सत्यमेव जयते

Report
on
Effect of Economic Slowdown on Employment in India

(July – September 2009)

Government of India
Ministry of Labour & Employment
Labour Bureau

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 three 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 July-September, 2009 during the fourth 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.

Dr. K.S.R.V.S Chalam
Director General

Place: Chandigarh
Date: 18.11.2009

Contents

Executive Summary

- The fourth quarterly quick employment survey was launched in the third week of October, 2009 and all the units covered in the previous survey were revisited.

- During the survey, the information is collected from 2,873 units by covering 21 centres spread across eleven States/UT's.

- Eight sectors viz. textiles, leather, metal, automobiles, gems&jewellery, transport, IT/BPO and handloom/powerloom are covered in the current survey.

- At overall level, the employment has increased by about 5 lakh during July-September, 2009 over June, 2009. During the previous quarter of Apr-June, 2009 the employment had declined by 1.31 lakh at overall level.

- All the seven sectors except leather sector have registered an increase in employment during the quarter July-September, 2009 over June, 2009. On the contrary during Apr-June, 2009 quarter all sectors, except leather, automobiles and handloom/powerloom experienced decrease in employment, probably due to seasonality.

- Employment during the quarter July-September, 2009 has increased substantially in textiles (3.18 lakh) followed by metals (0.65 lakh) and gems&jewellery (0.58 lakh). However in the previous quarter survey for the period Apr-June, 2009, the employment had declined in all these three sectors by 1.54 lakh, 0.01 lakh and 0.20 lakh respectively.

- In the previous quarterly survey results for the period April-June over March, 2009, there was a substantial decline in employment of direct category of workers. As a departure from April-June, 2009 quarter wherein the employment of direct category of workers had declined, a significant increase is observed during July-September, 2009 quarter. About 80 per cent of the increase in employment occurred during July-Sep, 2009 quarter, is under direct category of workers.

- Though increase in employment is more in non-exporting units, the exporting units have also shown a significant recovery by registering an increase in employment to the extent of 2.04 lakh during July-September, 2009 over June, 2009.

- By comparing the results of different quarters studied, it may be observed that the employment declined by 4.91 lakh during the quarter Oct-Dec, 2008; increased by 2.76 lakh during Jan-March, 2009; again declined by 1.31 lakh during Apr-June, 2009 probably due to seasonality; and now increased by 4.97 lakh during the current quarter July-Sep, 2009. Thus even on the basis of this small sample, the estimated employment in the selected sectors has experienced a net addition of 1.51 lakh during the last one year period i.e. from Oct, 2008 to Sept, 2009.

Chapter-I

Introduction

1.1 The global economic slowdown which originated from USA in August, 2007 has impacted most of the economies in the world. The quantum of impact has been in proportion of economic and financial relationship between the USA economy and the economy of that country. The global economic slowdown has also adversely impacted the Indian economy. During the second half of the financial year 2008-09, the economy decelerated resulting in loss of employment. However, the various stimulus packages announced by the Government appear to have helped the economy revive. After contracting for months since October, 2008, industrial production has started firming up again. Industrial growth (IIP) stood at more than 10 per cent in August, 2009 and 9.1 per cent in September, 2009 on year-on-year basis.

1.2 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/UT's. 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/UT's 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 due to the various economic measures taken.

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 current survey which is fourth in the series covers the period July-Sep, 2009. The survey could not be launched in the first week of October, 2009 because of closure of many of the establishments due to festival season in the month of October. In this survey also, the units covered in the third survey are revisited to assess the employment trends in July-September, 2009 over June, 2009.

1.7 The field work in respect of the present survey was launched in the third week of October, 2009 and all the 3,003 sample units covered in the third 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. Sector-wise units covered in the third and fourth quarterly surveys are as under.

Table 1: Sector-wise number of units covered

Sl. No.	Industry/Group	No. of units covered during	
		third quarter (Apr-June, 2009)	current quarter (Jul-Sep, 2009)
1	Textiles including Apparels	1,112	1,068
2	Leather	177	175
3	Metal	858	829
4	Automobiles	153	150
5	Gems & Jewellery	225	193
6	Transport	87	85
7	IT/BPO	267	250
8	Handloom/Powerloom	124	123
Overall		3,003	2,873

1.8 During the second quarterly survey a two stage stratified sampling technique was adopted. The first stage units districts/centres were selected using purposive sampling and the second stage units, the establishments were selected using circular systematic sampling. The sample was 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 at Annexure-I.

Chapter-II

Analysis of Employment & Earnings Trends

2.1 The current quarterly quick employment survey, which is fourth in the series, covers the period July-September, 2009. From the third quarterly survey onwards, the sample units covered in the second quarterly survey are revisited to assess the direction and rate of change in employment during different quarters/reference periods. During the current survey, the employment figures are collected for the quarter July-September, 2009 and are compared with previous quarter's results. The sector-wise changes in the estimated employment during different quarters are presented in Table 2.1.

2.2 During the quarter Jul-Sep, 2009 the estimated employment in the eight sectors under study has increased by 4.97 lakh over June, 2009. The results of the quarter corroborate the Prime Minister's observation made while chairing the meeting of Planning Commission. The PM inter-alia mentioned that "We have been through a difficult year because of the global economic downturn which is now coming to end with a slow return to normalcy in the months that lie ahead".

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 June, 09
1	Textiles including Apparels	2.08	-1.54	3.18
2	Leather	-0.33	0.07	-0.08
3	Metals	-0.29	-0.01	0.65
4	Automobiles	0.02	0.23	0.24
5	Gems&Jewellery	0.33	-0.20	0.58
6	Transport	-0.04	-0.01	0.00
7	IT/BPO	0.92	-0.34	0.26
8	Handloom/ Powerloom	0.07	0.49	0.15
	Overall	**2.76**	**-1.31**	***4.97***

2.3 The results of the quarter July-Sept, 2009 are also supported by the substantial Industrial growth (IIP) of 9 per cent in September, 2009 on year-on-year basis. It may be observed from the Table 2.1 that the employment has increased in all the sectors, except in the leather, where it has marginally declined by 0.08 lakh during the quarter July-Sep, 2009 over June, 2009.

2.4 In the previous quarterly survey for the period Apr-June, 2009, the major decline in employment by 1.54 lakh was registered in the textile sector. However, based on the current survey results for the quarter July-Sep, 2009 there is a significant rise in the employment of this sector. During this quarter, the employment in the sector has increased by 3.18 lakh. After two consecutive negative employment trends in second and third quarter results, the metal sector has recovered in the current quarter. The employment in the sector has increased by 0.65 lakh during July-Sep, 2009 over June, 2009.

2.5 The other sectors in which the employment has increased significantly during the quarter July-Sep, 2009 over June, 2009 are gems&jewellery and IT/BPO. Both these sectors were showing a decline in employment during the previous quarterly survey for the period April-June, 2009.

2.6 The average monthly percentage change in employment based on different quarterly survey results are given below in Table 2.2. It may be observed from the table that the average monthly percentage change in employment during July-September, 2009 over June, 2009 at overall level is 1 per cent. In percentage terms, the significant increase is in gems&jewellery sector where the average monthly percentage change in employment is 5.1 per cent during July-September, 2009 over June, 2009. In metals, automobile and textile sector during the same period, the average monthly percentage increase in employment is over 1 per cent.

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
1	Textiles including Apparels	0.96	-0.63	1.26
2	Leather	-2.76	0.62	-0.70
3	Metals	-0.56	-0.03	1.22
4	Automobiles	0.10	1.24	1.21
5	Gems&Jewellery	3.08	-1.65	5.07
6	Transport	-0.36	-0.09	0.03
7	IT/BPO	0.83	-0.34	0.25
8	Handloom/ Powerloom	0.28	2.29	0.66
Overall		***0.60***	***-0.29***	***1.03***

2.7 In leather and IT/BPO sectors the average monthly percentage employment changes in the current survey results are in different direction as compared to the previous quarter survey results (Apr-June, 2009). During the last survey employment in leather sector increased at an average monthly rate of 0.62 per cent, but it declined by 0.70 per cent during July-Sep, 2009 over June, 2009. Similarly in IT/BPO during the previous survey the average monthly percentage decline in employment was 0.34 per cent whereas the employment has increased by 0.25 per cent during Jul-Sep, 2009 over June, 2009.

2.8 The sector-wise employment changes during July-September, 2009 over June, 2009 are also collected separately for direct and contract category of workers. Direct workers include permanent, temporary and casual workers employed directly by the employer. On the other hand contract workers are those workers which are hired by the employer to perform specific functions through a contractor for a defined period of time. The sector-wise changes in the employment of direct and contract category of workers in the third and fourth quarterly survey results are given in Table 2.3.

2.9 It may be seen from the table that at overall level about 80 per cent of the total increase in the employment during the period July-Sept, 2009 over June, 2009 is in the direct category of workers. In the previous quarterly quick employment survey for the period Apr-June, 2009 the direct category of workers was the most affected adversely. In that period at overall level 1.7 lakhs jobs were lost in the direct category of workers whereas for contract category of workers, the same had increased by 0.4 lakhs during April-June, 2009 over March, 2009.

Table 2.3: Changes in employment of direct and contract workers based on third and fourth quarterly survey results (in lakh)

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

2.10 During the current survey, the textile and gems&jewellery sectors, have experienced a significant increase in the direct category of workers. The direct workers in the above two sectors have increased by 2.59 lakh and 0.52 lakh respectively during July-Sep, 2009 over June, 2009. In contrast to this, in the metals and automobiles sectors, contract category of workers has increased more than the direct category of workers during the period July-Sep, 2009 over June, 2009.

2.11 In the previous quarterly survey (Apr-June, 2009), there was a decline in the direct employment in most of the sectors with maximum loss of employment in the textile sector (1.52 lakh) followed by IT/BPO (0.38 lakh) and metals (0.26) sector.

2.12 In the earlier quick employment quarterly surveys, the results show that the export oriented units were the most affected and the major job losses were registered in these units. During the current quarterly survey for the period July-September, the employment in the export oriented units is showing signs of recovery. In all the sectors studied, except leather, there is an increase in the employment during July-September, 2009 over June, 2009. The sector-wise employment changes in the export oriented units in the third and fourth quarter survey results are presented in Table 2.4.

Table 2.4: Changes in employment of exporting units based on third and fourth quarterly survey results (in lakh)

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

(*)In transport sector no exporting unit is found in the sample.

2.13 It may be seen from the above table that at overall level 2.04 lakh jobs have increased in the export oriented units during July-September, 2009 over June, 2009. In handloom/powerloom and gems&jewellery sectors, 100 per cent and 75 per cent of the growth in employment in respective sectors has been contributed by export units. Only in leather sector, there is marginal decline in employment of export sector units during this period.

2.14 In the third quarterly survey (April-June, 2009), the employment in the export oriented units had declined in all the sectors except handloom/powerloom and automobile sector.

2.15 The sector-wise average monthly percentage changes in employment of export oriented units during the last three quarterly surveys are given in Table 2.5.

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

Sl. No.	Industry/Group	Mar, 09 over Dec, 08	Jun,09 over Mar, 09	Sep, 09 over June, 09
1	Textiles including Apparels	-0.06	1.50	1.23
2	Leather	-2.37	-0.46	-1.10
3	Metals	-0.71	-0.06	0.72
4	Automobiles	-1.48	1.28	2.26
5	Gems&Jewellery	3.75	-2.90	6.55
6	Transport	-	-	-
7	IT/BPO	1.14	-0.68	0.12
8	Handloom/ Powerloom	0.58	5.55	1.28
Overall		***0.28***	***-0.76***	***0.91***

2.16 It may be observed from the above table that the average monthly percentage increase in the employment of the export units at overall level during July-September, 2009 over June, 2009 is 0.91 per cent. In percentage terms the maximum increase in the employment of export oriented units is seen in gems&jewellery sector (6.55 per cent) followed by automobiles (2.26 per cent) and handloom/power loom (1.28 per cent).

2.17 Data are also compiled separately for the non-exporting units of the sectors covered during the present survey. As seen in the previous quarterly results, the non-exporting units are showing a steady growth in employment in the present survey period. The sector-wise details of employment changes in the non-exporting units as per third and fourth quarter results are given in Table 2.6.

2.18 It may be observed from the table that during the period July-September, 2009 over June, 2009 at overall level, the employment in the non-exporting units has increased by 2.93 lakh. In all the sectors studied, except transport and handloom/powerloom, the employment in the non-exporting units has shown an increasing trend during July-September, 2009 over June, 2009. In transport and handloom/powerloom, no change in the employment is seen during this period.

Table 2.6: Changes in employment of non-exporting units based on third and fourth quarter results (in lakh)

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

2.19 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 also, the maximum percentage increase in the employment of non-exporting units is in the gems&jewellery sector

(2.93 per cent) followed by textiles (1.28 per cent) and metals (1.62 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	Mar, 09 over Dec, 08	Jun, 09 over Mar, 09	Sep, 09 over June, 09
1	Textiles including Apparels	1.78	-0.01	1.28
2	Leather	-3.94	4.18	0.60
3	Metals	-0.44	-0.01	1.62
4	Automobiles	1.04	1.23	0.93
5	Gems&Jewellery	1.82	0.74	2.93
6	Transport	-0.36	-0.09	0.03
7	IT/BPO	0.04	0.52	0.56
8	Handloom/ Powerloom	0.13	-0.71	-0.03
Overall		***0.92***	***0.14***	***1.13***

2.20 Above table shows that at overall level, average monthly percentage increase in employment is registered at 1.13 per cent in the non-exporting units during July-September, 2009 over June, 2009. As per the second and third quarter results for the period Jan-March, 2009 and Apr-June, 2009 the same had increased by 0.92 per cent and 0.14 per cent respectively. According to the current survey results for the period July-Sep, 2009, there is an increase in the average monthly employment in all the sectors except handloom/powerloom. In the handloom/powerloom sector a marginal decrease of 0.03 per cent is registered in the non-exporting units during July-Sep, 2009 over June, 2009.

2.21 In addition to the employment figures collected during the survey, the information on the earnings of the workers is also collected during the survey. The sector-wise average monthly changes in earnings for third and fourth quarter surveys are presented in Table 2.8.

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
1	Textiles including Apparels	-1.10	2.85
2	Leather	2.43	0.05
3	Metal	2.39	-0.65
4	Automobiles	5.36	-0.07
5	Gems&Jewellery	4.68	3.09
6	Transport	-0.02	-0.91
7	IT/BPO	-2.18	3.57
8	Handloom/Powerloom	-0.63	-2.39
Overall		***-1.29***	***2.24***

2.22 The above table shows that at overall level, the average monthly earnings in September, 2009 increased by 2.24 per cent over June, 2009. In some of the sectors the trend in terms of average monthly percentage change in earnings for the period is different from the employment trends in that sector for the same period. Like, in metals and automobiles, 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 worker is generally paid less than the regular workers.

Annexure-I

GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT
LABOUR BUREAU, CHANDIGARH
EMPLOYMENT SCENARIO: July–September 2009

I Identification Particulars

a) Zone-State

b) Name of the District/Centre

c) Name of Unit

d) Complete Address of the Unit

e) DSL NO.

f) Name of the Person contacted

g) Status of the Unit (Orginal-1, Substitute-2)

i) NIC code (3 – digit)

j) Type of goods Manufactured /Produced

k) 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.)
June , 09	Direct		
	Contract		
	Total		
July, 09	Direct		
	Contract		
	Total		
Aug, 09	Direct		
	Contract		
	Total		
Sep, 09	Direct		
	Contract		
	Total		