



सत्यमेव जयते

Report
on
Effect of Economic
Slowdown
on Employment in India
(January - March 2010)

Government of India
Ministry of Labour & Employment
Labour Bureau
Chandigarh
May 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, five 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 Jan-Mar, 2010 during the sixth quarterly survey. I appreciate the dedicated efforts of the staff of Labour Bureau towards collection of data and preparation of the report in a short time.

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

B.N. Nanda
Director General

Place: Chandigarh
Date: 17.05.2010

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Executive Summary

- The current survey is the sixth 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 and completed in the month of April, 2010 and covers the period Jan-March, 2010.
- A total of 2,815 sample units have been covered during the survey in eight selected sectors viz. textiles, leather, metals, automobiles, gems & jewellery, transport, IT/BPO and handloom/powerloom.
- At overall level (all sectors covered) employment has increased by 0.61 lakh in Mar, 2010 over Dec, 2009.
- The employment in the contract category of workers has increased by 0.74 lakh during the period March, 2010 over Dec, 2009.

- In textile sector, the employment has declined by 1.19 lakh during the period March, 2010 over Dec, 2009.
- In the exporting units the employment has increased by 1.87 lakh during the period March, 2010 over Dec, 2009; however in the non-exporting units it has declined by 1.25 lakh during the same period.
- An analysis of changes in employment that took place during the quarters falling in the financial year 2009-10 (i.e. Mar, 2010 over Mar, 2009), indicates that the overall employment in the eight selected sectors covered in the quarterly surveys has increased by 10.66 lakh during this period.

INTRODUCTION

Employment data is one of the important tools for planning and policy purpose. The eruption of the Global Economic Slowdown and its impact on the developing and developed countries realized the need of employment data on regular intervals. In our country where majority of the employment is in the unorganized sector, the need of the employment data at frequent intervals is paramount.

The adverse impacts of the global economic slowdown were also visible in the Indian economy. The economy recorded 9 per cent plus rate of growth of GDP during the years 2006-07 and 2007-08; the slowdown however brought it down significantly to the level of 6.7 percent in 2008-09.

The decline in external demand for Indian exports coupled with drying up of resources for financing Indian industries led to decelerated industrial performance during the year 2008-09. The IIP showed a declining trend during 2007-08 which continued in 2008-09.

Since January, 2009, Labour Bureau is providing quarterly estimates on the employment scenario in selected sectors supposed to be badly affected by the economic slowdown. Although, the scope of this survey is limited; the trends of the employment scenario in these specific sectors under study may be quite useful for policy making and taking corrective measures.

The first quarterly survey was conducted in the month of January, 2009 to study the impact of slowdown 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 were covered at 20 centres spread across eleven States/UTs. About half a million workers lost their jobs during the quarter in the sectors studied.

Construction sector was also covered in the first quarterly survey but due to noncooperation of the sample units and unavailability of reliable data, results could not be compiled. The sector is not being covered in the subsequent quarterly surveys.

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 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 centers spread across eleven States/UTs was covered during the survey. More than a quarter million jobs were added during the quarter. There appeared to be a modest recovery in employment probably due to stimulus measures of Union Government.

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 noncooperation, 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.

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 changes in employment in the selected sectors. 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 be collected due to non-cooperation and/or non-availability of the owner etc. In all the sectors studied, except

leather; employment increased during the quarter. Overall employment increased by 4.97 lakh during the reference period.

The Fifth quarterly survey covering the period Oct-Dec, 2009 was launched in the third week of January, 2010 and was completed in the first week of February, 2010. In the earlier quarterly surveys, the units covered in the second quarterly survey were revisited to assess the direction and rate of change in the employment. However, in the fifth survey a fresh sample was drawn to assess the employment trends. In the sample drawn, about 70 per cent of the units were selected afresh and the rest were the same as covered in the previous surveys

The present quarterly quick employment survey is the sixth in the series and covers the period Jan-Mar, 2010. The field work for the survey was

launched and completed in the month of April, 2010. In this survey, the sample units covered in the previous survey has been revisited to assess the changes in employment. All the units covered in the fifth quarterly survey (2953 units) were approached; however, information is collected from 2,817 units. The sector-wise number of units covered in the present and the previous surveys are given in the Table that follows:

Table: Sector-wise units covered

Sl. No.	Industry Group/State	No. of Units covered during	
		Oct-Dec, 2009	Jan-Mar, 2010
1	Textiles including Apparels	1019	946
2	Leather	190	190
3	Metal	951	924
4	Automobiles	142	133
5	Gems & Jewellery	222	206
6	Transport	85	85
7	IT/BPO	232	223
8	Handloom/Powerloom	112	108
Overall		2953	2815

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.

Analysis of Employment & Earnings

The present survey is the sixth one in the series of quarterly quick employment surveys and it covers the period Jan,-Mar, 2010. The survey aims to revisit the sample units covered in the fifth quarterly survey (Oct-Dec, 2009) so as to assess the rate and direction of changes in the employment trends occurred during the period. The field work for the present survey was launched and completed in the month of April, 2010.

The signs of recovery in Indian economy are visible from the results of the macroeconomic parameters. As per advance estimates released by the Central Statistical Organization, the overall growth of GDP at factor cost at constant prices was 7.2 per cent in 2009-10 showing an

increase from the level it was during 2008-09. The Index of Industrial Production (IIP) has also registered an increase in the year 2009-10 as compared to the previous year. The latest quick estimates of IIP indicate a growth rate of 10.4 per cent during the year 2009-10 over the corresponding period of the previous year.

The employment estimates in respect of the sectors derived on the basis of present quarterly survey also corroborate the above facts. The trends are showing an increase in employment during the year 2009-10. The overall employment in the eight sectors under study has increased by 10.7 lakh during the year 2009-10. In IT/BPO sector the increase in the employment is maximum (6.9 lakh) during the year 2009-10. The sector-wise changes in the employment during the four quarters of the year 2009-10 are given below in Table 2.1.

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

Sl. No	Industry/ Group	Changes in employment during					Mar,10 over Mar,09
		Jun,09 over Mar, 09	Sep, 09 over Jun, 09	Dec,09 over Sep, 09	Mar,10 over Dec,09		
1	Textiles including Apparels	-1.54	3.18	0.16	-1.19		0.61
2	Leather	0.07	-0.08	0.09	0.00		0.08
3	Metals	-0.01	0.65	0.23	0.04		0.91
4	Automobiles	0.23	0.24	0.06	0.29		0.82
5	Gems & Jewellery	-0.2	0.58	0.07	0.24		0.69
6	Transport	-0.01	0.0	-0.02	-0.02		-0.05
7	IT/BPO	-0.34	0.26	5.7	1.29		6.91
8	Handloom/ Powerloom	0.49	0.15	0.09	-0.05		0.68
Overall		-1.31	4.97	6.38	0.61		10.66

During the current survey which corresponds to the period Jan-Mar, 2010, the employment at overall level has increased by 0.61 lakh in March,

2010 over December, 2009. Comparison of the results of the present survey with those of the fourth and fifth quarterly quick employment surveys; indicates that the employment increased by 4.97 lakh in Sep, 09 over June, 09 and 6.38 lakh in Dec, 09 over Sep, 09 respectively, as compared to a meager increase of 0.61 lakh in March, 10 over December, 09.

In textile sector, the employment has declined by 1.19 lakh in March, 2010 over Dec, 2009. However, in IT/BPO sector the employment has increased by 1.29 lakh during the same period. In leather, metals, transport and handloom/powerloom sectors; the changes in employment during the period March, 2010 over Dec, 2009 are not very significant.

The sector-wise average monthly percentage changes in the employment during the four quarterly surveys of the year 2009-10 are given

below in Table 2.2. The survey results reveal that the average monthly percentage increase in the employment during the quarter March, 2010 over Dec, 2009 is 0.16 per cent at over all level.

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

Sl. No.	Industry/ Group	Changes in employment based on various quarterly results			
		June,09 over Mar, 09	Sep, 09 over Jun, 09	Dec,09 over Sep, 09	Mar,10 over Dec,09
1	Textiles including Apparels	-0.63	1.26	0.12	-0.76
2	Leather	0.62	-0.70	0.94	-0.01
3	Metals	-0.03	1.22	0.43	0.09
4	Automobiles	1.24	1.21	0.30	1.43
5	Gems & Jewellery	-1.65	5.07	0.74	2.70
6	Transport	-0.09	0.03	-0.19	-0.18
7	IT/BPO	-0.34	0.25	4.15	1.15
8	Handloom/ Powerloom	2.29	0.66	0.71	-0.37
Overall		-0.29	1.03	1.70	0.16

It may also be seen from the above table that among the sectors registering decline in employment, the textile sector has registered average monthly decline of 0.76 per cent followed by handloom/powerloom (0.37 per cent) and transport sector (0.18 per cent) during the period March, 2010 over Dec, 2009. Among the sectors showing an increase in employment during the period Mar, 10 over Dec, 09 maximum increase is in gems & jewellery sector (2.70 per cent) followed by automobiles (1.43 per cent) and IT/BPO (1.15 per cent).

The employment data is collected separately for direct and contract category of workers to assess the employment trends in these two distinct categories. The sector-wise changes in the employment of direct and contract category of

workers for the current and the last three quarterly surveys are given below in Table 2.3.

Table 2.3: Changes in employment of direct and contract workers based on the various quarterly survey results during 2009-10 (in lakh)

Sl. No	Industry/ Group	Jun, 09 over Mar, 09		Sep, 09 over Jun,09		Dec,09 over Sep, 09		Mar, 10 over Dec, 09		Mar, 10 over Mar, 09	
		Direct	Contract	Direct	Contract	Direct	Contract	Direct	Contract	Direct	Contract
1	Textiles including Apparels	-1.52	-0.02	2.59	0.59	-0.09	0.25	-1.59	0.40	-0.61	1.22
2	Leather	0.04	0.03	0.00	-0.08	0.09	0.00	-0.01	0.01	0.12	-0.04
3	Metals	-0.26	0.25	0.31	0.34	0.04	0.19	0.01	0.04	0.1	0.82
4	Automobiles	0.06	0.17	0.11	0.13	0.00	0.06	-0.03	0.32	0.14	0.68
5	Gems & Jewellery	-0.21	0.01	0.52	0.06	0.06	0.01	0.22	0.02	0.59	0.10
6	Transport	-0.02	0.01	0.00	0.00	-0.03	0.01	-0.03	0.01	-0.08	0.03
7	IT/BPO	-0.38	0.04	0.25	0.00	5.67	0.03	1.25	0.04	6.79	0.11
8	Handloom/ Powerloom	0.57	-0.08	0.14	0.01	0.05	0.04	0.06	-0.11	0.82	-0.14
Overall		- 1.71	0.41	3.92	1.05	5.79	0.59	-0.13	0.74	7.87	2.78

The survey results for the period Jan-Mar, 10 reveals that the employment in the direct category of workers has declined marginally by 0.13 lakh at overall level. However, the

employment has increased in the contract category by 0.74 lakh at overall level during the period Jan-Mar, 10 indicating increased contractualisation of workers. The significant decline in the direct category of workers is seen in the textile sector, where the survey results are showing a decline of 1.59 lakh during this period. On the other hand, employment in the contract category of workers has increased in all the sectors under study except in handloom/powerloom sector wherein it has declined during the period Mar, 10 over Dec, 09.

It may be seen from the above table that during the one year period i.e March, 10 over March, 09; the employment in the direct category of workers has increased by 7.87 lakh. The maximum increase in employment of direct category of workers for the period is seen in the IT/BPO sector (6.79 lakh) followed by handloom/powerloom (0.82 lakh), gems & jewellery (0.59 lakh) and so on. In the contract

category of workers, the increase in the employment during the period March, 10 over March, 09 is 2.78 lakh at overall level with maximum increase in textile sector (1.22) followed by metal sector (0.82 lakh), automobile sector (0.68 lakh) and so on.

Table 2.4: Changes in employment of exporting units based on the various quarterly survey results during the year 2009-10 (in lakh)

Sl. No.	Industry/ Group	Jun,09 over Mar, 09	Sep, 09 over June,09	Dec, 09 over Sep, 09	Mar, 10 over Dec, 09	Mar, 10 over Mar, 09
1	Textiles including Apparels	-1.52	1.20	0.47	0.69	0.84
2	Leather	-0.04	-0.10	0.09	-0.04	-0.09
3	Metals	-0.01	0.17	0.21	0.08	0.45
4	Automobiles	0.05	0.09	0.05	0.10	0.29
5	Gems& Jewellery	-0.23	0.44	0.06	0.17	0.44
6	Transport (*)	-	-	-	-	-
7	IT/BPO	-0.48	0.08	4.87	0.89	5.36
8	Handloom/ Powerloom	0.57	0.15	0.05	-0.02	0.75
	Overall	-1.67	2.04	5.80	1.87	8.04

(*) No export unit

The employment data is also collected separately for export and non-export units during the various quarterly quick employment surveys conducted by the Bureau. Table 2.4 presents the sector-wise changes in the employment of exporting units during the four quarterly surveys spread over the year 2009-10.

The survey results reveal that the employment in the exporting units has increased by 1.87 lakh during the period March, 10 over Dec, 09 at overall level. Although the total employment has declined in the textile sector during the period March, 10 over Dec, 09; the employment has in fact increased in the exporting units by 0.69 lakh. In all other sectors, except in handloom/powerloom & leather where the employment has declined marginally; the employment has increased during the period.

It may be further seen from the above table that out of the total increase of 10.66 lakh in the employment of all sectors covered, an increase of 8.04 lakh is in the export units. The main contributors to the increase in the employment of the export sector are IT/BPO where it has increased by 5.36 lakh, followed by textile sector (0.84 lakh) and handloom /powerloom sector (0.75 lakh) during the year 2009-10. Only in leather sector, the export units registered a marginal decline of 0.09 lakh during the period.

The average monthly percentage changes in employment of exporting units during the four quarters of the financial year 2009-10 are given below 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	Jun,09 over Mar, 09	Sep, 09 over Jun, 09	Dec,09 over Sep,09	Mar,10 over Dec,09
1	Textiles including Apparels	1.50	1.23	0.71	0.84
2	Leather	-0.46	-1.10	1.12	-0.56
3	Metals	-0.06	0.72	1.14	0.47
4	Automobiles	1.28	2.26	0.95	1.92
5	Gems & Jewellery	-2.90	6.55	1.48	4.18
6	Transport	-	-	-	
7	IT/BPO	-0.68	0.12	5.23	1.09
8	Handloom/ Powerloom	5.55	1.28	2.54	-1.08
Overall		-0.76	0.91	2.95	0.93

It may be observed that the average monthly percentage change in the employment of exporting units during the period March, 2010 over Dec, 2010 works out to be 0.93 per cent at over all level. In percentage terms, the major contributing sectors to the average monthly growth of employment are gems & jewellery,

where it has increased by 4.18 per cent, followed by automobiles (1.92 per cent) and textiles (0.84 per cent).

The sector-wise employment trends of the non-exporting units for the four quarters of the year 2009-10 are presented below in Table 2.6. The survey results reveal that during the period March, 2010 over Dec, 2009; the employment has declined in the non-exporting units by 1.25 lakh.

It may be seen that in the non-exporting units, the significant decline in employment is registered in the textile sector (1.88 lakh) during the January-March, 10 quarter. In other sectors, the increase/decrease in the employment of the non-exporting units during the period is marginal. It may be further seen from the above table that the employment in non-exporting units has increased by 2.62 lakh at overall level in

March, 10 over March, 09. As observed in the case of exporting units, where the maximum increase was in the IT/BPO sector during the year 2009-10; in the non-exporting units also, the maximum increase is in the same sector.

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

Sl. No	Industry/ Group	Jun,09 over Mar, 09	Sep, 09 over June, 09	Dec, 09 over Sep, 09	Mar, 10 over Dec, 09	Mar, 10 over Mar, 09
1	Textiles including Apparels	-0.02	1.98	-0.31	-1.88	-0.23
2	Leather	0.10	0.02	0.00	0.04	0.16
3	Metals	0.00	0.48	0.02	-0.03	0.47
4	Automobiles	0.18	0.15	0.01	0.19	0.53
5	Gems & Jewellery	0.03	0.14	0.01	0.08	0.26
6	Transport	-0.01	0.00	-0.02	-0.02	-0.05
7	IT/BPO	0.15	0.17	0.83	0.40	1.55
8	Handloom/ Powerloom	-0.08	0.00	0.04	-0.03	-0.07
	Overall	0.35	2.93	0.58	-1.25	2.62

The sector-wise average monthly percentage changes in the employment of non-exporting units are presented below in Table 2.7. In the non-exporting units; the average monthly percentage decline is registered at 0.69 percent at overall level during the period March, 2010 over Dec, 2009.

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 Jun, 09	Dec09 over Sep,09	Mar,10 over Dec,09
1	Textiles including Apparels	-0.01	1.28	-0.45	-2.55
2	Leather	4.18	0.60	0.08	2.36
3	Metals	-0.01	1.62	0.05	-0.10
4	Automobiles	1.23	0.93	0.08	1.25
5	Gems&Jewellery	0.74	2.93	0.14	1.52
6	Transport	-0.09	0.03	-0.19	-0.18
7	IT/BPO	0.52	0.56	2.50	1.32
8	Handloom/ Powerloom	-0.71	-0.03	2.95	-0.24
Overall		0.14	1.13	0.32	-0.69

It may be seen from the above table that the average monthly decline in employment is maximum in the textile sector (2.55 per cent) followed by handloom/powerloom sector (0.24 per cent), transport (0.18) and metals (0.10 per cent). The average monthly increase in employment is 2.36 per cent in leather, 1.52 per cent in gems & jewellery, 1.32 per cent in IT/BPO and 1.25 in Automobile non-export units during March, 10 on March, 09.

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 during the four quarters of the year 2009-10 are presented in Table 2.8.

The survey results reveal that the average monthly changes in the earnings are showing an increase of 7.1 per cent in March, 2010 over Dec, 2009 at overall level. The maximum increase in the earnings is seen in the IT/BPO sector where it has increased by 9.3 per cent during the period

Table 2.8: Average Monthly changes in earnings during the last four quarters for the year 2009-10 (in %)

Sl. No.	Industry/Group	Jun,09 over Mar, 09	Sep, 09 over Jun,09	Dec, 09 over Sep, 09	Mar,10 over Dec, 09
1	Textiles including Apparels	-1.10	2.85	-1.54	2.6
2	Leather	2.43	0.05	1.43	-1.4
3	Metal	2.39	-0.65	-2.20	4.8
4	Automobiles	5.36	-0.07	0.34	1.4
5	Gems & Jewellery	4.68	3.09	-0.24	1.0
6	Transport	-0.02	-0.91	-8.75	0.8
7	IT/BPO	-2.18	3.57	1.21	9.3
8	Handloom/ Powerloom	-0.63	-2.39	-0.02	2.3
Overall		-1.29	2.24	1.57	7.1

March, 2010 over Dec, 2009. All the sector units registered increase in earnings of the employees, except the leather units wherein earnings declined by 1.4 percent during this period.

GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT
LABOUR BUREAU, CHANDIGARH
(EMPLOYMENT SCENARIO : January - March, 2010)

I Identification Particulars

- | | |
|----------------------------------------|----------------------|
| a. Zone-State | <input type="text"/> |
| b. Name of the | <input type="text"/> |
| c. Name of Unit | <input type="text"/> |
| d. Complete Address of the Unit | <input type="text"/> |
| e. D S L No. | <input type="text"/> |
| f. Name of the Person | <input type="text"/> |
| g. Mobile /Contact No. | <input type="text"/> |
| h. NIC Code (3- Digit) | <input type="text"/> |
| i. Type of goods | <input type="text"/> |
| j. Whether the unit is export oriented | <input type="text"/> |

II Month-wise number of Workers & Earnings

Month	Employment Status	Employees as on last working day	Total Wage/Salary Bill (in Rs.)
Dec, 09	Direct		
	Contract		
	Total		
Jan, 10	Direct		
	Contract		
	Total		
Feb, 10	Direct		
	Contract		
	Total		
Mar, 10	Direct		
	Contract		
	Total		

Name of the Officer	
Signature with date	
Remarks:	