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International Journal of Current Research
Vol. 7, Issue, 04, pp.15337-15341, April, 2015

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

ISSN: 0975-833X

RESEARCH ARTICLE

FATE OF EMPLOYMENT DURING FINANCIAL CRISES-A CASE STUDY OF INDIAN INDUSTRY

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ARTICLE INFO

Article History:
Received 24th January, 2015
Received in revised form
19th February, 2015
Accepted 07th March, 2015
Published online 30th April, 2015

Key words:

Schemes,
Future Constraints,
Job loss/Gain,
PPP Model,
Skill Development Programme.

ABSTRACT

The main objectives of this paper is to examine the theoretical approaches of employment position during the financial crises period and also identify the employment position in different sectors of the industry in India. This paper also highlights the different schemes which are contributed by the Government of India along with the suitable suggestions to overcome the future constraints by the economic slowdown on employment. The data collected from the midterm appraisal of the eleventh five year plan with the title of the estimated job loss/gain (in lakhs) during three years of various industries or groups along with the plan of provisions of the various schemes. The SPSS 16.0 Version was used to derive the results. The paired sample correlation technique was applied to derive the results. The study found that the higher number of jobs lost in the textile industry during the financial crises period. The study also found that there was a significant difference between each other regarding various schemes which were implemented by the Government of India. The study also found that there was no significant association from job loss of one sector of industry and job loss of another sector of industry. It is suggested that there should be a formulation of skill development strategies and coordinated action by all concerned to meet the various challenges of skill development to meet the future uncertainty economic slow down. There should be a strategy regarding reducing mismatch between supply and demand of skills, diversifying skill development programmes, ensuring quality and relevance of training ,create an effective linkages between school education and skill development, provide a mobility between education and training, promote a Public Private Partnership model(PPP Model) in skill development, strengthening the physical and intellectual resources, mobilizing investments. The governance of a skill development system that promotes initiative, excellence, innovation, autonomy and participation.

INTRODUCTION

The global financial crisis was the cause of adverse effect on Employment Situation and it was erupted in the year 2008.The Economic- Survey 2009-10 showed that employment in the organized sector increased from 264.6 lakh persons in 2004-05 to 272.8 lakh persons in 2006-07 (it was merely an increase of 3.1 percent). The employment in the organized public sector remained stagnant at 180.1 lakh persons. The percentage of workers (both regular and others) in the formal - sector is around to 13.69 percent of the labour force. With non regular employment for the rest variations in the demand for the labour are less likely to be reflected in the level of employment than in the wage or income earned .Low levels of income force people to remain employed, even if wage earnings, or in the case of self employment, imputed wage earnings fall .In this position, concentrate on the assessment of rate of employment has little economic significance since many people who were technically employed may be under considerable economic stress. Mostly the eight sectors were influenced by the global slowdown, i.e textiles, leather, metal, automobiles, gems and jewellery, transport IT/BPO and handloom/powerloom.

Review of literature: Gart (1994) stated that, the apprehension is that deposit insurance encourages institutions systematically to takes in appropriate risks with their assets at the potential expense of the government and its tax payers. Fisher, 1999 opined that extending a loan to an institution whose failure could have systemic consequences In order to take on this managerial role some degree of authority must be in place before the incentives and action will have the desired results. Schinasi, 2003 emphasized that the central bank also has the responsibility to maintain a stable and well balanced financial system and therefore naturally takes on the responsibility of a crisis manager. Stanley Fischer (1999) opined that disagreements about what the lender of last resort should do ,as being to prevent the problems of an individual institution from causing a decline in the aggregated money supply (Kaufman, 1991). Walter Bagehot (2001) states that in case of external

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drains the process can be stopped primarily by raising interest rates sufficiently and domestic drains can be stopped by lending.

Objectives of the study: After examining the existing review of literature, the following objectives were designed.

1. To examine how the slowdown of economic activity was impact on various sectors of an employment.
2. To test whether there is any significant difference from one sector of unemployment to another sector of unemployment.
3. To know the relationship between from one sector of unemployment to another sector of an unemployment.
4. To elucidate the plan provision and expenditure by Govt of India through plans on various schemes for elimination of unemployment and to know the relationship as well as difference from one scheme to another scheme.
5. To offer a suitable suggestions to overcome the future constraints by the future economic slowdown.

Methodology of the study

The data obtained from the secondary sources. The required data collected from the mid term Appraisal of the Eleventh Five Year plan, along with other sources of journals and websites. The period of study confined to 2007-08 to2009-10.

Techniques

The SPSS 16.0 Version was applied to derive the results. The descriptive statistics (mean, standard deviation), paired samples correlation, paired sample tests and chi-square test applied to derive the results.

Analysis: The above table indicates that mean and standard deviation. The variables of textiles, IT and BPO and Handloom/power loom showed a positive values implied that impact of economic slowdown on these group/industry were lesser than other group/industry.

Table 2. Paired Samples Statistics for Various Industry/ Group

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Mining	-.0275	4	.05500	.02750
	Metals	-.1775	4	.70811	.35406
Pair 2	Leather	-.0867	3	.21362	.12333
	Handloom/Powerloom	.1867	3	.26502	.15301
Pair 3	Mining	-.0275	4	.05500	.02750
	Gems and Jewellery	-.0700	4	.69421	.34711
Pair 4	Handloom/Powerloom	.1867	3	.26502	.15301
	Textiles	-.3933	3	2.14386	1.23776
Pair 5	Transport	-.2525	4	.47197	.23599
	Automobiles	-.0850	4	.50692	.25346

Source: SPSS Output Tables

Analysis

This table reflects that comparison between the two industry/group within a pair . The sector of metal was lesser impact by economic slowdown than mining, handloom/ power loom compared with leather, mining than Gems and Jewellery as well as textiles, transport than automobiles.

Table 3. Paired Samples Correlations Between Two Industry Group/Sector

Pair No	Name of Industry/Group	N	Correlation	Sig
1	Mining-Metals	4	0.831	0.169
2	Leather-Handloom/Powerloom	3	0.528	0.646
3	Mining-Gems and Jewellery	4	0.883	0.117
4	Handloom/Powerloom-Textiles	3	-0.342	0.778
5	Transport-Automobiles	4	0.986	0.014

Source: SPSS Output Tables

Input Table 1. Impact of Economic Slowdown on Employment in Terms of Estimated Job Loss / Gain (in lakh) during Different Years

S.No	Industry/group	Sep08-Dec2008	December2008-march2009	March 2009-June 2009	June2009-september2009
1	Mining	-0.11	-	-	-
2	Textiles	-1.72	2.08	1.54	3.18
3	Leather	----	-0.33	-0.07	0.08
4	Metals	-1.06	-0.29	-0.01	0.65
5	Automobiles	-0.83	0.02	0.23	0.24
6	Gems andJewellery	-0.99	0.33	-0.2	-0.58
7	Transport	-0.96	-0.04	-0.01	0.00
8	IT/BPO	0.76	0.92	-0.34	0.26
9	Handloom/Powerloom	-	0.07	0.49	0.15
	Total	-4.91	2.76	1.31	4.97

Source: Planning Commission, Mid-Term Appraisal Report pp:204, Employment and Skill Development

Out Put Table 1. Descriptive Statistics of Various Industry/Group from the Period of Sep 08-Sep 2009

Name of Industry/Group	N	Minimum	Maximum	Mean	Std. Deviation
Mining	4	-.11	.00	-.0275	.05500
Textiles	4	-1.72	3.18	.5000	2.50125
Leather	4	-.33	.07	-.0850	.17445
Metals	4	-1.06	.65	-.1775	.70811
Automobiles	4	-.83	.24	-.0850	.50692
Gems and Jewellery	4	-.99	.58	-.0700	.69421
Transport	4	-.96	.00	-.2525	.47197
IT and BPO	4	-.34	.92	.4000	.56780
Handloom/Powerloom	3	.00	.49	.1867	.26502
Valid N (listwise)	3				

Source: SPSS Output Tables

Analysis

This table shows the relationship between the two variables with in a pair. Very strong relationship existed between transport and automobiles (0.986). Strong relationship existed regarding pair 3(Mining and Gems and Jewellery) (0.883) and pair 1(Mining and Metals 0.831). The moderate relationship existed between leather and handloom/power loom (0.528) and the negatively correlated the variables of handloom/power loom and textiles (-0.342)

Table 4. Paired Samples Test Between Industry/Group

		Paired Differences				
	Name of Pairs	Mean	Std. Deviation	t	df	Sig(2-tailed)
Pair 1	Mining - Metals	.15000	.66312	.452	3	.682
Pair 2	Leather - Handloom/Powerloom	-.27333	.23692	-1.998	2	.184
Pair 3	Mining - Gems and Jewellery	.04250	.64614	.132	3	.904
Pair 4	Handloom/Powerloom – Textiles	.58000	2.24835	.447	2	.699
Pair 5	Transport - Automobiles	-.16750	.08846	-3.787	3	.032

Source: SPSS Output Tables

Analysis

This table shows that whether there is any significant difference between two variables within the pair. The table revealed that statistically there was no significant difference between the two variables of within pair except pair 5. In the pair 5, there was a statistically significant difference from transport to the automobiles, because of their significant value was equilent to the 0.032.

Table 5. Test of Association Between Two Industry Group/Sectors

S. No	Null Hypothesis	Chi-Square Value	df	Significance Value	Decision
1	Mining does not associate with the Metals	4.00	3	0.261	Accepted
2	Textiles does not associate with the Leather	12.00	9	0.213	Accepted
3	Auto Mobiles does not associate with the Transport	12.00	9	0.213	Accepted
4	Mining does not associate with the Gems and Jewellery	4.00	3	0.261	Accepted
5	Handloom/Power loom does not associate with the textiles	6.00	4	0.199	Accepted

Source: SPSS Output Tables

Analysis

The above table indicates that all the null hypothesis were accepted because of their significant values were more than 0.05and concluded that there was no significant association between the two variables with in a pair.

Input Table 2. Plan Provision and Expenditure of Various Schemes Through the Various Annual Plans (Rs Crore)

S.No.	Name of the Scheme	2007-08	2008-09	2009-10
1	DGE&T	1086.32	1,083.83	1,118.96
2	Occupational Health and safety(DG,MS&DGFASLI)	5.93	12.47	13.68
3	Industial Relations	5.40	7.14	7.47
4.	Child Labour	155.91	157.81	95.28
5	Women Labour(merged with scheme No 11 (2088-09)	0.38	0.00	0.00
6	Labour Statistics	8.41	8.00	9.22
7	National Labour Institute	5.00	5.00	3.92
8	Grants-in aid scheme for Research studies	0.15	0.29	0.33
9	Workers Education	9.30	9.50	9.00
10	Rehabilitation of Bonded Labour	1.09	1.20	0.88
11	Information Technology	1.57	1.50	0.50
12	Social security	0.76	101.65	264.51

Source: Planning Commission, Mid-Term Appraisal Report: pp:221: Employment and Skill Development.

Table 6. Paired Samples Statistics for Various Schemes for Mitigation of Employment.

	Name of Scheme	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Workers Education	8.6000	4	.77889	.38944
	Grants-in-aid Scheme for Research Studies	.5375	4	.28395	.14197
Pair 2	Rehabilitation of Bonded Labor	1.1250	4	.25000	.12500
	Social Security for Unorganized Sector Workers and Health Insurance for Unorganized sector workers	2.2631E2	4	165.07480	82.53740
Pair 3	Information Technology	1.0625	4	.51539	.25769
	National Labor Institute	4.6250	4	.25000	.12500
Pair 4	Women Labour	.1275	4	.25500	.12750
	Child Labour	1.3355E2	4	23.52156	11.76078
Pair 5	Industrial Relations	8.1625	4	2.73334	1.36667
	Occupational Health Safety	15.1350	4	6.49333	3.24667
Pair 6	DGE&T	8.7894E2	4	322.97978	161.48989
	Information Technology	1.0625	4	.51539	.25769
Pair 7	Social Security for Unorganized Sector Workers and Health Insurance for Unorganized sector workers	2.2631E2	4	165.07480	82.53740
	Industrial Relations	8.1625	4	2.73334	1.36667

Source: SPSS Output Tables

Analysis

This table describes about the amount utilized for the various welfare schemes, it tells us that the amount utilized in education of workers were higher than that of grants-in-aid scheme for research studies. The amount utilized for unorganized sector workers and health insurance for unorganized sector workers was greater than that of rehabilitation of bonded labor. The higher amount was utilized for development of national labor institute than information technology, high amount utilized for child labor than women labor. The amount spent for occupational health safety was higher than industrial relations and DGE&T was higher than the information technology.

Table 7. Paired Samples Correlations Between the Schemes of Unemployment

	Name of Scheme	N	Correlation	Sig.
Pair 1	Workers Education & Grants-in-aid Scheme for Research Studies	4	.482	.518
Pair 2	Rehabilitation of Bonded Labor & Social Security for Unorganized Sector Workers and Health Insurance for Unorganized sector workers	4	-.909	.091
Pair 3	Information Technology & National Labor Institute	4	-.728	.272
Pair 4	Women Labour & Child Labour	4	.539	.461
Pair 5	Industrial Relations & Occupational Health Safety	4	.893	.107
Pair 6	DGE&T & Information Technology	4	.195	.805
Pair 7	Social Security for Unorganized Sector Workers and Health Insurance for Unorganized sector workers & Industrial Relations	4	.577	.423

Source: SPSS Output Tables

Analysis

The above table indicates that the pair 2 and pair 3 were negatively correlated, and the other pairs were positively correlated. The very strong relationship existed between industrial relations and occupational health safety and statistically there was no significant difference between each other. The moderate relationship existed with in pair 7, pair4 and pair1.The table also revealed that no relationship existed between DGE&T and information technology.

Table 8. Paired Samples Test of Various Schemes of Unemployment

		Paired Differences				
	Name of Various Schemes	Mean	Std. Deviation	t	df	Sig(2-tailed)
Pair 1	Workers Education - Grants-in-aid Scheme for Research Studies	8.06250	.68845	23.422	3	.000
Pair 2	Rehabilitation of Bonded Labor - Social Security for Unorganized Sector.	-2.25182E2	165.30206	-2.724	3	.072
Pair 3	Information Technology - National Labor Institute	-3.56250	.71807	-9.922	3	.002
Pair 4	Women Labour - Child Labour	-1.33418E2	23.38519	-11.410	3	.001
Pair 5	Industrial Relations - Occupational Health Safety	-6.97250	4.23577	-3.292	3	.046
Pair 6	DGE&T - Information Technology	8.77880E2	322.87992	5.438	3	.012
Pair 7	Social Security for Unorganized Sector Workers and Health Insurance for Unorganized sector	2.18145E2	163.51221	2.668	3	.076

Source: SPSS Output Tables

Analysis

The above table reveals that whether there was any significant difference between the schemes within a respective pairs. The study concluded that there was a significant difference between the variables of all the pairs except pair 2 and pair 7.

Findings of the Study

1. The study found that sector of metal was lesser impacted by economic slowdown than mining handloom/power loom lesser than leather, mining than gems and jewellery as well as textiles.
2. The study found that very strong relationship existed between transport and automobiles, and from mining to metals, and from mining to gems and jewellery.
3. The study also found that there was a moderate relationship existed between leather handloom/power loom.
4. The study observed that handloom/power loom and textiles were negatively correlated.
5. The study reveals that there were no statistically significant difference pairs of 1.mining to metals 2. Leather-Handloom/power loom 3. Mining-Gems and Jewellery 4. Handloom/power loom-textiles and statistically there was a significant difference from transport to the automobiles.
6. The study examined that by applying the chi-square analysis no sector was associated with other sector, these are 1. Mining-metals, 2. Textles-leather, 3. Automobiles-Transport, 4. Mining-Gems and jewellery and 5. Hanloom/powerloom-Textiles.
7. The study witnessed that some of the pairs were negatively correlated these are rehabilitation of bonded labour to social security for unorganized sector, informational technology to labour institute.
8. The study expressed that there was a very strong relationship existed from industrial relations to occupational health safety.
9. The moderate relationship existed from social security for unorganized sector workers to industrial relations, women labour to child labour and from workers education to grants-in-aid scheme for research studies.
10. The study found that statistically there was a significant difference from one scheme to another scheme except in the

case of social security for unorganized sector workers and health insurance for unorganized sector workers to industrial relations.

Suggestions

1. The government of India should take necessary steps to effective utilization of various schemes of elimination of unemployment i.e Swarna Jayanti Gram Swarozgar Yozana (SJGSY), Swarna Jayanthi Sahari Rozgar Yozana (SJSRY), consists of the Urban Women Self-Employment Programme (USEP) the Urban Women Self-help Programme (UWSP), skill training for Employment Promotion Amongst the Urban Poor(STEP-UP), the Urban Wage Employment Programme (UWEP) and the Urban Community Development Network (UCDN)
2. It should focus on labour force skills and training, and see the effective functioning of various councils of skill development i.e prime ministers national council on skill development, National Skill Development Corporation Board (NSDCB), State Skill Development Mission (SSDM) and National Skill Development Corporation (NSDC). Skill Development Initiative Scheme (SDIS).
3. The Govt should take necessary action regarding women labour and child labour.

Conclusion

Finally it can be concluded that there should be a formulation of skill development strategies and coordinated action by all concerned to meet the various challenges of skill development to meet the future uncertainty economic slow down. There should be a strategy regarding reducing mismatch between supply and demand of skills, diversifying skill development programmes, ensuring quality and relevance of training, create an effective linkages between school education and skill development, provide a mobility between education and training, promote a ppp in skill development, strengthening the physical and intellectual resources, mobilizing investments. The governance of a skill development system that promotes initiative, excellence, innovation, autonomy and participation.

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Phil Angelides Inquiry Report, ISBN No: 978-1-61039-041-5. Website:www.publicaffairsbooks.com.

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