

TEAMLEASE BAGS 4 NEW CONTRACTS FROM AUTO ANCILLIARY COMPANIES

To generate 2000 new jobs in the next 3 months

Pune: TeamLease Contract Service (TLCS), the blue collar employment unit of TeamLease Services Private Limited has recently bagged 4 new clients from the auto ancillary industry based out of Pune. The new contracts potentially allow creation of 2000 new jobs in the next 3 months.

Laborers would be sourced from Nasik, Satara, Saurashtra, Vidharba the industrial belts, to an extent sub-contractors and smaller villages around Pune. There will be primarily two interface points from TLCS, one for the client which would consist of members who are labor law experts and the other, implants or supervisors to take care of the day-to-day needs to the laborers.

According to Sangeeta Lala, Vice-President, TeamLease Contract Service ***“Markets are slowly but steadily waking up to hiring accredited firm to take charge of their factory floor manpower needs. The shift in services to an accredited firm vis-vis local contractor can be attributed to two reasons – to ensure complete compliance and process standardization as required by CLRA 1970 and the penalty for non-compliance”***

It is estimated that 93% of the 400 million employed in India is in the unorganized sector which is predominantly the blue collar segment. Unorganized sector is completely outside the purview of most labour laws and this includes social security. Extent of the ‘damage’ to the exchequer due to a large un-organized sector (tax revenues) in 2005-06 in 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.

Thus arises the need to formalize the informal sector. The reality in blue collar temping today is that there is no single organized ‘contractor’ at a national or local level. Many of the so-called contractors offer this as an added service with other businesses, minus the required bandwidth or focus on service delivery standards. This has left a huge gap in the market in compliance adherence and worker welfare. The need to bridge this gap has prompted TeamLease to extend its current service offerings into this space.

Client benefits

- Focus on delivery of specialized functions
- Manage unexpected business demands
- Staffing flexibility - Short-term & Temporary business needs
- Access to a larger talent pool
- Screen candidates for permanent employment
- Reduce HR Administration cost & time
- Comprehensive Compliance activity
- HR services, policies, benefits, manuals etc
- Management reports and MIS

In other words, TeamLease on behalf of the workforce would be responsible for

1. TeamLease will act as the statutory employer of the workers - Manages all employee benefits, day to day HR administrative activities like attendance, leave etc.
2. Post the Selection process, substantial amount of familiarization of employee benefits like wage structure, statutory coverage like PF, ESIC needs to be done with the workers, since majority at that level have never received such benefits or are first time job seekers.
3. The workers also undergo an induction training at the time of joining which address employment related issues, safety policies, provision of basic welfare amenities like first aid, washroom etc.
4. Specific skills training, if required, can be facilitated by TeamLease.
5. Typically under local contractors once the fixed term of employment is completed, they are forced out of the system (240 days as per the Industrial Dispute Act), result of which they end up with no jobs or if they do typically they are in an unrelated field. Skill development never reaches any maturity. However in the case of TeamLease workers are moved to another organization that requires similar skill sets. This in turn helps to develop a skilled workforce.

TLCS client responsibilities in a nutshell

TeamLease would be responsible for all manpower projections, facility provision, payroll related operations, facilitating inspections, review and monthly MIS, maintaining compliance adherence processes and recurring workflows, contract and license agreement.

TeamLease recommendations as per the TeamLease India Labor report 2006

- **The Agenda – Reducing Transaction Costs**
 - These reforms focus on the need to step up real GDP (gross domestic product) growth rates
 - Legal system one such example of institutional constraints to higher growth rates has often been posed
 - Economic reforms have provided a trigger for reforming the legal system
 - transaction costs associated with obeying the law must be brought down, so that people do not have an incentive to operate in a quasi-legal or illegal framework

- **Labour Law reform agenda**
 - **Requires**
 - ❖ **Old and dysfunctional laws** to be eliminated
 - ❖ Need for **unification** and **harmonization**
 - ❖ Reducing **unnecessary state intervention** and **over-legislation**
 - ❖ There is the question of procedural law. If procedural law is **inefficient and time consuming**, no matter how good substantive law is, the legal system will lack credibility

- **Three Critical Laws**
 - The three statutes that impinge on industrial relations are
 - ❖ **The Contract Labour (Regulation and Abolition) Act**
 - Was never means to prohibit contract labour
 - Section 10 provided the appropriate Government the discretion of prohibiting contract labour in selected areas
 - Contract labour **allows flexibility and permits outsourcing**. However, a few **court judgments have affected this flexibility**
 - ❖ **The Trade Unions Act**
 - Provisions of *the Trade Unions Act* that lead to multiplicity
 - **Multiplicity problem impinges on collective bargaining** because an agreement with one union is not necessarily binding on others
 - Following recommendations of the Second Labour Commission, the government has introduced amendments to *the Trade Unions Act*
 - ❖ **The Industrial Disputes Act**
 - Labour markets become artificially rigid, employers adopt artificially high capital intensity and circumvent the legislation
 - **Unless this rigidity in labour markets is removed, higher growth will not necessarily translate into greater employment**
 - Competition cannot function without free exit
 - The NCMP (National Common Minimum Programme) states, “The UPA rejects the idea of automatic hire and fire

Labour laws if implemented and changes included in IDA **these recommendations will harmonize labour laws under five heads of industrial relations, wages, social security, safety and welfare and working conditions**. While flexibility will improve in the organized labour market, there will simultaneously be better social security provisions in the unorganized one. Implementation of the latter of course remains a problem. But it is the political economy that proves to be intractable.

One answer could be to amend the Seventh Schedule of the Constitution and move labour from the Concurrent List to the State List. That way, States that wish to reform, can go ahead, without waiting for the Central government to resolve problems centered around coalition politics.



Putting India to Work

About TeamLease Services Private Limited

TeamLease Services Pvt. Ltd is India's largest staffing solution company and the biggest player in the temping (temporary staffing) industry today. . TeamLease has been recognized for having pioneered the concept of temporary staffing in India. Currently they have over 67,000 employees on the rolls, presence across 464 locations with 23 offices in India.

They are currently India's second largest private sector employer and will be India's largest private employer by end of 2007 after being alive for four years. TeamLease biggest visible accomplishment is the speed of scaling (have hired somebody every 12 minutes for the last four years, weekends and nights included. Their non-visible accomplishment has been building a deep bench.

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