



Putting India to Work

Press Release

TeamLease releases “India Labour Report 2006”

Report analyzes the state of labour markets and contains the first ranking of States by Labour Ecosystem (labour demand, labour supply & labour laws)

Bangalore, August 14, 2006: TeamLease Services today released *India’s first* ranking of states by labour ecosystem; labour demand, labour supply and labour laws.

The *first* section of the report takes a broad look at the *current state of labour markets* since India’s working age population in 2020 will be equal to the population when reforms started in 1991. Projecting current labour market variables indicates staggering unemployment (29% by 2020) unless radical action is taken.

The *second* section *builds a model and ranks Indian states by labour ecosystem* (labour demand, supply and laws). The Top 3 states in each category are Labour Demand (Gujarat, Goa and Himachal Pradesh), Labour Supply (Goa, Karnataka and Tamil Nadu) and Labour Laws (Maharashtra, Karnataka and Punjab). The states ranked best in the overall labour ecosystem ranking are Delhi, Gujarat and Karnataka

The *third* section is *prescriptive and seeks to make the case for a job creation agenda that involves labour law amendments*. This involves reducing transaction costs, and elimination/ harmonization of the over 2500 central laws and 25,000 state laws. It concludes that a possibility worth deeper debate is the shift of labour laws from the concurrent to the state list of the constitution to give greater authority and accountability to states.

According to Manish Sabharwal, Chairman, TeamLease Services, “States are losing an important opportunity by not creating differential labour ecosystems. Labour Demand takes five years to change, labour supply probably fifteen years but labour laws could be changed in under a year. Unfortunately, Labour legislation has been hijacked by a small minority of organized labour that has positioned job preservation as a form of job creation. The silent majority of unemployed and unorganized labour (93% of our labour force) need a labour regime that chooses new jobs over existing ones, does not encourage the substitution of labour by capital, and eliminates the disincentives of job creation in the organized sector.”

This *full report is available for download at www.teamlease.com* along with a research series that includes an annual temping reform white paper, annual temp salary primer, and six-monthly employment outlook survey. These reports are part of a broader

TeamLease campaign to increase information around the costs of the current labor regime that hinders the expansion of organized non-traditional employment.

Key Findings of the report:

<ul style="list-style-type: none"> • India is only country in the world growing younger. It's working population between 20- 59 years is 567 million in 2006.
<ul style="list-style-type: none"> • The labour force in 2020 will number around 716 million
<ul style="list-style-type: none"> • Current employment elasticity is 0.15, which means even if we create about 100 million new jobs by 2020 an additional 170 odd million will be unemployed
<ul style="list-style-type: none"> • Quality of labour force in 2020 is not encouraging – only 88 million people will be graduates
<ul style="list-style-type: none"> • Education achievement by itself may not be an adequate measure if the quality of the education is not captured
<ul style="list-style-type: none"> • Data from NSSO surveys shows that in 1999-2000, across all social groups between 85 to 90 percent of the unemployed are accounted for in the 15 to 29-age (Indian youth) group. This is true of rural areas and also of urban areas
<ul style="list-style-type: none"> • Many projections talk about the need for 10 million new jobs every year but the requirement may be higher – at about 15 million per year
<ul style="list-style-type: none"> • Out of India's 402 million workforce, only about 7 per cent ended up working in the organized sector
<ul style="list-style-type: none"> • Unorganized sector is completely outside the purview of most labour laws, and this includes social security. Liberalization will also involve extending protection to labour in the unorganized sector
<ul style="list-style-type: none"> • Extent of the 'damage' to the exchequer due (Tax revenues) to a large unorganized sector. In 2005-06 the Manufacturing sector GDP was Rs. 5,14,002 crores (advanced estimates) in current prices. About 32 percent of this is accounted for by the unregistered or unorganized manufacturing sector; that is, about Rs. 162,000 crores

About TeamLease Services Private Limited

TeamLease is India's largest staffing company. It is a liquidity provider in labour markets that enables the better matching of demand and supply by connecting the people, to the right company, at the right time. We currently have over 50,000 employees in over 450 locations across the country. TeamLease offers a range of temp and perm solutions for companies and individuals that are complemented by strong vertical practices for ITES, Retail, Telecom and Financial Services



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Clients and Candidates are serviced through our network of offices, web and phone support. Our proprietary web based TeamLease Temp Network (TLnet) is hosted at www.teamlease.com. TLnet has three components; CLCS (Associate Life Cycle System), CLCS (Candidate Life Cycle System) and our Intranet.

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