

Job Cuts vs Pay Cuts

Contributed by Divya Gupta

One day after Diwali -- the Indian festival of lights -- the Associated Chambers of Commerce and Industry (Assocham), an industry association, published a report on the job market. Titled- "Jobs Scenario Post-Diwali", the end-October survey said that seven key industrial sectors would see nearly 25% layoffs in the next two weeks.

Predictably, there was a huge outcry. Other chambers said the situation was not so dire. "We do not believe any immediate threat exists," noted FICCI (Federation of Indian Chambers of Commerce and Industry) president Rajeev Chandrasekhar.

"We should not panic." The government was not amused either. "We have taken serious exception to the Assocham report," said finance Minister P. Chidambaram. "The pace of job creation may slow down, but that doesn't mean that jobs are being destroyed." Eventually, Assocham withdrew the report, claiming that the sample size may not have been adequate. The government was taking no chances, however. On November 3, it called a meeting of senior industrialists in New Delhi. They went there expecting a hearing for their woes in the wake of the global financial meltdown and, possibly, some initiatives to help them get back on track. Instead, they had to settle for the formation of a special crisis panel to consider future action.

What the industrial barons -- including Mukesh Ambani, Anand Mahindra, K.V. Kamath, Sunil Bharti Mittal, Deepak Parikh, Shashi Ruia, K.P. Singh and Rajkumar Dhoot -- had to give in exchange was a promise that they would not resort to layoffs. Yet, according to some, time may be running out for the workers on Main Street as it already has for some on Dalal Street, the Indian equivalent of Wall Street. Says M.K. Pandhe, general secretary of the Center of Indian Trade Unions (CITU): "Layoffs, closures and terminations have begun in a big way." Trade unions, particularly Left-leaning ones like CITU, see the world through their own prism.

It is true that pink slips are more visible in India these days. The multinationals are leading the charge. U.S. mobile handset maker Motorola is shedding jobs in India as part of its global pruning operation to reduce workforce by 5%. American Express has laid off some 100 employees. IBM has shown several workers the door. For the record, most of these companies deny that there is an orchestrated layoff because of the slowdown; their explanation is that poor performers are being weeded out.