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# Stalled growth now showing in job crunch

**LAY-OFFS** ■ Job cuts clearly evident in labour-intensive industries such as textiles, India's second-largest employer

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MUMBAI, NEW DELHI, JUNE 10

**T**HE sustained hammering down of GDP growth numbers every passing quarter is beginning to show up on employment numbers, with subdued business sentiment forcing a fresh wave of lay-offs. Those in the firing line include wage-earners in both formal and informal sectors, along with those holding white collar jobs across the service and manufacturing industries.

The job crunch is clearly evident in labour-intensive industries such as textiles, the country's largest employer after agriculture. A total of 123 cotton and man-made fibre textile mills in the organised sector, that employed 44,681 workers, are estimated to have closed down in the past three years. If the mills in the SSI sector were included, the number would be higher. Tamil Nadu and Maharashtra top the list of states where



## A TASK AT HAND

**123 TEXTILE MILLS** in the organised sector, employing **44,681** workers, estimated to have closed down in the past three years

**LAY-OFFS** seen in white collar services sectors, reflective of stock market performance and poor business prospects

**JOB LOSSES** in telecom sector on account of SC cancelling licences, operators shutting operations

most organised-sector mills have closed down.

The sector has been hit by a sharp fall in cotton yarn prices and

poor domestic and global demand. The problem is compounded by the economic crisis in the US and Europe, as these alone account for 65 per cent of the country's textile exports.

Industry organisation Apparel Export Promotion Council (AEPC) estimates that job losses over the past three years are much higher than government estimates, at about 45 lakh persons. According to AEPC Chairman A Sakthivel, domestic banks are sending out closure notices and this is hurting small units the most because of credit problem.

Data compiled for a crisis-management meeting late last month, held just ahead of the May 29 meeting of Textile Minister Anand Sharma with Finance Minister Pranab Mukherjee on restructuring of Rs 35,000-crore worth of bank loans for the textile industry, shows that the larger mills forced to down shutters

**CONTINUED ON PAGE 2**

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include Ahmedabad-based Asoka Cotsyn of Arvind Mills, which had 904 workers on its rolls, and a unit of Maneklal Harilal Mills in Ahmedabad, with 1,615 workers.

In Maharashtra, a Mumbai-based mill of Bombay Dyeing and Morarjee Goculdas Spinning and Weaving, with 2,852 workers, has downed shutters. In Tamil Nadu, the Tirunelveli-based unit of Coats Viyella — Madura Industrial Textiles — with 2,475 workers, has wound up operations.

In UP, the Allahabad-based Mau-Aima Sahkari Katai Mills, with 1,419 workers, and the Fatehpur-based UP Sahakari Katai Mills, with 1,099 workers, are among those forced to close down in the wake of viability concerns and labour trouble.

In the white collar services sectors too, the lay-offs spree is reflective of stock market performance and prospects in banking, asset management, investment banking, broking

and insurance business. "It's getting tough for foreign broking firms now and some of them have already done one or two rounds of lay-offs. In our case we are not filling up places being vacated by people going to other places," said a senior official with a leading global financial services firm.

Investment banks and foreign brokerage firms are under pressure due to weak domestic markets, said the official, with institutional business and market value down, a depreciated rupee and falling commissions.

Domestic brokers too are feeling the heat. Dinesh Thakkar of Angel Broking said they have had to reduce the number of their branches and employees by around 5 per cent even as they seek to become more cost effective.

"The market is bad as a number of boutique private banks have either shut shop or are downsizing," said a mid-level official with a leading foreign bank. "While the

number of people in the market looking for jobs has gone up, no one is actually hiring."

In January this year, global banking major Citigroup said it would lay off at least 100 employees in India as part of its global restructuring exercise. "Citigroup continuously reviews its internal processes and organisational structure to right size the organisation for efficient growth," the company said.

In addition are job losses in the telecom sector on account of operators announcing shutting down of their operations post the Supreme Court order cancelling 122 licenses given in 2008.

Experts say that job creation is going to suffer in the near term amid policy uncertainty. "Economic growth will have an impact on job creation and new job creation will get sluggish especially in sectors like banking, asset management companies and broking, among others," said E Balaji, MD and CEO, Randstad India.

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CONTINUED ON PAGE 2