthly increase) than the non-exporting units (0.32 per cent average monthly increase).

- By comparing the net employment changes during the calendar year 2009 (i.e. Dec, 2009 over Dec, 2008), it is seen that the employment in the selected eight sectors under study has increased by 12.8 lakh.

Chapter-I

Introduction

1.1 The global economic slowdown and its impact on the developed and developing economies adversely impacted the growth in Gross Domestic Product and employment opportunities throughout the world. The non-availability of employment data of current period is one of the main constraints to take any effective steps to contain the employment loss. In the times of recession or slowdown labour force data play an important role in providing useful information on the employment and unemployment changes. These help in formulating the policies which augment the jobs in employment generating sectors.

1.2 In this background, Labour Bureau has been conducting a series of quarterly "Quick

Employment Surveys” since January, 2009 to assess the impact of economic slowdown on employment in India. The scope of these surveys is limited to the sectors understood to have been badly affected by the slowdown. The construction sector was also covered in the first quarterly survey but due to non-cooperation of the sample units and unavailability of reliable data, results could not be compiled. The sector has not been covered in the subsequent quarterly surveys.

1.3 The first quarterly survey was conducted in the month of January, 2009 to study the impact on employment during the quarter Oct-Dec, 2008. The survey was conducted in seven important sectors of the economy viz. Textiles, Metals, Automobiles, Gems&Jewellery, Transport, IT/BPO and Mining. The findings of the survey were released in the last week of January, 2009. In the survey a sample of 2,581 units was covered at 20 centres spread across eleven States/UTs. About half a million workers lost their jobs during the quarter in the sectors studied.

1.4 The second quarterly survey was conducted in the month of April, 2009 to study the impact on employment during Jan-March, 2009. In this survey two additional sectors namely leather and handloom/powerloom were also covered whereas the mining sector covered during the first survey was excluded. The detailed report of the survey was released in the mid of May, 2009. A sample of 3,192 units from 21 centres spread across eleven States/UTs was covered during the survey. More than a quarter million jobs were observed to be added during the quarter. There appeared to be a modest recovery in employment probably due to stimulus measures of Union Government.

1.5 The third quarterly survey was conducted in the month of July, 2009 to study the employment situation during the quarter April-June, 2009 by revisiting the same sample units covered in the second survey. The objective of revisit was to assess the change in the direction and rate of change in the employment during April-June, 2009 over March, 2009. All the sample units were revisited, however information was collected from 3,003 sample units. The rest 189 units could not be covered because of non-cooperation, non-contact with the owner etc. Employment during this quarter declined by 1.31 lakh, which could be attributed to seasonality as the migrant workers prefer to visit their places of origin during this period.

1.6 The fourth quarterly quick employment survey was conducted in the month of Oct, 2009 to assess the employment situation during the period July-September, 2009. In this survey also, the units covered in the previous quarterly surveys were revisited to assess the change in the employment trends. All the 3,003 sample units covered in the previous quarterly survey were revisited; however, information is collected from 2,873 units as the information from other remaining units could not collected due to non-cooperation and/or non- availability of the owner etc. In all the sectors studied, except leather industry; employment increased during the quarter. Overall employment increased by 4.97 lakh during the reference period.

1.7 The present survey is fifth in the series of quarterly quick employment surveys and covers the period Oct-Dec, 2009. The survey was launched in the third week of January, 2010 and the field work completed in the first week of February, 2010. In the earlier surveys, the units covered in the second quarterly survey were revisited to assess the change in the direction and rate of change in the employment. However, in the present survey a fresh sample has been drawn to assess the employment trends. By taking the fresh sample, about 70 per cent of the units are newly selected and the rest are the same as covered in the previous three surveys.

Table 1: Sector-wise number of units covered

Sl. No.	Industry/Group	No. of units covered
1	Textiles including Apparels	1019
2	Leather	190
3	Metal	951
4	Automobiles	142
5	Gems & Jewellery	222
6	Transport	85
7	IT/BPO	232
8	Handloom/Powerloom	112
Overall		2,953

1.8 A two stage stratified sampling technique has been adopted. The first stage units;

districts/centres are selected using purposive sampling and the second stage units, the establishments are selected using circular systematic sampling. The sample is allotted to different sectors in proportions of units in the frame in these sectors at All India level.

1.9 The schedule canvassed in the survey is given in Annexure-I.

Chapter-II

Analysis of Employment & Earnings Trends

2.1 The current quarterly quick employment survey, *which is fifth in the series, assesses the employment* trends in selected sectors for the period Oct-Dec, 2009. The survey was conducted by drawing a fresh sample in the 8 selected sectors of the economy. The field work was launched in the third week of January, 2010 and completed in the first week of February, 2010.

2.2 During the reference months of this survey; viz. October, November & December, 2009; Index of Industrial Production (IIP) has registered a two digit growth. In Oct, 2009, the IIP increased by 10.3 per cent, in Nov, 2009, by 11.7 per cent and in Dec, 2009, there was substantial increase of 16.8 per cent in the IIP (month to month basis).

2.3 During the period (Oct-Dec, 2009) the employment in all the sectors studied under the survey has increased, except a negligible decline in transport sector. This increase in employment not only testifies the growth in the industrial sector but also underlines its positive impact on employment. The sector-wise changes in estimated employment during the quarter Jan– Mar, 2009 onwards are presented in Table 2.1.

2.4 It may be observed from the table that the employment in Dec, 2009 over Sep, 2009 increased by 6.38 lakh. There is a substantial increase in employment in the IT/BPO sector by 5.7 lakh. In other sectors, the increase in employment during the period ranges from slight to moderate, except the transport sector wherein employment declined marginally (0.02 lakh).

Table 2.1: Changes in estimated employment based on various quarterly survey results (in lakh)

Sl. No.	Industry/ Group	changes in employment during				
		Mar, 09 over Dec, 08	Jun, 09 over Mar, 09	Sep, 09 over Jun, 09	Dec, 09 over Sep, 09	Dec,09 over Dec, 08
1	Textiles including Apparels	2.08	-1.54	3.18	0.16	3.88
2	Leather	-0.33	0.07	-0.08	0.09	-0.25
3	Metals	-0.29	-0.01	0.65	0.23	0.58
4	Automobiles	0.02	0.23	0.24	0.06	0.55
5	Gems & Jewellery	0.33	-0.20	0.58	0.07	0.78
6	Transport	-0.04	-0.01	0.00	-0.02	-0.07
7	IT/BPO	0.92	-0.34	0.26	5.70	6.54
8	Handloom/ Powerloom	0.07	0.49	0.15	0.09	0.80
Overall		**2.76**	**-1.31**	***4.97***	***6.38***	**12.8**

2.5 While studying the net change in employment in the calendar year 2009 i.e. Dec, 2009 over Dec, 2008, it may be seen from the above table that there is a net increase of 12.8 lakh at overall level in the eight selected sectors under study. In IT/BPO and textile sectors there is a net increase of 6.54 lakh and 3.88 lakh respectively in the calendar year 2009. Except in leather and transport sectors, all other sectors studied are showing an increase in employment during the calendar year 2009.

2.6 The sector-wise average monthly percentage changes in the employment during the last four quarterly surveys are presented below in Table 2.2. The survey results reveal that at overall level there is an average monthly increase of 1.7 per cent in employment in Dec, 2009 over Sep, 2009.

2.7 It may be seen from the table that in IT/BPO sector the average monthly percentage increase is maximum (4.15 per cent) in Dec, 2009 over Sep, 2009. A comparison of results for the quarters July-Sep, 09 and Oct- Dec, 09 shows that the average monthly percentage increase in employment in textiles, metals, automobile, transport and gems&jewellery sectors in the latter quarter is less than the previous quarter and an opposite trend is observed in case of other three sectors.

Table 2.2: Average Monthly percentage change in Employment based on various quarterly survey results (in %)

Sl. No.	Industry/Group	Change in employment based on various quarterly results			
		Mar, 09 over Dec, 08	Jun,09 over Mar, 09	Sep, 09 over June,09	Dec,09 over Sep, 09
1	Textiles including Apparels	0.96	-0.63	1.26	0.12
2	Leather	-2.76	0.62	-0.70	0.94
3	Metals	-0.56	-0.03	1.22	0.43
4	Automobiles	0.10	1.24	1.21	0.30
5	Gems&Jewellery	3.08	-1.65	5.07	0.74
6	Transport	-0.36	-0.09	0.03	-0.19
7	IT/BPO	0.83	-0.34	0.25	4.15
8	Handloom/ Powerloom	0.28	2.29	0.66	0.71
Overall		***0.60***	***-0.29***	***1.03***	***1.70***

2.8 As in the previous quarterly quick employment surveys, the employment data is collected separately for direct and contract category workers in the present survey also. The direct category workers are those workers which are employed directly by the employer and they get their wages and other benefits directly from the employer. On the other hand, the contract workers are employed through contractor and paid by them. The sector wise changes in the employment of direct and contract category of workers during the last three quarterly surveys are presented below in Table 2.3.

2.9 It may be observed from the table 2.3 that in the quarter Oct–Dec, 09; the employment of direct category workers increased at much faster rate than that of contract category workers. At overall (all sectors) level more than 90 per cent of the employment gain occurring during Dec, 2009 over Sep, 2009 is

Table 2.3: Changes in employment of direct and contract workers based on the last three quarterly survey results (in lakh)

Sl. No.	Industry/ Group	Jun, 09 over Mar, 09		Sep, 09 over Jun,09		Dec,09 over Sep, 09	
		Direct	Contract	Direct	Contract	Direct	Contract
1	Textiles including Apparels	-1.52	-0.02	2.59	0.59	-0.09	0.25
2	Leather	0.04	0.03	0.00	-0.08	0.09	0.00
3	Metals	-0.26	0.25	0.31	0.34	0.04	0.19
4	Automobiles	0.06	0.17	0.11	0.13	0.00	0.06
5	Gems & Jewellery	-0.21	0.01	0.52	0.06	0.06	0.01
6	Transport	-0.02	0.01	0.00	0.00	-0.03	0.01
7	IT/BPO	-0.38	0.04	0.25	0.00	5.67	0.03
8	Handloom/ Powerloom	0.57	-0.08	0.14	0.01	0.05	0.04
	Overall	**-1.71**	**0.41**	***3.92***	***1.05***	***5.79***	***0.59***

registered in direct category of workers. Most of the increase in employment of direct category workers is accounted for by IT/BPO sector. Out of 5.79 lakh direct workers added during Dec, 2009 over Sep, 2009; 5.67 lakh are added in IT/BPO sector. Other sectors contributing to increase in employment of direct workers during the quarter are leather (0.09 lakh), gems & jewellery (0.06 lakh) handloom/power loom (0.05 lakh) and metals (0.04 lakh).

2.10 During Dec, 09 over Sep, 09 employment of contract workers has increased by only 0.59 lakh and the sectors contributing to this increase are textiles (0.25 lakh), metals (0.19 lakh), automobiles (0.06 lakh), handloom / power loom (0.04 lakh), IT / BPO (0.03 lakh) , gem & jewellery and transport (0.01 lakh each). It may also be observed that, in textiles, metals, automobiles and transport sector; the contract workers have increased at a faster rate than that of the direct category of workers during this period.

2.11 The employment data is also collected separately for export and non-export units. The sector wise changes in employment of exporting units during the last three quarterly surveys are presented below in Table 2.4.

Table 2.4: Changes in employment of exporting units based on the latest three quarterly survey results (in lakh)

Sl. No.	Industry/Group	Jun,09 over Mar, 09	Sep, 09 over June, 09	Dec, 09 over Sep, 09
1	Textiles including Apparels	-1.52	1.20	0.47
2	Leather	-0.04	-0.10	0.09
3	Metals	-0.01	0.17	0.21
4	Automobiles	0.05	0.09	0.05
5	Gems&Jewellery	-0.23	0.44	0.06
6	Transport (*)	-	-	-
7	IT/BPO	-0.48	0.08	4.87
8	Handloom/Powerloom	0.57	0.15	0.05
Overall		***-1.67***	***2.04***	***5.80***

(*) No export unit.

2.12 It may be observed from the table that majority of the employment gain in Dec, 2009 as compared to Sep, 2009 is registered in the exporting units. Out of the total increase of 6.38 lakh jobs during this period, 5.80 lakh jobs (91 percent) have been added in the export units. In IT / BPO alone 4.9 lakh jobs have been added in export units during the period. Employment in export units of all other sectors covered (except transport sector of which no export unit is in sample) has also increased moderately or marginally during the period. A comparison of inter- quarter results also shows that increase in employment in export sector is significantly higher during Oct- Dec-09 quarter as compared to other quarters studied so far.

2.13 The average monthly percentage changes in employment of exporting units during the last three quarters studied are presented below in Table 2.5.

2.14 The survey results reveal that at overall level the average monthly percentage increase in employment of exporting units in the eight selected sectors under study is 2.95 per cent in Dec, 2009 over Sep, 2009. In IT/BPO sector the average monthly percentage increase in employment is 5.2 per cent, followed by 2.5

per cent in handloom/Powerloom and 1.5 per cent in gems&jewellery sector during this period.

Table 2.5: Average monthly changes in employment of exporting units based on various quarterly survey results (in %)

Sl. No.	Industry/Group	Jun,09 over Mar, 09	Sep, 09 over June, 09	Dec,09 over Sep, 09
1	Textiles including Apparels	1.50	1.23	0.71
2	Leather	-0.46	-1.10	1.12
3	Metals	-0.06	0.72	1.14
4	Automobiles	1.28	2.26	0.95
5	Gems&Jewellery	-2.90	6.55	1.48
6	Transport	-	-	-
7	IT/BPO	-0.68	0.12	5.23
8	Handloom/ Powerloom	5.55	1.28	2.54
Overall		***-0.76***	***0.91***	***2.95***

2.15 The sector-wise changes in the employment of non-exporting units during the latest three quarters are given below in Table 2.6. As compared to exporting units, the increase in employment in non-exporting units is significantly lower in Dec, 09 over-Sep, 09. Whereas the employment in export units increased by 5.80 lakh during this period, it has increased by only 0.58 lakh in non-export units.

Table 2.6: Changes in employment of non-exporting units based on the last three quarterly survey results (in lakh)

Sl. No.	Industry/Group	Jun,09 over Mar, 09	Sep, 09 over June, 09	Dec09 over Sep, 09
1	Textiles including Apparels	-0.02	1.98	-0.31
2	Leather	0.10	0.02	0.00
3	Metals	0.00	0.48	0.02
4	Automobiles	0.18	0.15	0.01
5	Gems&Jewellery	0.03	0.14	0.01
6	Transport	-0.01	0.00	-0.02
7	IT/BPO	0.15	0.17	0.83
8	Handloom/Powerloom	-0.08	0.00	0.04
Overall		***0.35***	***2.93***	***0.58***

2.16 It may be seen that except in case of IT/BPO sector, wherein employment of non-export units increased by 0.83 lakh, other sectors have experienced, either marginal increase or a decline in employment in the non-exporting units during Dec, 09 over Sep, 09.

2.17 The sector-wise average monthly percentage changes in the employment of non-exporting units based on the various quarterly surveys are presented below in Table 2.7. In case of non-exporting units, the maximum percentage increase in the employment is in the handloom/powerloom sector (2.95 per cent) followed by IT/BPO (2.5 per cent).

Table 2.7: Average monthly changes in employment of non-exporting units based on various quarterly survey results (in %)

Sl. No.	Industry/Group	Jun, 09 over Mar, 09	Sep, 09 over June, 09	Dec09 over Sep, 09
1	Textiles including Apparels	-0.01	1.28	-0.45
2	Leather	4.18	0.60	0.08
3	Metals	-0.01	1.62	0.05
4	Automobiles	1.23	0.93	0.08
5	Gems&Jewellery	0.74	2.93	0.14
6	Transport	-0.09	0.03	-0.19
7	IT/BPO	0.52	0.56	2.50
8	Handloom/Powerloom	-0.71	-0.03	2.95
Overall		***0.14***	***1.13***	***0.32***

2.18 At overall level in the non-exporting units, the average monthly percentage increase in employment is to the tune of 0.32 per cent in Dec, 2009 over Sep, 2009. In textile and transport sectors there is a decline in employment by 0.45 per cent and 0.19 per cent respectively in Dec, 2009 over Sep, 2009.

2.19 In addition to the employment figures collected during the survey, the information on the earnings of the workers is also collected. The sector-wise average monthly changes in earnings during the last three quarters are presented in Table 2.8.

2.20 The table shows that at overall level, the average monthly earnings in December, 2009 increased by 1.57 per cent over September, 2009. In some of the sectors the trend in terms of average monthly percentage change in earnings for the period is different from the

Table 2.8: Average Monthly change in earnings during the third and fourth quarter survey results (in %)

Sl. No.	Industry/Group	Jun,09 over Mar, 09	Sep, 09 over June, 09	Dec09 over Sep, 09
1	Textiles including Apparels	-1.10	2.85	-1.54
2	Leather	2.43	0.05	1.43
3	Metal	2.39	-0.65	-2.20
4	Automobiles	5.36	-0.07	0.34
5	Gems&Jewellery	4.68	3.09	-0.24
6	Transport	-0.02	-0.91	-8.75
7	IT/BPO	-2.18	3.57	1.21
8	Handloom/Powerloom	-0.63	-2.39	-0.02
Overall		***-1.29***	***2.24***	***1.57***

employment trends in that sector for the same period. Like, in textiles and metals, while the employment during the period increased, the average monthly earnings have declined. It has been observed that in both these sectors, the employment of contract workers has increased more than that of direct workers during this period. This probably explains the decrease in average monthly earnings in these sectors as the contract workers are generally paid less than the regular workers.

Annexure I

GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT
LABOUR BUREAU, CHANDIGARH
(EMPLOYMENT SCENARIO : October – December, 2009)

I Identification Particulars

a.	Zone-State	
b.	Name of the District/Centre	
c.	Name of Unit	
d.	Complete Address of the Unit	
e.	D S L No.	
f.	Status of the unit (Original – 1, Substitute – 2)	
g.	Reason for substitution (Unit substitute before Sept, 09 – 1, Address not traceable – 2, Non co-operative – 3)	
h.	Name of the Person contacted	
i.	Mobile /Contact No.	
j.	NIC Code (3- Digit)	
k.	Type of goods Manufactured/Produced	
l.	Whether the unit is export oriented (Yes–1, No–2)	

II Month-wise number of Workers & Earnings

Month	Employment Status	Employees as on last working day	Total Wage/Salary Bill (in Rs.)
Sept, 09	Direct		
	Contract		
	Total		
Oct, 09	Direct		
	Contract		
	Total		
Nov, 09	Direct		
	Contract		
	Total		
Dec, 09	Direct		
	Contract		
	Total		

Name of the Officer	
Signature with date	
Remarks:	