



# Indian Staffing Industry Research 2014

**FLEXI STAFFING IN GOVERNMENT  
AND PUBLIC SECTOR**



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AND PUBLIC SECTOR**



An

**INDIAN STAFFING FEDERATION  
Presentation**

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# Foreword

Third year of existence with over 40 members and a flexi-worker base of nearly half a million is indeed something to be proud of for Indian Staffing Federation. Over the past decade we have provided a stepping stone, to over 5 million youth, towards a better and brighter career. We have successfully created an eco-system which provides flexibility, administrative efficiencies and flawless compliance for Corporate India to enable them to expand and grow their business. We have upheld the law of the land at each step and ensured flexibility and security at the same time consistently.

We realise that our engagement with various government ministries, offices both at Centre as well as state level in the area of manpower supplementation has been low. Our current study is our attempt to throw some light around the extent of usage of temporary workforce with the Government and current empanelment procedures and to recommend a higher penetration of organised flexi-staffing. Clearly that shall enable creation of more jobs through the government sector on account of superior matching platform, accuracy, responsiveness and access to best practices that Flexi-Staffing companies possess.

This study also shows that there has been growth in jobs in the formal sector but over 80% of them were casual in nature which is a cause of worry for all of us and makes an even more compelling case for immediate reform of labour laws which is increasingly making the unorganised sector more lucrative both for our youth as well as employers. The writing on wall, with states like Rajasthan, Haryana, Andhra Pradesh, Madhya Pradesh taking bold steps in this direction is encouraging, however innovation shall now lie in execution.

**Rituparna Chakraborty**

President, Indian Staffing Federation

# Executive Summary

**Formal sector workforce is expanding. But, 2/3rd of the incremental formal workforce were temporary, with 80% of them in casual jobs.**

- The workforce increased from 393.1 million to 397.4 million (1.1% p.a.) in between 2011 and 2013 with 3 million erstwhile informal sector workers entering the formal sector employment, aiding in a significant surge of 7.2 million in the formal sector workforce.
- 4.7 million of this incremental formal sector workforce held temporary positions, with 3.9 million being in casual jobs with no formal written contract.
- Most of these new entrants to the formal sector do not have any written job contract, are not covered by any social security benefits, do not have any defined employment period, etc.
- As such, they will continue to be deprived of a decent work environment, with little improvement in their job security, income security, work condition or social security.

**Not only the overall size of Government employment, but even the share of permanent workforce is on the decline. 43% of government dependent workforce are engaged in temporary jobs.**

- Overall hiring is in the decline in the government sector, along with increasing temporisation:
  - *Economic Survey 2012-13 shows employment by government declined from 19.5 million in 1995 to 17.5 million in 2011, with Central government accounting for half of the decline.*
  - *Share of permanent employees in total central government regular civilian employees also declined from 93.4% and 93.6% in 1991 and 2001, respectively, to 88.45% in 2009.*
- By end 2013, 28.8 million of an estimated 49.7 million formal sector workforce are dependent on Government for livelihood.
- A significant 12.3 million (43%) of them are engaged in temporary jobs:
  - *10.5 million casual workers are without any formal job contract, mainly in professions like Craft & related trades workers, Plant & machine operators and Elementary occupations (such as Mining & construction labourers, Agriculture, fisheries & related labourers, Garbage collectors & related labourers, etc.).*
  - *Another 1.4 million hold fixed short term written job contracts, deployed primarily in professions requiring relatively more skill such as Middle and primary education*

*teaching associate professionals, Other office clerks, Secondary education teaching professionals, Protective service workers, Personal care workers, etc.*

A considerable number of these temporary workers dependent on Government for livelihood are deprived of a decent work environment. A large number do not even receive the minimum wages.

- The casual workers hardly have any job or income security. Even the short term contract holders primarily receive a consolidated wage/ salary with no additional contribution towards Employees' Provident Fund (EPF), Employees' State Insurance (ESI), Gratuity, New Pension Scheme (NPS), etc.
- Malpractices by local unorganised contractors also exploit workers. Lack of longer-term association and an employer-employee relation nullifies possibility of collective bargaining.
- At least 6.9 million of the 12.3 million temporary workers in the government sector are working in various government programmes such as Integrated Child Development Services (ICDS), National Rural Health Mission (NRHM), National Rural Livelihood Mission (NRLM), etc.
- Technically, many of them are not even recognised as government “employees,” though dependent on government for livelihood. For example, there are around 2.5 million Anganwadi workers (AWW) and Anganwadi helpers (AWH) and 0.9 million Accredited Social Health Activists (ASHA) who have been termed as “honourary” or “voluntary” workers as the programmes in which they work are designed to be “community-based intervention.”
  - *The AWWs receive a central honorarium of Rs 3,000 per month plus state contribution, which varied across states - from nil in Bihar to Rs 4200 pm in Goa. Even with additional state honorarium, a starting-level AWW/AWH in Goa receives Rs 5752/Rs 3200 a month, below state minimum wage of Rs 6450 pm.*
  - *Similarly, ASHAs received a performance-based incentives, with only a few states introducing a base/ fixed honorarium to supplement performance incentives. Overall payment is very poor - satisfactory performance will bring Rs 1067 as incentive in Rajasthan; fixed honorarium of only Rs 1300 pm has been declared in West Bengal.*

Encouraging organised flexi staffing/ manpower outsourcing may be the way to improve welfare.

- Organised flexi staffing/ manpower outsourcing agencies are better positioned to deliver decent work opportunity to such temporary workers
  - *written job contract with explicit mention of terms and conditions of employment;*
  - *adherence to statutory norms - minimum wage, PF, ESIC, gratuity, etc. - which are not available to casual workers or even most of the bipartite contract workers;*
  - *payment through banking channels and salary slips/ wage receipts*
  - *not charging temporary employees for placement*

- *additional group mediclaim and personal accident insurance coverage over and above ESIC requirements*
- Being a longer-term association plus existence of an employer-employee relation enhances the possibility of collective bargaining for flexi workers.
- It helps in skill development by enabling younger workers to join workforce, allowing inter-sectoral mobility, setting up training programs as per industry requirements, etc.
- Allows both employers and workers to better adapt to shifts in labour demand
- Helps employer to avoid delay in deployment; reduces search and administrative cost
- Makes significant contribution towards social security as well as government revenue
  - *PF (employers') contribution by the organised flexi staffing industry is currently estimated at Rs 1046 crore*
  - *ESIC (employers') contribution in 2012-13 is estimated at Rs 584 crore*
  - *Annual service tax contribution of the manpower recruitment agency in 2011-12 and 2012-13 were Rs 3847 crore and Rs 4432 crore respectively.*

**Adoption of organised flexi staffing/ manpower outsourcing model in government is on the rise.**

- Adoption of tripartite model of manpower hiring is on the rise in the Government institutions, most apparent in the increased manpower outsourcing for housekeeping and cleaning, pantry and canteen, security services, office support, etc. going in parallel with a considerable decline in the recruitment for Group D positions such as peon, daftary, jamadar, farash, chowkidar, etc.
- Hiring of tripartite workers has recently expanded into the domain of group C positions such as receptionists, stenographers, clerks, attendants, personal/executive assistants, and hostel wardens.
- A limited number of instances of filling high-skill requirement positions, sometimes requiring professional/ post graduate qualification, through agency workers, were also observed.

**Suggested way forward to improve the welfare of temporary workforce dependent on government through better adoption of the organised flexi staffing/ manpower outsourcing model.**

- Encourage organised flexi-staffing industry to provide temporary workforce to government sector which is at present dominated by unorganised and local contractors
- Accord legal recognition to the flexi-staffing industry to enable sustained growth of the organised players

- *A legal definition for the flexi staffing industry need to be adopted*
- *Due recognition for the industry as an employment service provider*
- *Define the operational requirements for the flexi-staffing agencies and user companies and ensure strict compliance by all.*
- **Need to adopt a few best practices in the tendering/ manpower agency selection process to ensure better transparency and employee welfare**
  - *A two part bid - separate technical and financial bids.*
  - *Mention of cost under each head (wage, statutory contribution, service charge of agency, any other charges, etc.). Avoid consolidated quotes.*
  - *A pre-specified minimum service charge to be levied by outsourcing agency. Avoid zero margin quotes, which essentially lead to many malpractices.*
  - *Payment of employee salary and benefits through banking/ electronic channels.*
  - *Pre-specification of salary to be paid to each advertised positions.*
  - *Ensure a legally enforceable written contract between flexi staff and staffing agency.*

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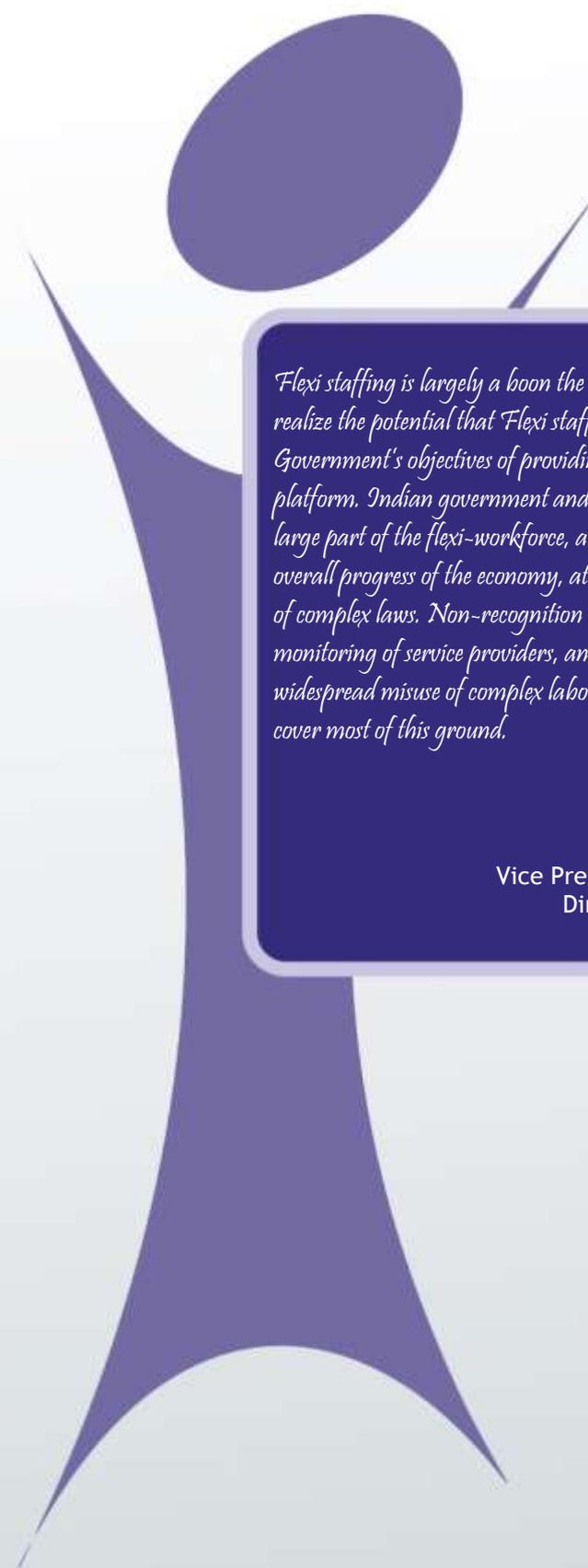
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# *Chapter 1*

# Introduction



*Flexi staffing is largely a boon the world over. However, India Inc. is yet to realize the potential that Flexi staffing can offer in order to carry forward the Government's objectives of providing its workforce a secure employment platform. Indian government and quasi-government bodies themselves use a large part of the flexi-workforce, albeit in a manner detrimental to the overall progress of the economy, at the cost of transparency, and exploitation of complex laws. Non-recognition of the tripartite relationship, inadequate monitoring of service providers, and the huge demand supply gap is forcing widespread misuse of complex labour laws. Come Flexi Staffing, it can help cover most of this ground.*

**Raja Sekhar Reddy**

Vice President, Indian Staffing Federation  
Director & COO, Global Innovsource

# Introduction

As India moves ahead to embrace sustained and rapid economic growth, both the economic and work environment are changing. While new technologies make possible what was not even thought of a few years back, social relationships are changing rapidly and the young who have grown in the post reform years are demanding a very different India than what we have become used to. Politicians across India today talk of development, growth and better lifestyles before they talk of exploitation and fidelity to castes. In all of this the workplace is also changing very rapidly, the share of the youth in workforce is increasing and so is the share of educated women. In parallel, women from less privileged backgrounds are opting not to take up menial jobs, not to simply stay at home but, to better educate and skill themselves - to deal better with the highly competitive work environment and to benefit more from the new opportunities that it is throwing up. Change is occurring all around us, and the legal structure, norms, rules and regulations also will eventually need move in the same direction of achieving greater empowerment, while providing greater flexibility.

Historically, India has followed a model of *mixed economy*, with joint participation of both public and private enterprises in the economic activity. But the strict sectoral delineation and close government controls have limited private participation. Moreover, prior to the economic reform initiatives since the 1990s, India was largely a closed economy with little linkage to the world economy. Both these scenarios have changed after liberalisation. Private participation is increasing and the Indian companies - large or small, public or private - now need to prove their competitiveness internationally to ensure long-term survival.

With the changed economic environment, India in general and corporate India in particular now needs to respond faster in the face of increased competitive pressure and fast-paced business dynamics. An important requirement to ensure a quick response time is greater flexibility in workforce management. It is well known that industry needs to be able to quickly adjust its workforce in response to transient, seasonal or structural demand volatility, in terms of both numbers and composition, but what is not so well known is the difficulty Indian firms have and the consequent loss that they incur.

This changing business dynamics is leading to a gradual shift in employment structure with more and more jobs being created where flexibility is in-built, the only difference in their character is that they are non-tenured. These features of the emerging business scenario have played a pivotal role in the development of a new segment in the labour market - the flexi-staffing industry. In the flexi-staffing employment model, people are hired by a staffing agency and then hired out to perform work at and under the supervision of the user company. In this model, the hired flexi-staff remains in the employment of the staffing agency and no direct employment relationship between the flexi-staff and the user company is created. This necessarily allows a business to readily respond to cyclical business uncertainties related to manpower requirement. It provides a company to have a long-term manpower plan that is focused on a core workforce supplemented by flexi-staff, giving it the option of quickly adjusting - both upward and downward - to any short-term transient changes in manpower requirements due to fluctuating business cycles. In addition, flexi-staff also allows a company to readily bridge skill gaps in its manpower by deploying staffs with requisite skills through the staffing agencies. In India, the industry currently employs as many as 1.7 million workers - in terms of employment size it was already one of the top 5 countries across the world in 2011, though penetration (flexi-staff to work force ratio) at 0.43% was considerably lower compared to USA (1.8%) or Europe (1.6%).

And this trend is true not only for the private sector, but even a large number of government sector jobs<sup>1</sup> are also now “temporary” in nature. Economic Survey of 2012-13 shows employment by government in organised or formal sector declining from 19.5 million in 1995 to 17.5 million in 2011<sup>2</sup>. This decline is possibly explained by two recent trends, with significant implication for Government sector employment - first, a rise in hiring temporary workers through manpower suppliers, and second, increased private participation.

Though no direct data are available on the hiring through flexi staffing/ manpower outsourcing agencies, that temporisation is rising through this mode can be easily seen from a look at entrance of the offices with increased use of private security and housekeeping staff, tenders issued by various government entities over the recent times, manpower hiring policy in many of the social programmes, etc. Limited government data available show a decline of almost 1 million in employment in formal sector by central government<sup>3</sup> over 1995 to 2011 along with a fall in the share of permanent employees in total central government regular civilian employees from 93.4% and 93.6% in 1991 and 2001, respectively, to 88.45% in 2009<sup>4</sup>. And a large part of this decline is in the lower rungs - in Groups C and D positions- as shown by the 8.4% decline in central government regular civilian employment in these categories over the decade of 2001-02 to 2011-12<sup>5</sup>.

Similarly, with increasing competition following economic liberalisation, rapidly changing technology plus the rising importance of remaining competitive and being profitable have resulted in some major changes in the operational aspect of the PSUs. Many are going through a modernisation drive characterised by increasing mechanisation and sharply declining requirement of manpower. Some of the organisations, which had historically been burdened with excess manpower, especially in the lower rungs, have also been going through a period of restructuring over the recent past involving voluntary retirement, retraining and redeployment of existing staff, etc. The rising cost of manpower after the recent pay revisions have also contributed significantly to the manpower rationalisation drive. The increasing importance given by Central PSUs to rising level of competitiveness and profitability is also reflected in the trend towards focusing on core competencies, opting to outsource non-critical jobs.

In addition, the increasing participation of private sector in the economy - be it in infrastructure sectors, such as road and air transport, or services, such as telecommunication and banking, or in manufacturing such as steel and automobile - has also reduced the potential of job creation in the government sector. Even many of the jobs that would earlier be performed in-house are currently being outsourced to private parties. A cursory look at the various tenders floated by government entities show that works such as maintenance of office equipments like computers, laptop, AC, etc., local transport requirements (vehicle plus drivers), various civil/electrical works, etc. are regularly being outsourced. This is also limiting the manpower count in the government sector.

Public Sector (Central plus State Government, Quasi Government bodies including the PSUs and local bodies like Panchayats/Municipalities) is a large source of temporary employment. However, the extent of such temporary employment and terms of employment are rather obscure. The current report explores these obscure issues and bring them into public focus for required policy intervention.

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<sup>1</sup> Includes those employed by (1) Central and State Government, (2) Quasi Government bodies (Regulators, Educational institutions, various special purpose institutions like NHAI, UIDAI, etc.), and (3) Local bodies like Municipalities, Panchayats, etc.

<sup>2</sup> Economic Survey 2012-13, Table 3.1, pp A56.

<sup>3</sup> Economic Survey 2012-13, Table 3.1, pp A56.

<sup>4</sup> Census of Central Government Employees 2009, Table 12, pp 17.

<sup>5</sup> Pay and Allowance Report, Ministry of Finance, Government of India (Various Years).

## OBJECTIVE

*Gauge the importance:* Estimate size of flexi-staffing industry in India and growth

*Identify the Public Sector's role:* Estimate the size of temporary workforce in the public sector

*Analyse how it works:* The need, hiring process, employment conditions of temporary workforce in the public sector

*Assess:* How flexi staffing industry contributes to, and improves worker welfare

The various employment reports published by Government of India deal with organised and unorganised sectors, rural and urban areas, across states and union territories, industries, occupations and so on, but these largely have not focused on the size or nature of temporary employment, especially in the public sector. Considering this paucity of data, the present study followed a two complementary approach -

- **Meeting with Government functionaries** to know about the underlying trend, fill in the information gap in the secondary data sources and to understand the story behind the numbers. These meetings also helped in understanding the need, hiring process, employment conditions, etc. of temporary workforce deployed by various layers of the public sector.
- **Secondary data available from various government published databases and reports** such as Annual Survey of Industries, Economic Survey, Ministry of Labour reports, Ministry of Finance reports, National Sample Survey Organisation database, etc., primarily for estimation purpose.

Whereas secondary information helped us to broadly identify the areas to explore, meetings with Government officials helped us to identify the broad trend and collect some information on temporary hirings. The insights gained were further bolstered with secondary data.

The report has been structured as follows:

- Chapter 2** *Discusses why flexi staffing makes sense and the consequent rise in its importance across India.* Estimates the size of the flexi staffing industry, and enunciates the benefits of flexi staffing model over alternate temporary hiring modes like casual or short term contract.
- Chapter 3** *Shows how it has become a very important component of public sector employment as well.* Presents recent trends in Government workforce numbers and estimates the size of temporary workforce dependent on the Government sector for their livelihood. It also brings attention to the emerging trend of 'work outsourcing' and resultant 'transfer' of erstwhile government sector jobs to the private sector.
- Chapter 4** *Why and how government organisations and staff undertake flexi staffing.* Discusses the insights drawn from interactions with Government officials, information provided by them as well as those available from secondary sources

to understand the need, hiring process, employment conditions, etc. of temporary workforce deployed by various layers of the public sector.

**Chapter 5** *Puts it all together.* The final section summarises the observations from the sections mentioned above. It highlights on the significant 12.3 million temporary workforce dependent on Government sector for livelihood, draws attention to the pitiable working condition of a considerable segment of these workers and how adoption of organised flexi staffing/ manpower outsourcing can have a significant positive impact on labour welfare.



## *Chapter 2*

# **Flexi-Staffing - the emerging decent alternative**



*The concept of flexi staffing as being an inclusive and efficient employment model can be harnessed exponentially by the Indian Government and Public Sector. Globally, many governments and public sectors utilise outsourced Flexi Staffing as an enabler for public services. We believe India is ready and now needs to utilise Flexi Staffing to its demographic advantage*

**Kamal Karanth**

Trustee, Indian Staffing Federation  
MD, Kelly Services India & Malaysia

# Flexi-staffing - the emerging decent alternative

THE latest data of the National Sample Survey Organisation (NSSO) show a 7.2 million increase in the formal sector workforce in India from 2011 to 2013. This large overall figure of expansion in formal workforce though hides an interesting story - more than 40% of the increment involves a transition of informal sector workers into the formal sector. This expanding formalisation of the workforce in India would have been something to cheer about, unless the finer details showed that almost two-thirds of this incremental formal sector work force hold temporary jobs, with more than 80% of them having no formal work contract.

TABLE 2.1: INCREMENTAL FORMAL WORKFORCE LARGELY MOVING INTO TEMPORARY JOBS

	2011	2013	Change
Workforce	393.1	397.4	4.3
Informal	350.7	347.7	-3.0
Formal	42.5	49.7	7.2
<i>Permanent</i>	19.4	21.9	2.7
<i>Temporary</i>	23.1	27.8	4.7

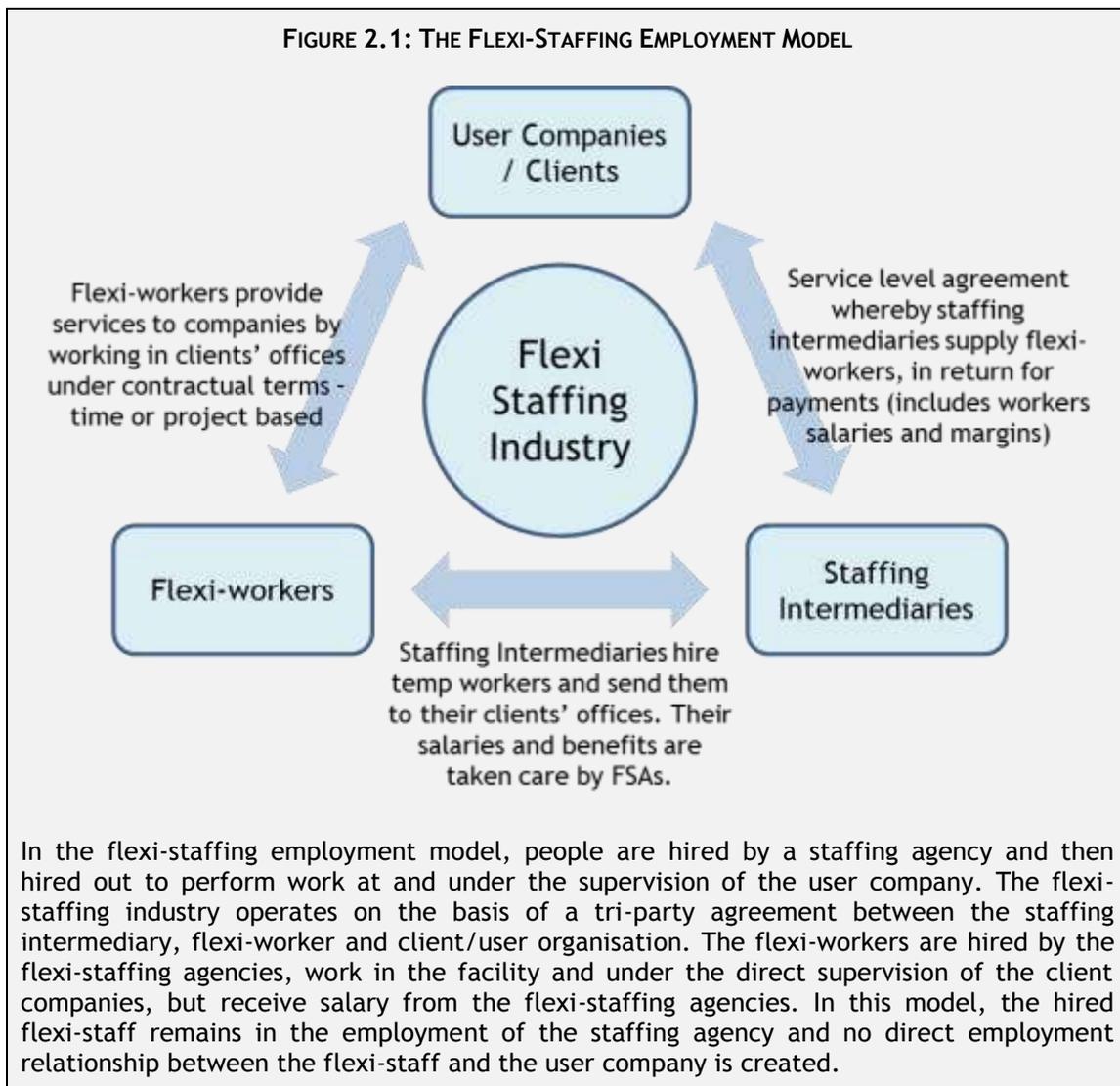
Source: Indicus estimates based on the NSSO 66<sup>th</sup> and 68<sup>th</sup> round data.

Augmentation of the formal sector workforce thus hides the bitter reality that it involves hardly any incremental benefits to the workers making the transition. Most of these new entrants to the formal sector will continue to be deprived of a decent work environment, with little improvement in their job security, income security, work condition or social security position. With bulk of temporary workforce being ‘casual’ in nature, most of such temporary workers do not have any written job contract; are not covered by any social security benefits like provident fund, gratuity, medical or insurance benefit under various welfare schemes like ESIC; do not have any defined employment period; etc. Most of these social benefits are not available even to most of the bipartite workers directly or indirectly deployed by the government.

The issue worth highlighting is the ***benefits it can bring to the workers if the casual and bipartite fixed short-term contract holders can also be brought under the fold of the flexi-staffing industry.*** All these limitations of both casual and bipartite temporary workers can be addressed if a favourable environment is created for the flexi-staffing industry to grow in an organised fashion and absorb the other segments of temporary formal sector employment.

The ‘security with flexibility’ feature of the staffing industry looks far more attractive and beneficial relative to ‘casual’ or ‘bipartite fixed short term’ cases, both for the employer and for the employee.

It definitely provides them more job and social security; to the desiring few it also offers flexibility in work life. For the employers too, it can ensure easy supply of the right kind of candidate at the right time. The same also applies for flexibility. The option of easily adjusting workforce depending on realised demand will make manpower planning much more easier. Both of these features are highly beneficial for the employers to face an environment of increasing market cyclicity and worldwide structural changes, in addition to ensuring a decent work environment for the workers.



## 2.1 Size of flexi-staffing industry in India in 2013

Flexi-staffing is a nascent industry in India. It has been growing with the changing business dynamics in the face of increased cyclical volatility and gradual structural shifts in the economy. But, till now, there has been no “official” attempt to properly estimate the size of this industry, with information availability limited to industry sources and studies<sup>6</sup>. Various

<sup>6</sup> The latest and most informative being the Indian Staffing Industry, please refer to the *Indian Staffing Industry Research Report 2012: Turning Available Works into Jobs*

reports have been published by the National Sample Survey Organisation (NSSO) on India's employment conditions over the years - they deal with the organised and unorganised sectors, rural and urban areas, across all states and union territories of India, industries and occupations, and so on. Annual Survey of Industries also provides estimates of contractual workers in manufacturing. However, these largely have not yet attempted to provide any estimation on the size of temporary/short-term employment in India, especially in public sector, or the nature of it.

#### **Practices of organised flexi-staffing - the differentiators**

The organised staffing firms mandatorily ensure that all the statutory provisions in place to protect the interest of the workers are adhered to. Employees are paid wages at par with the prevalent market rates, subject to compliance with the Minimum Wages Act. Similarly, benefits like Provident Fund, medical and insurance coverage under ESIC are also provided to each of the employees. Staffing companies are required to adhere to the labour laws such as

- Minimum wage Act
- Provident Fund Act
- CLR Act
- ESIC Act
- Industrial Dispute Act
- Gratuity Act

**In addition, organised players also follow the practices mentioned below:**

- Not charging flexible employees for placement
- Generating salary slips/wage receipts for every flexible employee
- Run an accurate payroll system
- Issuing appointment letters giving all the terms and conditions of employment

**Indian Staffing Federation also suggests the following best practices to its members:**

- Paying salaries through proper banking channels
- Support the staff in addressing their issues or concerns around their employment
- Implement grievance redressal mechanism
- Cover the flexi-workers under additional group Medclaim and personal accident insurance coverage in addition to the fulfilling ESIC requirements
- Organise rewards and recognition program for high performers in consultation with user enterprises
- Provide skill development opportunities in consultation with user enterprises

As such, the employment surveys by National Sampling Survey Organisation (NSSO) or Ministry of Labour do not specifically ask for such employment relationship. However, a reliably close estimate of the size of the industry is possible taking advantage of the multifaceted information collected in such surveys like the nature of the sector a person is working in, access to social benefits, period of contract, etc.

**The labour laws in the country in its current form do not even recognise this special tripartite form of work relationship.**

There are some reports published at various times (though irregular) by the Ministry of Labour, Central Board of Public Sector Enterprises (CPSE), etc., which provides some estimates on

temporary employment, but these are largely incomplete or looks only at a subset of the temporary workforce. For example, many mining companies are reported to be having no casual or contract workers on their payroll in the CPSE survey reports of Central PSUs<sup>7</sup>. Similarly, the Census of Central Government Employees 2009 talks only about temporary employees in regular positions directly hired by the government, and is silent on the large posse of workforce who indirectly depend on the government (hiring through contractors, temporary employment provided in various government programmes, etc.). And the situation in the private sector has remained largely uncovered.

The current section continues with the earlier work presented in the Indian Staffing Industry Research Report 2012: Turning Available Work into Jobs. With the publication of the NSSO 68th round (2011-12) survey data on employment scenario in India, the current estimation uses these latest data<sup>8</sup>. The survey has a large sample of about 101,724 households. Various other data from government sources such as the Population Census 2001 and 2011 from the Registrar General of India, Economic Survey (various years) and Pay and Allowances Reports (various years) from the Ministry of Finance, number of beneficiaries of the Provident Fund from the Employees Provident Fund Organisation (EPFO), Census of Central Government Employees 2009 and Annual Employment Review 2011 from Ministry of Labour, etc. are also referred to as cross checks, segmental estimation and correction factors for certain flaws in the NSSO data related to under-reporting.

First, based on the reported population of 2011 and the decadal growth rate over 2001-2011, the projected population for 2013 is about 1.25 billion. This projected population figure has been used in all our estimates, which are thus for the reference year 2013.

The estimate of the working age population in the 18-59 age segment stood at 701.5 million in 2013 and at about 56% of the total population. Out of this, the labour force consists of the subset who are “willing” to work for a benefit - cash or kind. Thus, even among the 18-59 age group, segments of population such as students, homemakers, people with ill health, etc. as well those who are simply not interested to work are excluded from consideration in estimating the labour force. The labour force of India (in the 18-59 age group) as in 2013 was estimated at 408.3 million.

Now, within the labour force, the workforce consists of only those who are working for a salary/ wage, whether it is time or piece based, contractual or permanent, with or without any social benefits, at home or outside. Even those employed in family business and not explicitly paid are also considered as part of the workforce. In other words, those who are willing to work and are engaged in gainful employment (cash or kind) are part of the workforce. The rest, i.e., those willing to work but are unfortunate to have not secured any, are considered unemployed and forms the balance of the labour force.

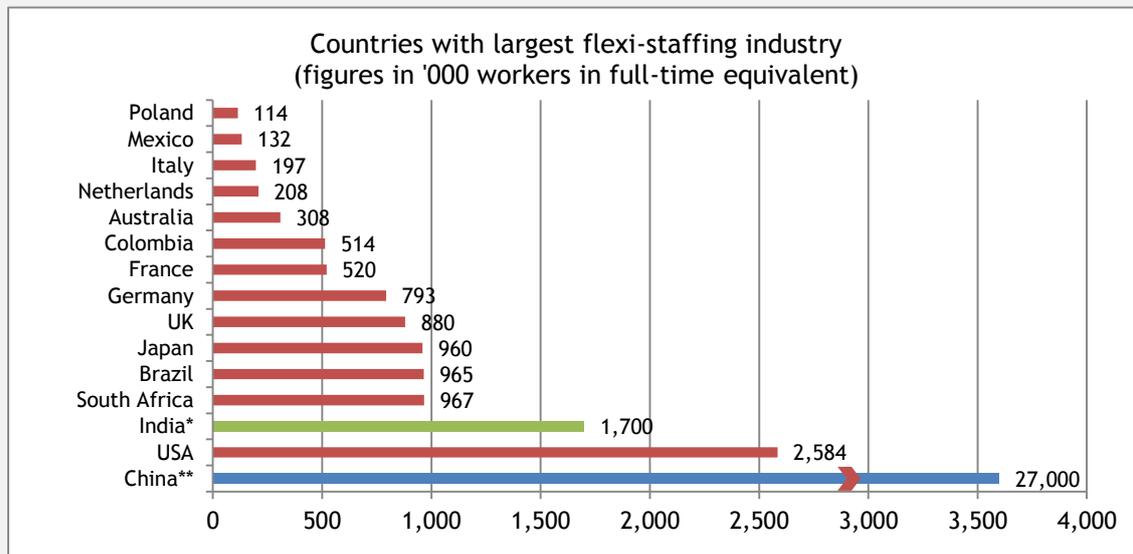
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<sup>7</sup> Public Enterprises Survey Report 2011-12.

<sup>8</sup> The previous estimate was based on the NSSO 66<sup>th</sup> round (2009-10) data.

### The Indian Flexi-Staffing Industry

- The size of the Indian flexi-staffing industry in 2011 was estimated at 1.3 million or about 3% of the formal sector employment. In 2013, it expanded to 1.7 million in size and accounted for 3.4% of formal sector workforce.



Note: \* In numbers, for the year 2013. \*\* In numbers, for the year 2008.

Source: Indicus Analytics Estimate for India; Ministry of Human Resources and Social Security estimates for China; CIETT Agency Work Key Indicators 2010 and CIETT Economic Report 2012 for the rest.

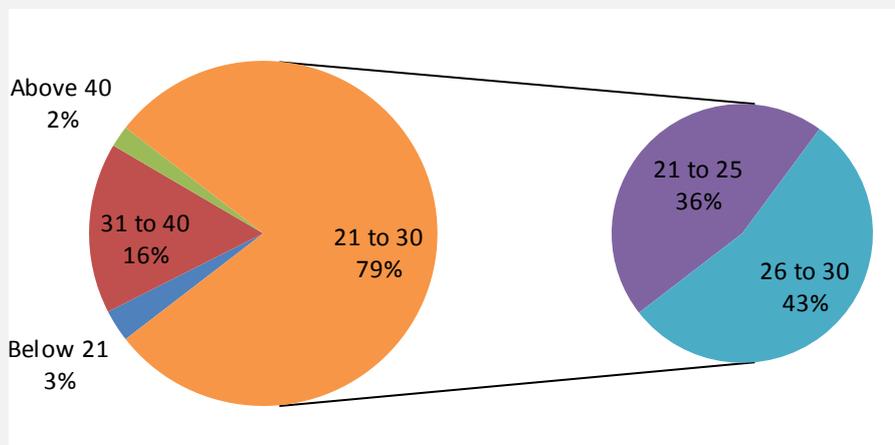
- Despite being among the top 5 nations in terms of absolute size of the flexi-staffing industry, India is ranked among the lowest at only 0.43% penetration of labor force.
- The growth trend over the recent past indicates a possibility of flexi-staffing industry accounting for more than 10% of India's formal sector employment by 2025. This growth can be largely gained by bringing the other forms of temporary workers in the formal sector into the fold of flexi-staffing.
- Tight control over cost in the aftermath of the economic downturn as well as the demand volatility has acted as a catalyst for many companies to opt for flexi-staff.
- The IT and ITES industry is considered as the pioneer of staffing in India, and with the penetration of temporary workforce in the segment being expected to increase from 10% to 20%, it is expected to witness a large share of flexi hiring in the next few years.
- Sectors such as retail, telecom, hospitality, pharma, manufacturing, and agriculture are some of the other sectors increasingly adopting the flexi-staffing model.
- One aspect of the staffing industry in India has been that it has grown within a constraining labour law structure that has not yet accorded any recognition to the industry. As a result, the industry here is exposed to many legal ambiguities, in addition to the rigidity of the general labour market. The complexity of the labour legislation, high level of fragmentation, along with patchy implementation has led to a high cost of compliance and an uneven playground for organised and unorganised players.

For more details of the Indian Staffing Industry, refer to *Indian Staffing Industry Research Report 2012: Turning Available Works into Jobs*

### The Indian Flexi-Staffing Industry Workers

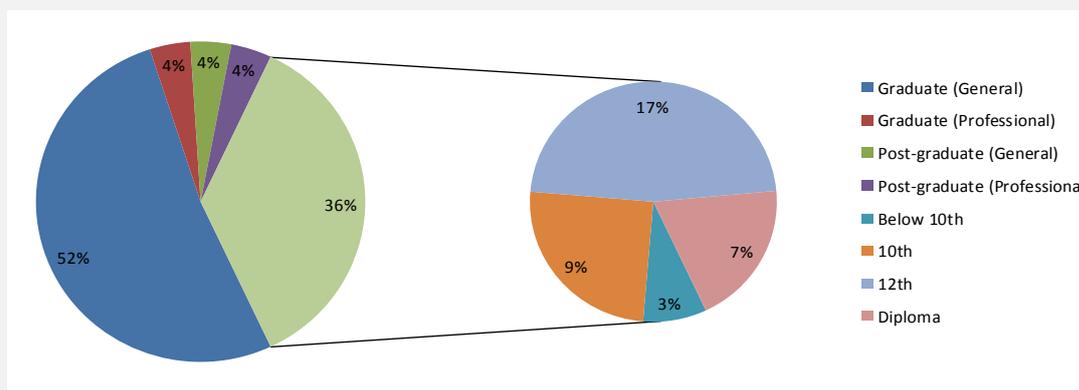
The flexi-staff in India is largely young, as has been the experience internationally - 79% of the workers belong to the 21-30 years age group.

#### Age Distribution



- Despite service sector bias, the flexi workforce in India is largely dominated by the male population.
- The industry has a large potential to create significant job opportunities for those with average academic background - among the current flexi-staff, general graduate degree holders had the largest share (54%), followed by higher secondary certificate (17%), secondary certificate (9%) and diploma holders (3%).

#### Educational Qualification



- Most of the flexi-jobs in India are at the lower end of the skill spectrum, such as data entry, accounts, sales, general administration, backend operations, and marketing.

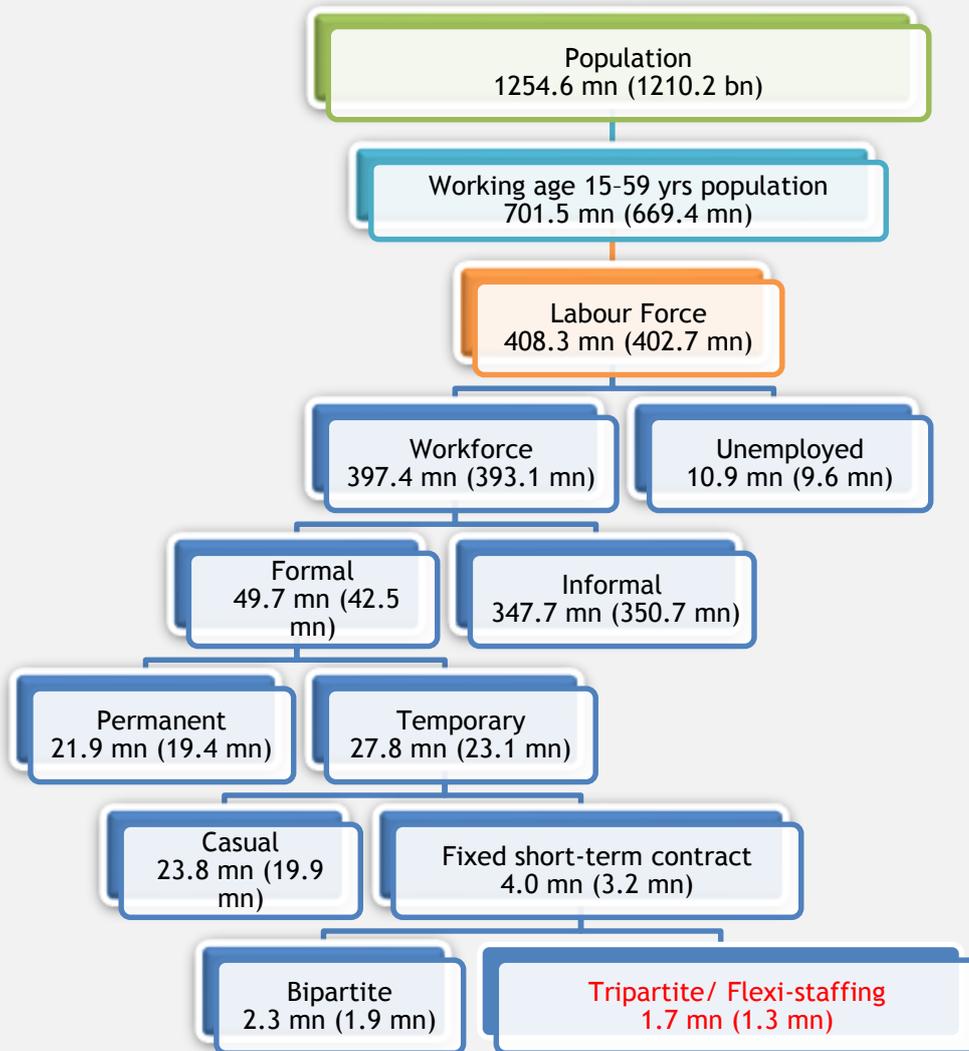
**Flexi-jobs are largely seen by this segment as an avenue to gain work experience and a stepping stone to permanent job in the face of limited alternative opportunities.**

- Average salary is around Rs. 10,000 per month, paid in monthly cycles, and mostly through banking channels.
- Work load is also moderate, same as general workforce at 8 hours a day for 6 days a week.

For more details of the Indian Staffing Industry, refer to *Indian Staffing Industry Research Report 2012: Turning Available Works into Jobs*

<b>Definitions used</b>	
<i>Working age population</i>	Those belonging to the working age group
<i>Labour force</i>	Subset of working age population who are engaged in gainful employment, be it in cash or in kind.
<i>Workforce (Usual Principal Status)</i>	Those in the labour force who have been in gainful employment for six months or more in the reference period of previous 1 year.
<i>Formal sector workforce</i>	Includes ONLY those in work force who are working in government, private & public limited companies, or co-operatives, trusts, societies, etc.
<i>Informal sector workforce</i>	The residual part of the workforce working outside the formal sector.
<i>Permanent formal sector workforce</i>	Formal sector workforce holding a contract of three years or more
<i>Temporary formal sector workforce</i>	Those formal sector workforce holding a contract of duration lesser than 3 years or no contract at all
<i>Casual temporary formal sector workforce</i>	Temporary formal sector workers who do not hold any contract with the employer, or a formal employer-employee relationship does not exist
<i>Fixed short-term contract work force</i>	Temporary formal sector workers who hold a contract of duration 3 years or less are part of this segment.
<i>Bipartite fixed short-term contract work force</i>	When a temporary employee has a direct fixed short-term employment contract with his employer
<i>Tripartite fixed short-term contract work force/ staffing</i>	A tripartite fixed short-term contractual worker has an employment contract with an intermediary, which in turn sends the worker to work under direct supervision of a user company based on a separate work contract between the intermediary and the user company.
<i>Government sector employees</i>	Includes those employed by Central and State Government, Quasi Government bodies (Regulators, Educational institutions, various special purpose institutions like NHAI, UIDAI, etc.), and Local bodies like Municipalities, Panchayats, etc.
<i>Public/Private Limited Employees</i>	Employees of Limited Liability companies, irrespective of whether private or public

**FIGURE 2.2: THE FLEXI-STAFFING INDUSTRY IN 2013 (FIGURES IN BRACKETS ARE 2011 ESTIMATES)**



**Notes:**

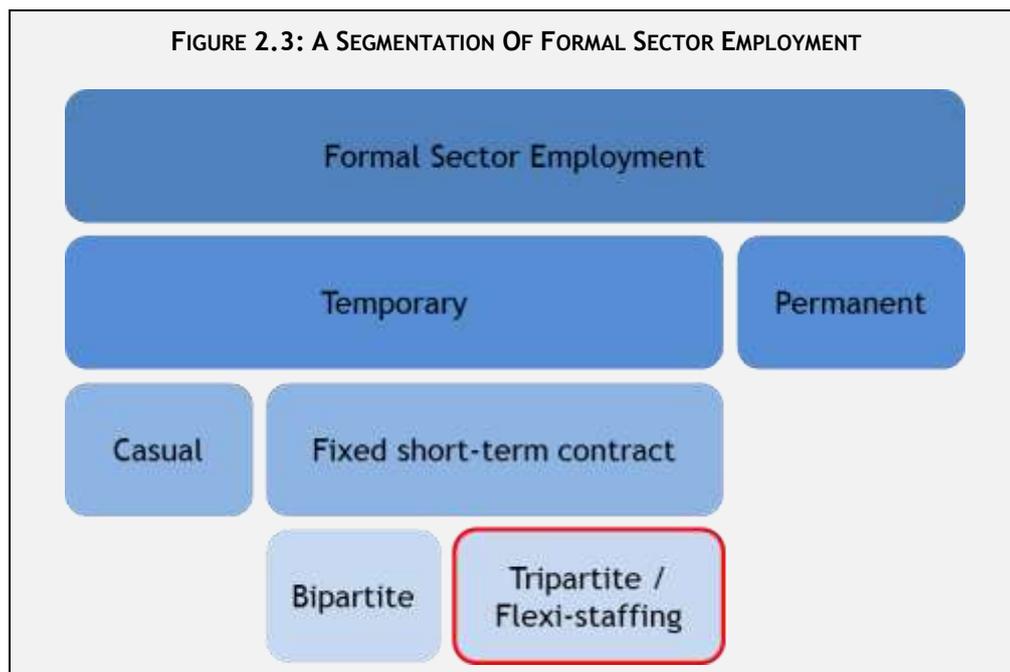
1. Employment estimation is based on *Usual Principal Status* criterion - i.e., only those who have been employed for more than 6 months in the previous year have been considered as part of the workforce, and subsequent sub cuts.
2. The employment numbers presented are for the 18-59 age group.
3. The above estimate is based on the NSSO 68th round (2011-12) data.
4. Figures presented in brackets are 2011 estimates.

There are many competing statistical methods of computing the **workforce**, mainly differing on the duration of work over the reference period. We here consider only those in the **labour force** as part of the **workforce** who have been in gainful employment for over six months or more in the reference period of previous 1 year (as on the date of the NSSO 68th round survey). This leaves us with 397.4 million in the **work force** and 10.9 million (2.7% of **labour force**) **unemployed** in the 18-59 age group.

This 397.4 million-strong **workforce** is further distributed across the **formal** and **informal** sectors. There are many alternate definitions as well as terminologies used for these segments (e.g., **organised** and **unorganised**). As the NSSO data are used herein to arrive at a statistical estimate of **workforce** distribution across the two categories, we align our interpretation of **formal** and **informal** sectors to the format in which the NSSO presents the data, while retaining the generally understood definition of the two segments. Specifically, in our estimation, **formal sector workforce** covers those who work in

- (i) the government and quasi-government bodies (including public sector companies) and local bodies,
- (ii) private and public limited companies, and
- (iii) co-operatives, trusts and societies and such other registered organisations.

The **informal sector workforce** accounts for the rest - i.e., whoever is working but not in any of the three categories mentioned above. As per Indicus's estimates, of the 397.4 million in the workforce, 49.7 million are employed in the **formal sector** and 347.7 million are in the **informal sector**.



The present study looks at the **formal sector** employment scenario - with focus on the **temporary** employment in this segment. To do this, within formal employment, we distinguish between **permanent** and **temporary** workforce. Based on the structure of the NSSO Employment-Unemployment Survey 2010-11 data published in June 2013, we define **permanent** formal workforce as those holding a contract of 3 years or more - signifying a long-

term relationship between employer and employee and it can be expected that both the employer and employee find it in their mutual interest to learn/invest in each other for a long-term goal. In addition to regular salary/wages, this section of the **workforce** is also typically in receipt of various social benefit measures like provident fund, pension, etc. As per our estimate, **permanent formal sector workforce** count stood at 21.9 million in 2013 (44% of **formal sector workforce**). The remaining, the **temporary formal workforce**, were typically characterised by no contract or contract of a duration shorter than 3 years. This section of the **workforce**, even though employed in the **formal sector** and estimated at 27.8 million in 2013.

**Temporary** employment is typically a short-term relationship, with or without any written contract between the employer and employee. The term of payment may also vary - some may receive regular salary/wage, for others it may be daily, piece rated, in kind, etc. They are also typically paid lesser and do not have access to many of the social security benefits.

We divide the **temporary formal sector employment** into two sub-categories: **casual** (typically without any contract) and **fixed short-term contract** (those with contract but of a duration lesser than 3 years). The bulk of the temporary employment, estimated at 23.8 million, falls in the 'Casual' category. This leaves us with the remaining 14% or 4.0 million who have **fixed short-term contract**-based temporary employment. The latter includes two distinct categories:

**Bipartite:** Employees have a direct employment contract with their employer,

**Tripartite/ flexi-staff:** A staffing agency plays an intermediary role between the employer and employee in case of the 'tripartite' fixed-term contract. Typically, the worker has an employment contract with an intermediary, and the intermediary sends the worker to work for and under direct supervision of the user enterprise based on a separate work contract between the intermediary and the user enterprise.

This latter is our target category - the flexi-staff. For our estimation, we define flexi-staff as that part of the fixed (short)-term contract segment that is (i) receiving regular statutory benefits like Provident Fund and (ii) operates through an intermediary.

**Of the 4.0 million in fixed short-term contract, as many as 2.5 million are estimated to be receiving benefits such as PF etc. over and above the regular wages and salaries.**

Annual Survey Industries (ASI) shows about 31% of total workers (as opposed to total employees) being through intermediaries.<sup>9</sup> But ASI does not include the service sector, does not differentiate between various kinds of employment options, and this query of contract workers mostly applies to blue collar workers. In the service sector, this ratio is far higher and it is also higher among white collar workers.

**We estimate that about two-thirds of all employment that is short term and with benefits is flexi-employment. This puts our estimate of flexi-staffing industry in India at about 1.7 million in 2013.**

<sup>9</sup> As per the ASI definition "workers are defined to include all persons employed directly or through any agency." Employment 'through any agency' is another term for 'Contract Workers' who are defined as all persons not employed directly by an employer but through the contractor. Even more importantly, the ASI coverage of contract workers does not include "supervisory and managerial staff," a category that typically is taken to include all white collar workers. Hence, though ASI provides some indication of the size of the flexi-staffing, its coverage is limited to only blue collar workers in manufacturing.

This not only signifies a 0.4 million increase in the flexi-staff industry size in India over the past two years at an annual growth rate of around 14%, this also shows a higher growth in tripartite segment of fixed short-term contract employment relative to the bipartite segment.

## 2.2 The benefits of adopting flexi-staffing

### Advantages of Flexi-Staffing Industry

- **Better positioned to deliver decent work opportunity**

Written job contract with explicit mention of terms and conditions of employment; adherence to statutory norms - minimum wage, PF, ESIC, gratuity, etc. - not available to casual workers or even most of the bipartite contract workers. Since flexi-workers are direct employees of the flexi-staffing agencies and the employment duration typically lasts longer, it enhances the possibility of collective bargaining for flexi-workers.

- **Develops and matches skill set**

Flexi-staffing industry helps in skill development by enabling younger workers to join the workforce, allowing inter-sectoral mobility, setting up training programmes as per industry requirements, form jointly managed training funds, etc.

- **Allows both employers and workers to better adapt to increasing volatility and complexity in labour markets as well as seasonal and temporary spurt in labour demand**

The most attractive feature of the flexi-staffing industry for an employer is the flexibility it accords to adjust manpower according to demand dynamics. Even in times of uncertainties, it enables corporates to seize opportunities by limiting downside risks. This creates additional job opportunities in the times of economic downturn and also significantly reduces the time lag between economic recovery and creation of new jobs.

- **Helps employer to avoid delay in deployment as well as reduces search and administrative cost**

The flexi-employment model allows prospective employers to deploy manpower at required places with minimum delay by readily drawing from the manpower in the rolls of the agencies. It also allows them to avoid cost involved in searching for desired manpower and also the administrative cost involved in maintaining payroll, due diligence of statutory norms, etc.

- **Reduces structural and frictional unemployment**

A flexi-job has its own unique characteristics and is not a substitute for permanent jobs.

#### Countries with higher flexi-industry penetration rate also showed lower unemployment<sup>a</sup>

The additional job creation and broadening of job options facilitated by the flexi-staffing industry also reduces frictional unemployment by ensuring a better and faster match between jobseekers and employers. This role gains more importance in times of uncertainty due to the flexi industry's ability to cut downside risk for an employer.

\* Cieltt, 2011, *Adaptation to Change*

For more details, refer to *Indian Staffing Industry Research Report 2012: Turning Available Works into Jobs*

Out of the 397.4 million workforce in India, an overwhelming majority of 87% (347.7 million) are employed in the informal sectors. Even among the limited number of formal sector workers, 56% (27.8 million) are holding jobs temporary in nature - most of them casual (23.8 million) and a limited bipartite (2.3 million). The tripartite/ flexi-staffing workers account for a miniscule 6% (1.7 million) of the formal temporary workforce.

Tripartite flexi staff enjoy many benefits that are out of reach of most of the other temporary workers.

- The organised flexi-staffing agencies issue appointment letters detailing out the employment terms and conditions.
- Most of them run an accurate payroll system, pay salaries through banking channel, and generate salary slips/ wage receipts for each flexi employee.
- These agencies also mandatorily ensure that all statutory provisions such as Minimum Wage Act, Provident Fund Act, Contract Labor Act, ESIC Act, and Gratuity Act, are adhered to.
- Most of the agencies also cover the flexi employees under group mediclaim and personal accident insurance coverage in addition to the ESIC requirements.

Most of these benefits are not available to the casual workers.

The bipartite workers, even those employed by the government, also do not have access to many of the benefits such as PF, Gratuity, and Medical insurance. Holding jobs temporary in nature and most often for a short duration also limits the possibility of such workers to organise themselves and resort to collective bargaining for their rights with their employers. Since flexi-workers are direct employees of the flexi-staffing agencies and the employment duration typically lasts longer, the organised flexi staffing industry is in a better position to deliver on International Labor Organisation's Decent Work Agenda<sup>10</sup> compared to alternate temporary worker formats like casual work or fixed term (direct) contract.

This is corroborated by international experience which shows that the flexi workers are in a better position to negotiate their employment and working conditions, directly or through labor unions where such bodies exist. Currently, in more than twenty five countries across the world (eighteen EU nations plus seven non EU nations), the flexi staffing industry work conditions are regulated by collective labor agreements negotiated at various levels (across sectors, individual sectors, and user companies). These agreements led to establishment of funds to introduce additional protective and development measures for flexi staff like vocational training (Belgium, France, Luxembourg, Netherlands, Italy, Spain, Austria), health and safety (Belgium, France, Netherlands), pensions (France, Netherlands, Italy, Switzerland), and complementary social benefits (Belgium, France, Netherlands, Italy). In some of these countries, the industry has also ensured portability and transferability of workers' benefits like health insurance and pension.

Such bipartite bodies also played a significant role in ensuring quality standards and adherence to regulation or collective agreements (e.g., in France, Belgium and Netherlands). An Ombudsman has also been established in Belgium and Portugal to deal with flexi workers'

<sup>10</sup> In its Decent Work Agenda, the International Labor Organization (ILO) identifies four strategic goals:

- creating decent and productive employment;
- promoting access to social protection systems;
- respect for core labor standards;
- stronger dialogue between the social partners.

complaints. Sweden and Netherlands have established a certification system to check conditions under which private employment agencies operate.

Another benefit that is available is the ***skill development opportunities provided by the flexi staffing agencies***. Flexi work often provides the first opportunity to youth to acquire work experience and enhance their skill set, and plays an important role in their transition from education to work<sup>11</sup>. The industry helps people move from part time to full time jobs (or vice versa), between sectors, and across locations - guided by aspirations, preferences, needs or suitable opportunities, and allows them to pick up multiple sets of skill. In addition, sectoral training funds managed jointly by flexi staffing agencies and labor representatives have been established in seven European countries to increase workers' access to vocational training with an annual investment of more than €500 million. These important benefits are not accessible to the casual temporary workers or bipartite contract workers, further underlining a strong case for the increased adoption of the flexi employment model.

### **Benefits to Employers**

In addition to the benefits to the casual and bipartite temporary workers, the flexi employment model also allows an employer the flexibility to adjust manpower according to demand dynamics. One of the major positives is that it enables corporates to seize opportunities even in times of uncertainties by limiting downside risks. This significantly reduces the time lag between economic recovery and creation of new jobs. Past experience with US and European economies shows that the flexi staffing industry acts as a bellwether to the economy and picks up several months earlier in times of recovery. The significant expansion in the range of professional solutions provided by this industry has further enhanced its ability to assist companies in adapting faster to volatile economic cycles. From the viewpoint of workers, the industry enables the creation of more work opportunities and reduces the time required in finding jobs.

The industry is better placed to help companies manage seasonal and temporary increase in demand more efficiently. Some sectors where such a phenomenon arises regularly are financial auditing during finalisation of accounts; hotels, restaurants, and drivers during the tourist season; commerce and retail during the festival season. With access to a ready talent pool and the ability to train people in the required skills to meet demand/ supply gaps, the flexi staffing industry is well placed to meet such seasonal fluctuations in labor demand.

In both these cases, flexi employment model also allows employers to deploy manpower with minimum delay by readily drawing on the resource pool of the staffing agencies. This also allows them minimise cost and time involved in searching for the right talent to fill positions. Administrative costs involved in maintaining pay roll, adhering statutory obligations like PF, ESIC, Gratuity, etc. are also avoided as these responsibilities are taken over by the staffing agencies.

In short, for a prospective employee flexi staffing is a better alternative to a casual job or a bipartite contractual job in addition to raising the chances of being employed and trained for relevant skills. The 'security with flexibility' feature of the staffing industry looks far more attractive and beneficial relative to 'casual' or 'bipartite fixed short term' cases. To the desiring few it also offers flexibility in work life. It also brings a bouquet of benefits for the employer - it can ensure easy supply of the right kind of candidate at the right time. Same also applies for flexibility - the option of easily adjusting workforce depending on realised demand will make manpower planning much more easier. This win-win situation for both the employers and temporary employees is the possibly the best way forward.

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<sup>11</sup> 28% of flexi workers in India are below 25 years of age. In Europe, the ratio is higher at 35%.





## *Chapter 3*

# Temporary Employment in Government Sector



*Organized flexi-staffing is synonymous to the welfare of contract labour and a value added strategy to the employers. In the recent time it has become a strategic initiative by the employers to ensure that the contract workforce will be treated well with required employment benefits for job satisfaction. Therefore, the industry is supporting as well as promoting the temporary engagements for a superior work in the financially savvy way*

**Mehul Shah**

Board Member, Indian Staffing Federation  
Managing Director, Collabera Technologies

# Temporary Employment in Government Sector

**T**HIS section focuses on the ‘temporary’ employment in the government sector. Though there is no official direct estimation made by the government regarding the size of such temporary/irregular government sector workforce, indirect estimation is possible based on various statistics published by different government sources as well as databases such as the Employment-Unemployment Surveys of National Sample Survey Organisation (NSSO). **The first picture that becomes evident on careful analysis of the data from disparate sources is the rising ‘temporisation’** - the size of the government workforce is on the decline, the share of permanent workers is on the decline, the number of Groups C and D staff is on the decline!

The second aspect is the size of temporary/irregular workforce dependent on government for their livelihood. Though the general perception is that most of such temporary/irregular jobs are created in the private sector, the real situation looks quite different. The government sector accounts for nearly 58% of the formal sector employment, and as a result, the absolute size of temporary employment in government sector is also large even if the share of ‘temporary’ workforce is lower than in private sector. Estimates based on NSSO data show that 12.3 million of the temporary formal sector workforce is employed in the government sector, only marginally lower than 14.1 million similar workers in the private sector. This is also reflected in the incremental changes - though almost two-thirds of the 7 million plus increase in temporary employment in the formal sector are accounted by public or private limited companies, the lion’s share of the remaining one-third is accounted for by government sector.

**TABLE 3.1: RISING TEMPORISATION, LARGE NUMBER OF TEMPORARY WORKERS, ADVERSE IMPACT OF WORK OUTSOURCING**

Rising temporisation in government workforce	Size of temporary/irregular workers in the government sector is large	
<ul style="list-style-type: none"> <li>• Total government sector employment declined by almost 2 million (10%) - from 19.47 mn in 1995 to 17.55 mn in 2011.</li> <li>• The share of permanent regular civilian employees in total Central Government civilian employment has also declined from 94% in 2001 to 88% in 2009.</li> <li>• Group C and Group D employment in Central Government declined by 8.4% over 2001-02 to 2011-12.</li> </ul>	Formal sector workforce 2013: 49.7 mn	
	Temporary/irregular:	Permanent/regular:
	27.8 mn (56%)	21.9 mn (44%)
	<i>Govt:</i> 12.3 mn (44%)	16.5 mn (75%)
	<i>Pvt:</i> 14.1 mn (56%)	5.4 mn (25%)
Implication of work outsourcing		
Increased adoption of work outsourcing, is resulting in work increasingly getting outsourced that earlier would have been handled internally, and thus transferred to the private sector. An estimated additional 3 to 3.5 million workers in the private sector were deployed to cater to the government projects over 2000-01 to 2011-12.		

The third aspect is the ‘transfer’ of the government sector jobs to the private sector as a result of increased adoption of the practice of work outsourcing. Be it for simple maintenance of office equipment/machinery or construction of large infrastructure projects, much work that earlier would have been handled internally are increasingly getting outsourced. Given the temporary-permanent composition of the private formal sector workforce, in all likelihood, majority of such transferred jobs are being filled with temporary positions.

This current section dwells on all these three aspects - first, it presents the various data on government sector employment that overall points to increasing temporisation of government workforce. Second, it presents an estimate of its size and composition based on the NSSO data. In addition, the final section dwells on the missing millions from the government workforce due to increasing trend of work outsourcing.

### 3.1 Decline in government employment and rising temporisation

First, let us have a look at the figures of employment by government in the organised/ formal sector. Over the one and half decade from 1995 to 2011, the overall employment by the government in the formal sector declined by ~10% from 19.47 million to 17.55 million, with the contraction in the central government manpower accounting for almost half of the fall. Moreover, despite the increase in the number of states and local bodies (both urban and rural), declaration of a slew of social programmes that are predominantly implemented through the state government and/or local bodies, the employment figures for these two segments show a marginal decline. This largely indicates a general slowdown in fresh recruitment in all segments of the government workforce in organised/ formal sector.

**TABLE 3.2: DECLINING EMPLOYMENT IN CENTRAL GOVERNMENT (ORGANISED/ FORMAL SECTOR)**

	Employment (in million)				CAGR (in %) (1995-2011)
	1995	2005	2010	2011	
Central Government	3.40	2.94	2.55	2.46	-1.99
State Government	7.36	7.20	7.35	7.22	-0.12
Quasi-Government	6.52	5.75	5.87	5.81	-0.71
Local bodies	2.20	2.12	2.09	2.05	-0.42
<b>Total</b>	<b>19.47</b>	<b>18.01</b>	<b>17.86</b>	<b>17.55</b>	<b>-0.65</b>

Source: Economic Survey 2012-13, Table 3.1, pp A56

Within this overall environment of the declining size of the central government employment, we next focus our gaze on the “temporisation” aspect. As the data over the past 4 decades presented in Table 3.2 show, the share of permanent employees in the permanent regular civilian employees in central government was in ascendancy during two long decades starting from 1971, to eventually reach 90% plus by 1991 and remain static at the same level in the first post-liberalisation decade. But, in three years since 2001, the share of permanent employees dipped by 5 percentage points along with a 18% decline in employee strength. The situation remained static at the same level in the subsequent five years.

**TABLE 3.3: FALL IN PERMANENT REGULAR CIVILIAN EMPLOYMENT IN CENTRAL GOVERNMENT AS WELL AS SHARE OF PERMANENT EMPLOYEES**

Census Enquiry for the year (as on 31 <sup>st</sup> March)	Total employees (in million)	% of permanent employees
1971	2.67	74.00
1981	3.41	78.00
1991	3.81	93.40
2001	3.88	93.60
2004	3.16	88.37
2006	3.12	88.37
2008	3.11	88.41
2009	3.10	88.45

Source: Census of Central Government Employees 2009, Table 12, pp 17.

One of the questions that arise is whether the decline in the employment strength in the central government has affected the employees across all departments or has been limited to a certain segment only. As Table 3.3 shows unequivocally, the cut has fallen exclusively on the lower rung - the positions classified as belonging to Group C and erstwhile Group D12, which jointly accounts for more than 90% of the central government employees. Over the period 2001-02 to 2008-09, employment in these two cadres declined by 8.4%, with more than 90% of the cut falling on the Group D staff<sup>13</sup>. This is in sharp contrast to the consistent expansion in employment in the Group A and Group B positions.

This decline in the Groups C and D positions is directly related to the rising temporisation. What it implies is that though the higher administrative cum managerial positions are continuing to be filled with permanent employees, the lower rungs are increasingly being manned by temporary workers - either hired directly or through staffing agencies. A quick glance at the tender section of the homepages of ministries and other government organisations bear ready testimony to this scenario. It has become quite a regular practice to hire out maintenance work of office equipment and machinery (e.g., computers, printers, fax machines, air-conditioner, generator, inverter, CCTV, furniture, and electrical equipment) through annual maintenance contract (AMC) and/or facility management services (FMS). Similarly, housekeeping and cleaning, pantry and canteen, security services, etc. are also being regularly outsourced to agencies specialized in providing such services. Rather than hiring drivers (and purchasing cars), vehicles for official use are being hired with drivers from transport agencies.

<sup>12</sup> Classification into “Groups” broadly corresponds to the rank, status and the degree of the level of responsibility attached to the posts. Group A posts carry higher administrative and executive responsibilities and include senior management positions in the ministries/departments and field organizations. The middle and junior levels of Group A along with Group B constitute middle management. Group C posts perform supervisory as well as operative tasks and render clerical assistances in ministries and field organizations. It includes positions such as Auditor, Junior Accountant, Upper division clerk, Tax assistant, Sub-inspector, etc. Group D posts were meant for carrying out routine duties. Sample positions that were part of Group D are Peon, Daftary, Jamadar, Farash, Chowkidar, Safaiwala, Gardener, etc. For details, see <http://persmin.gov.in/>

<sup>13</sup> With Group D positions being abolished and subsumed within Group C since the implementation of Sixth Pay Commission, the recent data give a consolidated figure for the two groups.

**TABLE 3.3: THE DROP IN CENTRAL GOVERNMENT EMPLOYMENT MOSTLY ON ACCOUNT OF THE DECLINE IN GROUP 'D' STAFF**

Group of post	A	B	C	D	C+D	Total
2001-02	73,229	159,273	2,153,374	965,237	3,118,611	3,351,113
2008-09	82,008	160,126	2,135,283	786,987	2,922,270	3,164,404
2011-12	90,905	202,262			2,856,615	3,149,782
Change up to 2008-09 (No.)	8,779	853	-18,091	-178,250	-196,341	-186,709
Change up to 2011-12 (No.)	17,676	42,989			-261,996	-201,331
Change (%)	24.1%	27.0%	-0.8%	-18.5%	-8.4%	-6.0%
CAGR (%)	2.2%	2.4%	-0.1%	-2.9%	-0.9%	-0.6%

Source: Pay and Allowance Report (various years), Ministry of Finance, Government of India

Thus, the 'peripheral' positions not 'core' to the role of the government as administrator and policy maker are increasingly showing a trend of being outsourced. In addition to the traditional temporary direct hiring of casual and contractual workers to cater to various needs from time to time, various modes of work contracts are increasingly being used to outsource peripheral works that incidentally have a large labour component. Adaptation to this mode of operation may be economically efficient, but the issue that arises is whether the interests of the workers are being adequately protected.

### 3.2 The size of temporary workforce in the government sector

The government, till date, has not come out with an official estimate of the size of temporary workforce directly or indirectly hired by various layers of government. The published statistics cover only select partial sectors, e.g., non-permanent employment against regular sanctioned positions at Central Government level given by the Census of Central Government Employees (latest available for 2009), casual/contract workers in Central PSUs as given in Public Enterprise Survey by Department by Public Enterprises, Ministry of Heavy Industries (latest available for 2012-13), etc.

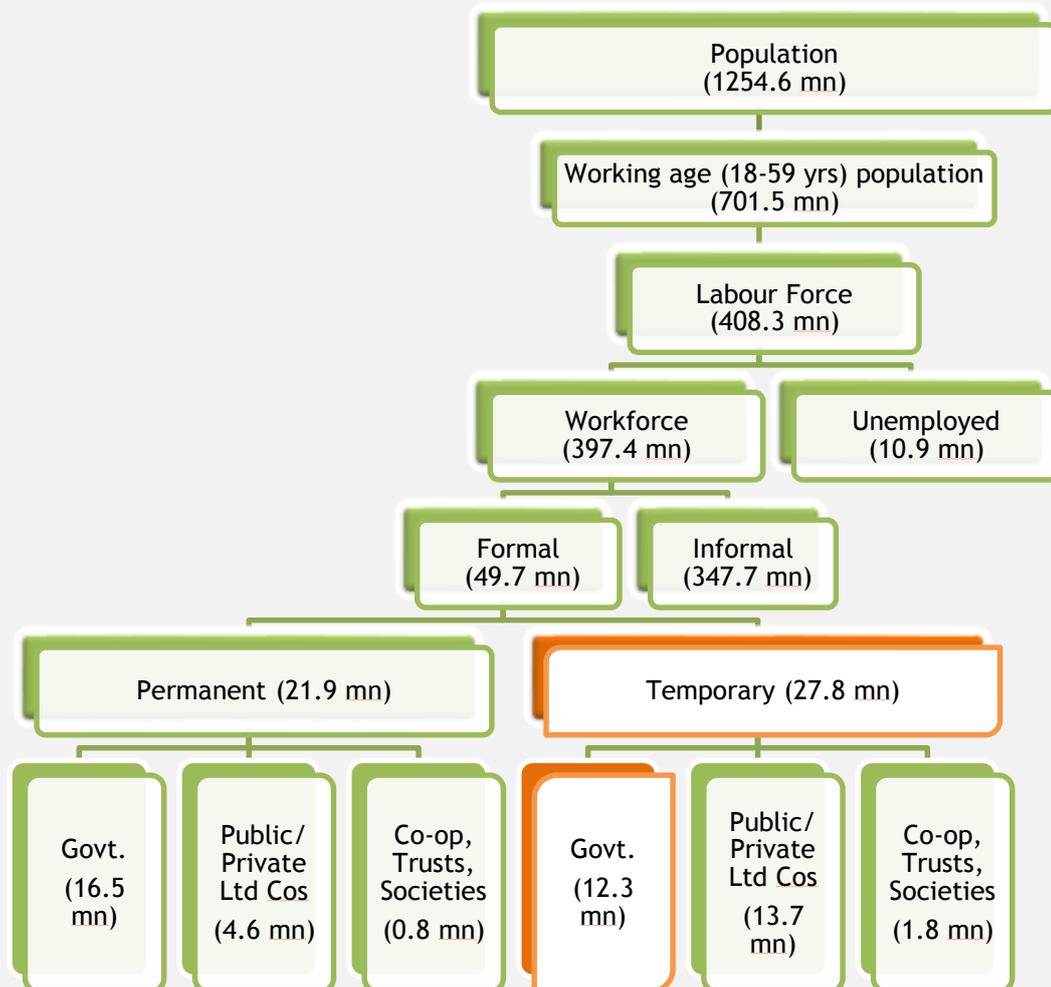
An additional issue faced is the frequently observed considerable gap in the numbers published in various publications. For example, Economic Survey 2012-13 claims the Central Government employment in 2011 as 2.46 million, whereas Pay and Allowance Report 2011-12 pegs the figure at 3.15 million. In the absence of access to raw data from which these numbers were computed, these gaps could not be bridged or adequately explained despite considerable effort.

Consequently, this study makes an attempt to arrive at an estimate of the temporary workforce in the government sector (defined as central and state government employees, quasi-government employees<sup>14</sup> and employees of local bodies like municipalities, panchayats, etc.) using the latest NSSO data from the 68<sup>th</sup> round of survey (reference period of July 2011 to June 2012) covering employment scenario in the country. As defined in the earlier section,

<sup>14</sup> Includes those employed in the central or state public sector units, government-funded educational institutions, regulatory bodies such as Reserve Bank of India and Securities and Exchange Board of India, special purpose units such as Unique Identification Authority of India, etc.

‘temporary’ workforce has been defined here to include those who hold a contract of duration less than three years or no employment contract at all<sup>15</sup>.

**FIGURE 3.1: ESTIMATED SIZE OF TEMPORARY WORKFORCE IN THE GOVERNMENT SECTOR**



**Notes:**

1. Employment estimation is based on Usual Principal Status criterion - i.e., only those who have been employed for more than 6 months in the previous year have been considered as part of the work force, and subsequent sub cuts.
2. The employment numbers presented are for the 18-59 age group.
3. The above estimate is based on the NSSO 68th round (2011-12) data.
4. ‘Temporary’ workforce has been defined here to include those who hold a contract of duration less than three years or no employment contract at all.
5. Government sector includes Central and State Government employees, Quasi-Government employees and employees of local bodies like municipalities, panchayats, etc.

<sup>15</sup> For the complete range of definitions used, refer to section 2.

The latest round of the NSSO data shows (Figure 3.1) that out of 49.7 million of the Indian workforce deployed in the formal sector, a whopping 58% (28.8 million) are employed by the government. However, the data also show that a substantial 12.3 million (44%) are in temporary nature of job. Though the ratio is significantly lower than the 75% share of temporary employees in total employment in public/private limited companies or 69% in cooperatives, trusts and societies, this is still quite a substantial number.

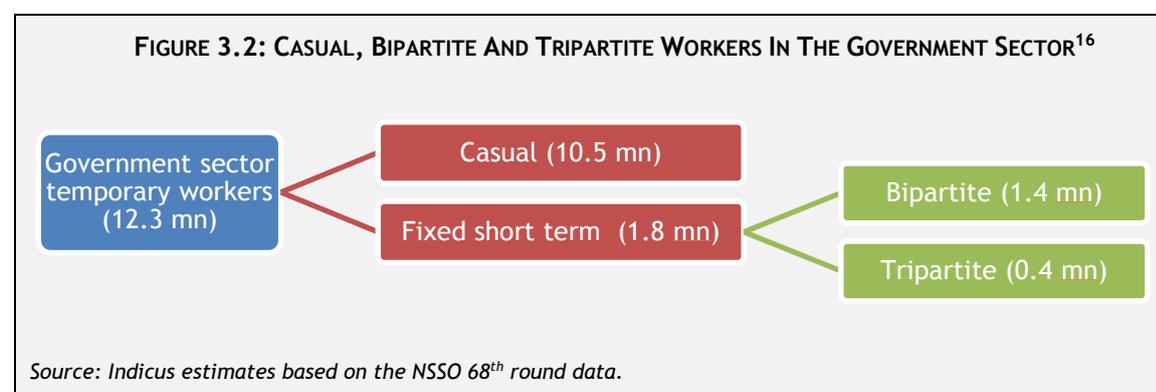
The question that immediately arises is who are the people populating this segment of the workforce as well as the nature of jobs in which they are employed. This question has been addressed in two tracks. First, the NSSO data are further analyzed to throw more light on the question (section 3.2.1). Second, other limited reliable sources of information are also assessed to characterize these 12.3 million temporary government sector workers (section 3.2.2).

### 3.2.1 Employment nature of temporary workforce in the government sector

Following the same approach as outlined in section 2, we distribute the temporary workers in the government sector into two broad categories - (a) casual and (b) those with a fixed short-term written contract (Figure 3.2)<sup>4</sup>. Further, we distribute workers belonging to both these categories according to the nature of their occupation (Figure 3.3, Table 3.4, Table 3.5).

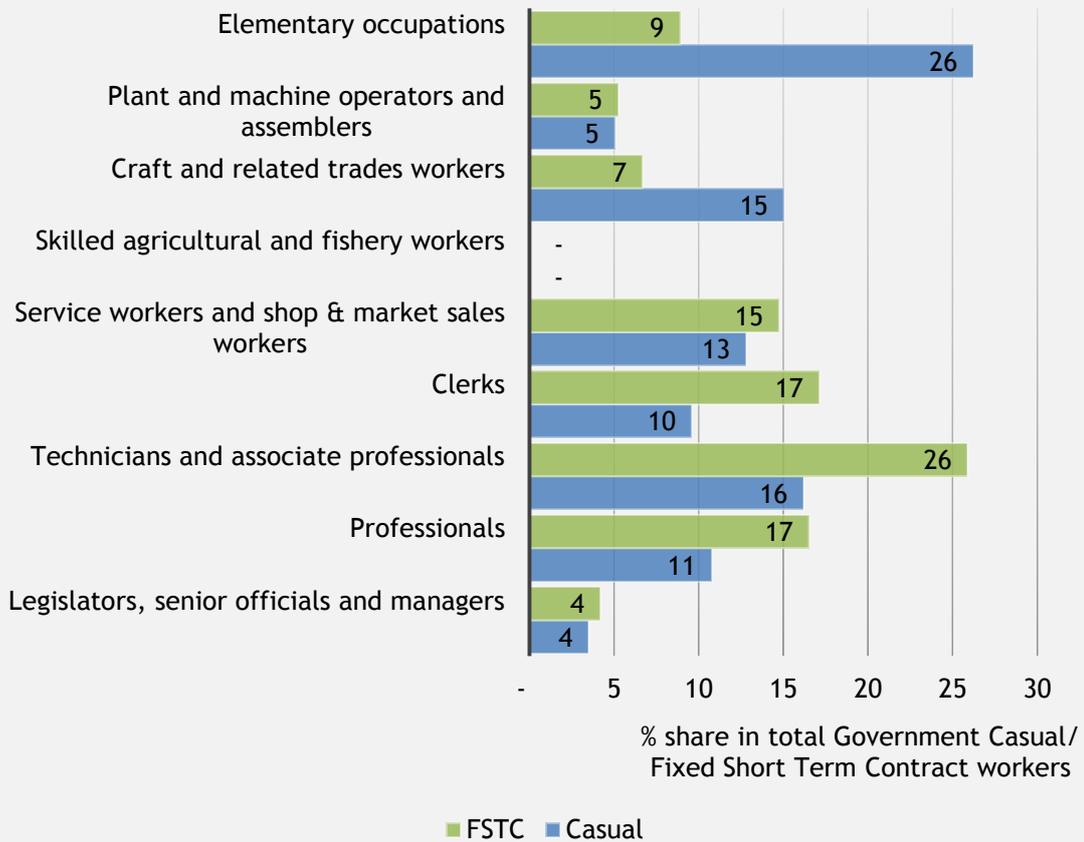
**Majority (85%) of the temporary workers in the government sector are casual in nature, with only 1.8 million out of 12.3 million holding a fixed short-duration written contract of appointment.**

Out of 1.7 million flexi-staff, around a quarter is employed in different levels of central/state government, quasi government bodies (including PSUs) and local government bodies. This is considerably lower than the 58% and 44% share of government sector in the formal sector employment and temporary employment, respectively. In addition to the overall lower penetration of flexi-staffing in the government sector, use of this mode of manpower hiring is also likely to be concentrated in the lower level of positions as indicated in the previous section.



<sup>16</sup> For the complete range of definitions used, refer to section 2.

**FIGURE 3.3: OCCUPATION TYPE-WISE DISTRIBUTION OF CASUAL AND FIXED SHORT-TERM WORKERS<sup>17</sup>**



Source: Indicus estimates based on the NSSO 68<sup>th</sup> round data.

<sup>17</sup> National Classification of Occupation 2004 is a classification system developed by Directorate General of Employment & Training, Ministry of Labor, Government of India, to classify occupation of workers. It classifies 2,945 distinct occupations. Higher number of digits in code indicates greater granularity in classification. For details, visit <http://dget.nic.in/nco/welcome.html>

**TABLE 3.4: DISTRIBUTION OF GOVERNMENT SECTOR CASUAL WORKERS INTO OCCUPATION CHARACTERISTICS**

NCO Code	Description of profession	%Share
1	Legislators, Senior Officials And Managers	4
122	Production and Operations Department Managers	1
2	Professionals	11
214	Architects, Engineers and Related Professionals	1
231	College, University and Higher Education Professionals	1
232	Secondary Education Teaching Professionals	5
3	Technicians And Associate Professionals	16
323	Nursing and Midwifery Associate Professionals	1
331	Middle and Primary Education Teaching Professionals	7
332	Pre-Primary Education Teaching Associate Professionals	2
343	Administrative Associate Professionals	2
4	Clerks	10
411	Secretaries and Key Board-Operating Clerks	1
412	Numerical Clerks	2
419	Other Office Clerks	5
5	Service Workers And Shop & Market Sales Workers	13
512	House Keeping and Restaurant Services Workers	3
513	Personal Care Workers	4
516	Protective Services Workers	5
6	Skilled Agricultural And Fishery Workers	Negligible
7	Craft And Related Trades Workers	15
712	Building Frame and Related Trades Workers	1
713	Building Finishers and Related Trades Workers	1
714	Painters, Building Structure Cleaners, Related Trades	9
723	Machinery Mechanics and Fitters	1
724	Electrical and Electronic Equipment Mechanics and Fitters	1
8	Plant And Machine Operators And Assemblers	5
832	Motor Vehicle Drivers	3
9	Elementary Occupations	26
915	Messengers, Porters, Door Keepers and Related Workers	2
916	Garbage Collectors and Related Labourers	4
920	Agricultural, Fishery and Related Labourers	4
931	Mining and Construction Labourers	15
933	Transport Laborers and Freight Handlers	1

Source: Indicus estimates based on the NSSO 68<sup>th</sup> round data.

Note: Only those occupations (at 3-digit level) that account for 1% or more have been reported.

**TABLE 3.5: DISTRIBUTION OF GOVERNMENT SECTOR FIXED SHORT-TERM CONTRACT WORKERS INTO OCCUPATION CHARACTERISTICS**

NCO Code	Description of profession	% Share
1	Legislators, Senior Officials And Managers	4
112	Administrative & Executive Officials	1
122	Production and Operations Department Managers	2
2	Professionals	17
214	Architects, Engineers and Related Professionals	2
231	College, University and Higher Education Professionals	2
232	Secondary Education Teaching Professionals	7
233	Other Teaching Professionals	2
3	Technicians And Associate Professionals	26
311	Physical and Engineering Science Technicians	2
323	Nursing and Midwifery Associate Professionals	1
331	Middle and Primary Education Teaching Associate Professionals	13
332	Pre-Primary Education Teaching Associate Professionals	2
343	Administrative Associate Professionals	3
345	Police Inspectors and Detectives	2
4	Clerks	17
411	Secretaries and Key Board- Operating Clerks	2
412	Numerical Clerks	4
419	Other Office Clerks	8
421	Cashiers, Tellers and Related Clerks	2
5	Service Workers And Shop & Market Sales Workers	15
511	Travel Attendants, Guides and Related Workers	1
513	Personal Care Workers	6
516	Protective Services Workers	6
6	Skilled Agricultural And Fishery Workers	Negligible
7	Craft And Related Trades Workers	7
713	Building Finishers and Related Trades Workers	1
714	Painters, Building Structure Cleaners, Related Trades	1
723	Machinery Mechanics and Fitters	1
724	Electrical and Electronic Equipment Mechanics and Fitters	2
8	Plant And Machine Operators And Assemblers	5
832	Motor Vehicle Drivers	2
9	Elementary Occupations	9
915	Messengers, Porters, Door Keepers and Related Workers	2
916	Garbage Collectors and Related Labourers	4
931	Mining and Construction Labourers	2

Source: Indicus estimates based on the NSSO 68th round data.

Note: Only those occupations (at 3-digit level) that account for 1% or more have been reported.

If we consider the lower-ranked NCO occupation codes (6 - Skilled agricultural and fishery workers, 7 - Craft and related trades workers, 8 - Plant and machine operators and assemblers and 9 - Elementary occupations) as low-skill occupations, we find a stark contrast between the deployment of casual and fixed short-term workers in the government sector. Whereas these four broad occupations account for 46% of casual type workers, the corresponding figure for the fixed short-term workers is 21%. In sharp contrast, 47% of fixed short-term workers are in the occupations requiring higher level of skills (1 - Legislators, senior officials and managers, 2 - Professionals and 3 - Technicians and associate professionals). The share of mid-skill level occupations (4 - Clerks, 5 - Service workers and shop & market sales workers) among fixed short-term workers also dominates the casual workers. What is surprising is the large number of temporary appointments that has been made in the middle, primary and secondary teaching positions (Table 3.5).

**TABLE 3.6: TOP 5 RANKED OCCUPATIONS FOR CASUAL AND FIXED SHORT TERM CONTRACT WORKERS IN THE GOVERNMENT SECTOR**

Rank	Casual	Fixed Short Term Contract
1	Mining and Construction Labourers	Middle and Primary Education Teaching Associate Professionals
2	Painters, Building Structure Cleaners and Related Trades Workers	Other Office Clerks
3	Middle and Primary Education Teaching Associate Professionals	Secondary Education Teaching Professionals
4	Secondary Education Teaching Professionals	Protective Services Workers
5	Other Office Clerks	Personal Care Workers
Share of top 5 occupations	41%	25%
Total Employment size	10.5 million	1.8 million

Source: Indicus estimates based on the NSSO 68<sup>th</sup> round data.

### 3.2.2 Source of employment for temporary workforce in the government sector

Whereas the earlier section explored the nature of employment exclusively using the NSSO database, the current section attempts to piece together the bits of secondary information on employment available from various other government publications. As mentioned earlier, a major issue faced in stitching together these divergent sources was the unexplained differences in numbers put forth in different publications.

**Economic Survey 2012-13 claims the central government employment in 2011 as 2.46 million, whereas the Pay and Allowance Report 2011-12 pegs the figure at 3.15 million.**

In the absence of access to raw data from which these numbers were computed by various ministries/departments, these gaps could not be bridged or adequately explained despite

considerable effort. Additionally, different publications accessed focus on a particular segment or a closely knit set only, and fail to present a consolidated holistic picture. As a result, the numbers presented in this section should be treated as close approximations only.

### **Temporary employment in central and state government**

As per the Pay and Allowances of Central Government Civilian Employees Report 2011-12, there were about 3.2 million central government and Union Territory regular employees as on 1 March 2012. Going by the trend over the past few years, the figures for March 2013 is likely to be quite close (Table 3.3). Though the above-mentioned report does not give any break up of permanent and temporary employees, the Census of Central Government Employees 2009 (Table 3.2) mentions that 11.55% of Central Government regular employees were temporary (but directly hired against regular positions) as on 31 March 2009 (rising from 6.6% in 1991 and 6.4% in 2001). If the trend from 2004 to 2009 is any taken as reference, during which period the ratio has remained quite stable at 11-12% after the sudden sharp jump over the 2001 to 2004 period, the size of direct temporary employment in central government civilian workforce is nearly 0.4 million.

Economic Survey 2012-13 also reports the size of all state government employees to be 7.22 million (Table 3.1). Various reports as cited above indicate temporary hiring in central governments to be about 12%. The ratio for state government employees is expected to be higher, considering it is the state government that is in charge of manpower deployment and actual implementation of different social programmes. Hiring in the education sector, which, as observed earlier, deploys a majority of temporary workers, is also mostly done by the state governments. Considering these factors, the ratio of temporary workers to total employees' strength for the state governments is assumed at 20%, giving a state government hiring of casual/bipartite workers at 1.7 million.

### **Temporary employment in central and state public sector enterprises**

The Central Board of Public Sector Enterprises also publishes data on employment by the 260 Central Public Sector Enterprises (CPSE). As per its latest 2011-12 report, these CPSEs account for nearly 0.29 million casual and contract workers out of total employment of 1.69 million. At the outset, these numbers appear to be gross underreporting considering a careful look at the individual company data show that even mining companies reported zero casual/contract employees on their payroll. The latest data available for State Level Public Sector Enterprises (SLPSEs) for 2007-08 cover only 625 out of 849 SLPSEs, giving a figure of 1.42 million. The data for 2006-07 covers 837 SLPSEs and gives a figure of 1.87 million. Owing to paucity of data on SLPSEs, we use the change in the CPSE employment over the same period as well as permanent to temporary ratio as proxy for estimating SLPSE employment figures, and arrive at an estimate of 1.62 million long-term/permanent employment in SLPSEs and 0.33 million of short-term/temporary employment. In the absence of any definitive data on the temporary to permanent employee ratio for the rest of quasi-government sector, which encompasses a heterogeneous group of entities ranging from regulators like RBI to educational institutes like IIT/IIM to special purpose vehicles such as UIDAI, the same ratio as observed among the Central PSUs is used to arrive at an estimate of 0.4 million of casual/bipartite workers.

### **Temporary employment in local government bodies**

The number of employees working for the various layers of local government bodies such as municipalities and panchayats is also given in Economic Survey 2012-13 at about 2 million. We assume the temporary to permanent employee ratio in local governments to be slightly higher at 25% (compared with 12% in the central government given in the Census of Central Government Employees and an assumed 20% in state government), considering most of the field-level hiring for implementation of various large-scale programs like NREGA, NRHM, NRLM, etc. are done at the levels of these local governments and the tenure of most of these

programme employees are coterminous with the project duration. This gives a permanent-temporary composition of 0.5 million and 1.6 million workers, respectively, in the local bodies.

### Temporary employment in various government sponsored programmes

One common feature of almost all government sponsored programmes is that their longevity or duration is not predefined. Consequently, the appointments made under such programmes are also coterminous with the programmes - generally a 1-year contract, which is renewable on the basis of need and performance. More has been discussed on this in the following section.

**Integrated Child Development Services (ICDS) Scheme**, launched way back in 1975, is one of the world's largest programmes from early childhood development. Though it is a centrally sponsored scheme, it is implemented through the state governments/UT Administrations akin to most other programmes, which includes sanctioning the positions and fixing remuneration. The ICDS team comprises the Anganwadi Workers, Anganwadi Helpers, Supervisors, Child Development Project Officers (CDPOs) and District Program Officers (DPOs). Among them, Anganwadi workers and helpers are honorary workers and are paid a fixed honorarium for their service. As per the information shared by the Ministry of Women and Child Development, the total number of such workers is around 2.5 million.

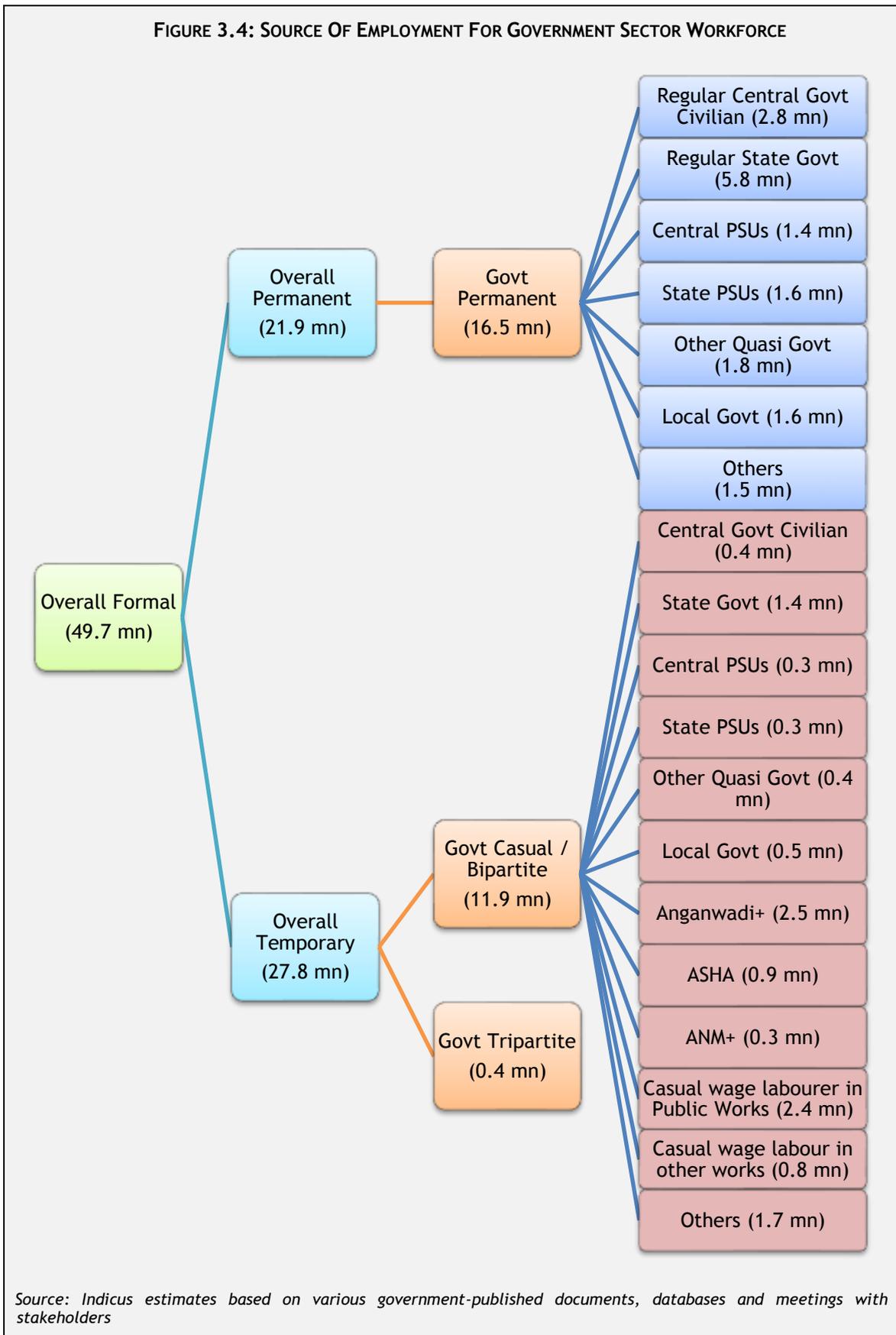
**National Rural Health Mission** is another large, centrally sponsored, state-implemented project. As in the case of ICDS, the recruitments are done by the state governments within the overall project guidelines. Some of the major recruitments done in the course of implementation of the project are the Accredited Social Health Activists (ASHA) and Auxiliary Nurse and Midwives (ANM). Apart from these, it also appoints Medical Officers, AYUSH doctors and helpers, Pharmacists, Staff nurse, Lab technicians, OT Assistants, X-ray technicians, Engineers (for construction work), etc. The information from Ministry of Health and Family Welfare puts an approximate figure of 0.9 million for ASHAs and 0.3 million for ANM plus various other positions filled under NRHM, as mentioned above.

There also exist many public work programmes sponsored by the central and state governments. For example, the MGNREGA programme aims to guarantee right to livelihood security and work for minimum 100 days in a financial year to every household in rural areas (for adult members and unskilled work only) at a notified minimum wage. There are also various infrastructure development programmes like building of roads, canals, dams, construction, etc. undertaken by different layers of the government. A consolidated number for temporary workers employed in administration of such public programmes though is not readily available, the same can be estimated using the NSSO data. Similarly, temporary workers are also appointed for other works such as agricultural procurement, mining, cleaners/sweepers, and teaching jobs. Based on an analysis of the NSSO 68th round data, the estimate for casual wage workers employed in public works and other works are estimated to be 2.4 million and 0.8 million, respectively.

The balance 1.7 million would be government casual and bipartite workers. This is largely accounted for by many other programmes run at both central and state levels. Some of them are small, whereas, for some others, the exact situation could not be ascertained from the available sources that could be accessed. Some of the prominent central-level programmes among them are as follows:

- Ministry of Health and Family welfare programs such as National AIDS Control Organisation, Revised National TB Control Program (RNTCP), National Leprosy Eradication Program (NLEP). These programs are estimated to jointly employ around 0.1 million temporary staff.
- Under Sarva Shiksha Abhiyan (SSA), a Ministry of Human Resource Development sponsored programme, as many as 2 million teaching positions have been sanctioned to states, out of

FIGURE 3.4: SOURCE OF EMPLOYMENT FOR GOVERNMENT SECTOR WORKFORCE



Source: Indicus estimates based on various government-published documents, databases and meetings with stakeholders

funding to the state/UT for elementary education development and reform and there are no separate SSA scales or norms for teacher recruitment. All appointment procedures and duties are governed by the state government/Union Territories. Furthermore, all teachers are appointed under their respective education departments, ...”<sup>18</sup>. However, many states appointed temporary teachers through separate SSA Societies and largely on temporary basis. Considering such appointments are subject to state decisions, no comprehensive information was available on the exact number of such “temporary” teachers appointed under SSA across the country. Even at a quarter of the total employment size under SSA, the figure for temporary teachers can be as large as 0.33 million. Add to it the short-term administrative staffs to be deployed at state/district level, and temporary workers can easily cross 0.4 million.

- There is also a plethora of smaller programmes such as National Rural Livelihood Mission, Pradhan Mantri Gram Sadak Yojana, and Indira Awas Yojana, run by Ministry of Rural Development; Agricultural Technology Management Agency (ATMA) scheme under National Agriculture Technology Project (NATP) of Ministry of Agriculture.

Although most of these programmes are centrally sponsored, these are implemented at the state level. As such, a state has the freedom to create a job position and set the terms and conditions of employment. The reporting structure by the states mostly focuses on the project objectives and progress made towards achieving the targets. Moreover, unlike health and education programmes, these projects are not critically dependent on making large manpower available towards project implementation. Hence, manpower deployed at state/district level, nature of employment, etc. are rarely collated in an organised manner. Moreover, state governments also runs various programmes at their own level which must have generated employment of both permanent and temporary varieties<sup>19</sup>.

With regard to the tripartite workers servicing the government sector, there is lack of information even within the organisation. Even though almost everybody knows about the employment of such workers in security, housekeeping, maintenance, etc. related jobs, there is no mechanism to collate and report such data in a consolidated fashion. The reporting mechanism is generally focused on the sanctioned regular positions, vacancies, any temporary appointments made against such regular vacant positions. As such, it was not possible to break up the estimated numbers of tripartite workers into its constituents based on the NSSO data. However, along with a discussion on the nature of temporary employment created in the centrally sponsored projects/programmes and PSUs, the subsequent chapter will present a brief discussion on the increasing adoption of the tripartite form of employment in the government sector by citing various recent instances of such hiring.

### 3.3 The missing millions - work outsourcing

All anecdotal evidence points towards increasing adoption of the practice of work outsourcing all across the government sectors, whether for simpler tasks like annual maintenance of office equipment or for civil maintenance of office premises/ campus to large infrastructure projects, everywhere a majority of the work that earlier would have been done internally are being outsourced. What this essentially entails is that large employment opportunities that would have been generated in the government sector are now being transferred to the private sector. And if the permanent-temporary composition of the private formal sector employment is the reference to go by, most of such ‘transferred’ jobs are being filled by ‘temporary’ workers.

<sup>18</sup> <http://www.hindustantimes.com/news-feed/chunk-ht-ui-punjabsectionpage-chandigarh/contractual-teacher-s-entitled-to-same-benefits-as-regular-teachers-centre/article1-1125874.aspx#sthash.jJVCANex.dpuf>

<sup>19</sup> The present study focuses only on the central government. Collection or analysis of state data was not part of the scope of the present study.

By the very nature of award of work contracts, the government departments do not systemically collect or maintain or report information on the number of employees brought in by the awardee contractor to complete the work awarded. As such, only estimation is possible on the extent of workforce deployed by the private sector essentially to complete the work generated in the government sector. Even this process is hampered by the conflicting numbers published by different (government) sources. For example, Economic Survey 2012-13 claims 2.46 million for the central government sector in 2011, whereas the Pay and Allowances Report by Ministry of Finance puts the figure at around 3.15 million. As a result, only rough ballpark estimation is possible.

**Impact of work outsourcing**

- **An estimated 3 million plus erstwhile Government jobs has been transferred to the Private sector as a result of increased work outsourcing by the Government sector.**
- Even if it has a strong economic argument, it is having an adverse impact on labour welfare. A typical tendering process for a work contract remains silent on the adherence of labour laws - it does not insist on PF/ESIC registration or adherence to Minimum Wages Act - leaving an open window for possible abuse.
- What is of more concern is the resultant increasing misuse of the 'work outsourcing' model, where manpower is getting outsourced under the guise of work, taking advantage of the laxity shown towards labour practices in the tendering process followed in awarding 'work' contracts.

The National Statistics data from Ministry of Statistics and Plan Implementation shows a CAGR of 5.9% for the public sector (real) GDP over the period 2000-01 to 2011-12. Estimated employment elasticity of all India GDP growth for the period has been 0.20. If the employment elasticity in the public sector had followed the same national trend, the public sector employment should have grown over the period at a CAGR of 1.2% and central government employment should have risen to 3.98 million by 2011-12 from 3.49 million in 2000-01. However, the actual figure for central government employment strength as on 2011-12 (as per Pay and Allowances Report by Ministry of Finance) was only 3.15 million. The difference of 0.83 million can be considered to have been 'transferred' to Private sector. The Economic Survey data of various years also shows that the overall government sector (including state government, local bodies and quasi government organisations) employment has declined over the period from 19.1 million to 17.6 million, i.e. a 1.5 million decline. Using a proportional relation, overall transfer of jobs to the private sector indicates a figure of 3.3 million.

What is more important than the exact number is the realisation that the extent of work outsourcing has been huge resulting in a large number of 'transfers' of erstwhile Government jobs. More than the numbers what is of more concern here is the work condition facing these 'transferred' workers. **The part of the transferred workers who moved to the informal sector from government employment were deprived of a decent work environment as their new jobs are likely to be temporary, without any written contract, and without any social benefits. Access to minimum wage is another area of concern. The condition of the casual workers in the private formal sector will only be marginally better.** For example, a typical tender for an Annual Maintenance Contract (AMC) do not insist on PF/ESIC registration or adherence to Minimum Wages Act - leaving an open window for possible abuse. What is of immediate concern is the increasing misuse of the 'work outsourcing' model across government sector, where 'manpower' is getting outsourced under the guise of 'work' without securing the rights of the workers, taking advantage of the laxity shown towards labour practices in the tendering process involved work contracts<sup>20</sup>.

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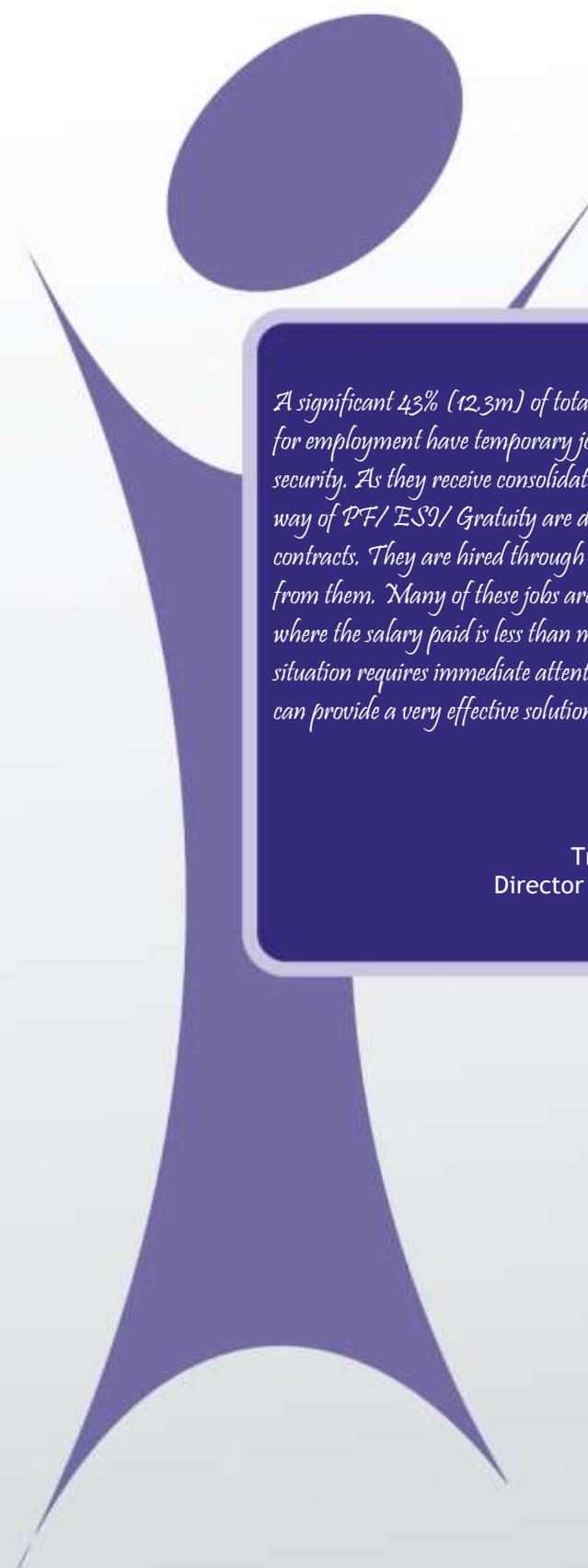
<sup>20</sup> As an example, a tender (Ref. ESSM/C-T/NIT/2013-14/ dated 05.09.2013) for maintenance of external water supply work at Plant and Township in ITI Ltd Mankapur sought labour rate from interested contractors having experience in plumbing and water supply work but fails to mention any conditions stipulating adherence to statutory labour practices.





## *Chapter 4*

# Nature of Temporary Hiring



*A significant 43% (12.3m) of total workforce dependent on the government for employment have temporary jobs and these workers have no income security. As they receive consolidated salary, social security contributions by way of PF/ ES/ Gratuity are denied to them. Most do not have any job contracts. They are hired through unscrupulous vendors who charge money from them. Many of these jobs are even termed as 'honorary' or 'voluntary' where the salary paid is less than minimum wages stipulated by law. This situation requires immediate attention and organized flexible staffing players can provide a very effective solution to the challenges we see here.*

**Yeshab Giri**

Trustee, Indian Staffing Federation  
Director Perm & Direct Hire, Adecco India

# Nature of temporary hiring

**H**AVING estimated the size of the temporary employment in government sector in the earlier sections, the present one focuses on the aspect of nature of temporary<sup>21</sup> employment in various layers of government, with primary gaze on the Central government. It was observed in the previous section that though the size of the hiring in the higher echelons of central government has been on the rise, the opposite has been the case for the lower positions (Group C and erstwhile Group D positions). Though no definitive statistics is available on the temporary hiring over the past 5 years exist against regular positions in central government (the last census having been conducted in 2009), the data show an increase in the early years of the past decade. Also, all anecdotal evidence shows that a large number of jobs are now being outsourced - be it in the guise of outsourcing 'work' or through direct outsourcing of manpower itself.

A similar trend is also observed among the Public Sector Enterprises, which also show considerable hiring of outsourced manpower in the non-core areas of operation, temporary hiring in the executive and managerial cadre is very limited. Many of the other quasi-government bodies though are showing an increasing trend towards outsourcing manpower at all levels, possibly taking advantage of the higher degree of independence enjoyed by these institutions in decision making.

Moreover, the various socio-economic programmes sponsored by the central government are primarily being manned by 'temporary' appointees on fixed-term contracts (generally six months to one year and renewable) or 'voluntary' basis, whose tenure is coterminous with the program duration. Incidentally, this has been so although many such programmes are running for years and can be expected to continue for many more years to come. Such temporary positions though are primarily bipartite in nature.

This section presents a brief review of the 'temporary' hiring situation across the segments. Sub-section 4.1 focuses on a select few central government-sponsored programmes that have deployed a large number of temporary workforce. The next one focuses on the Ministries and the recent developments in their temporary hiring. Subsequently, sub-section 4.3 discusses some interesting developments in some recently created quasi-government bodies. Sub-section 4.4 deals with the temporary employment scenario in the public sector units.

## 4.1 Centrally sponsored programmes

The Central Ministries sponsors several programmes to address the socio-economic needs of various sections of the society. Some of the programmes, especially those housed in the ministries dealing with primary needs like health, education, food, etc., are humongous in size, considering target population in multi-millions. This has necessitated deployment of additional staff dedicated towards implementation of the respective programmes. For example, the Integrated Child Development Services (ICDS) Scheme has around 2.5 million of dedicated

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<sup>21</sup> Here the term 'temporary' has been defined to include those who may not be direct employees of the government in a strict legal sense, but nevertheless are dependent on the government for livelihood. Such workers include 'voluntary' workers across various government programmes like Integrated Child development Services (ICDS), National Rural Health Program (NRHM), etc.

workers<sup>22</sup>. Accredited Social Health Activists (ASHA) and Auxiliary Nurse and Midwives (ANM) appointed under National Rural Health Mission (NRHM) also exceeds a million.

### Types Of Temporary Employment In Government-Sponsored Programmes

It is quite apparent that a large posse of temporary workers has been appointed under various Central socio-economic programmes. For example, the Pay and Allowances of Central Government Civilian Employees Report for 2011-12 published by the Ministry of Finance records the total employee strength of the Ministry of Health and Family Welfare as 25,483 regular employees (of which 20,654 belong to Group C). But a cursory look at only a few select programmes run by the Ministry reveals deployment of temporary staff in multiple times to its regular employee strength - temporary employment under the National AIDS Control Organization (NACO) programme alone is likely to be higher than a lakh.

Based on interaction with various public officials, the different kinds of temporary employment generated in various government sponsored programmes are highlighted below:

- **VOLUNTARY:** In the course of implementation of various 'community'-based programmes, like Integrated Child Development Scheme, National Rural Health Mission, etc., a number of 'voluntary' workers are appointed who technically are not government employees. These 'voluntary' community-based workers are given a monthly or performance-linked honorarium for their services.
- **BIPARTITE:** A number of bipartite contractual workers are also appointed in the process of implementation of various programmes. Since the duration for which the programmes will run is not pre-specified, the positions created under the programmes are 'coterminous' with the programme - i.e., they will cease to exist as soon as the programme is terminated. Most such contractual appointments tend to be for one-year duration and open to renewal subject to need and performance. The remuneration is on a 'consolidated' basis - i.e., a pre-specified fixed amount, and does not provide benefits like PF, ESIC, Gratuity, etc.
- **TRIPARTITE:** Many programmes are also hiring third-party agency workers in the implementation of various programmes. For example, manpower outsourcing has been done in Orissa in implementation of NRHM, MGNREGA, etc. programmes. It is also reported that Uttarakhand and Rajasthan have deployed outsourced manpower in implementation of NRLM programme. However, since the hiring is decentralized and the policy formulation is the prerogative of the state, and no systematic centralized effort has been made to collect type-wise positions created, the exact number of such tripartite employment generated is not known. However, in all likelihood, as of now the number is limited.

*Source: Interaction with government officials*

<sup>22</sup> Status of ICDS Scheme as on 31-12-2013 (Physical Progress); Available at <http://wcd.nic.in/icds/icdsdatatables.aspx>

#### Some insights from the interaction with government functionaries

- Though the programmes may be sponsored by the central government, the implementation is largely at the level of state and district administration, which includes the appointment of the staff.
- Since the duration for which the programmes will run are not pre-specified, positions created under the programmes are largely ‘temporary’ by nature and ‘coterminous’ with the programme - i.e., they will cease to exist as soon as the programme is terminated.
- As the appointments are made at the state/district level, the process of appointment, employment terms, etc. also vary across the states.
  - In certain programmes, there exists an overall common guideline for procurement of both material and manpower, but they are very general in nature and broad in scope and alternatives.
  - This allowing states to formulate their own mode of implementation.
  - For example, whereas Uttarakhand and Rajasthan are reported to have deployed agency workers in the implementation of National Rural Livelihood Mission (NRLM), Bihar, Andhra Pradesh, and Madhya Pradesh have resorted to directly employed temporary staff.
  - Similarly, agency workers have also been involved under NRHM in Orissa.

This section here covers a few programmes sponsored by the central government selected primarily based on feedback from officials on size of temporary jobs generated:

#### 4.1.1 Integrated Child Development Services (ICDS), Ministry of Women and Child Development<sup>23</sup>

The Integrated Child Development Services (ICDS) Scheme, a Centrally Sponsored Scheme, was launched in 1975. Since then it has expanded to cover all Development Blocks and major slums in the country. It is world’s largest community-based outreach programme and offers a package of health, nutrition and education services to children below 6 years and pregnant and nursing mothers.

The ICDS Scheme is implemented through a platform of Anganwadi Centre (AWC) at village level. Government of India has cumulatively approved 1.37 million AWCs/Mini-AWCs; of which, around 1.24 million AWCs/Mini-AWCs are operational, which have reached out to 9 crore plus beneficiaries. Each Anganwadi Centre is managed by one Anganwadi Worker and one Helper, who are the grass-roots functionaries to implement the Integrated Child Development Services (ICDS) Scheme.

The programme today employs about 2.5 million Anganwadi Workers, Anganwadi Helpers (AWH) and other staff. The AWWs/AWHs should be a lady, 18 to 44 years in age, and from the local village. They should be acceptable to the local community and open to serving the children of SC, ST and other weaker sections of the society. These workers and helpers are envisaged as honorary workers from the local community who work on part-time basis for 4-5 hours a day on an average.

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<sup>23</sup> The discussion here incorporates both information obtained from government officials as well as ministry website <http://wcd.nic.in/icds/>

The ICDS guidelines suggest selection of AWWs/AWHs in the selected project areas by a committee consisting of the District Social Welfare Officer, the Block Development Officer (BDO), the Child Development Project Officer (CDPO), the Medical Officer of the primary health centre, the President of the Taluka Panchayat/ Block Advisory Committee, the district representatives of the State Social Welfare Advisory Board and any other non-officials that the State Government may consider appropriate. The exact membership pattern of the selection committee though varies across states. No minimum qualification has been prescribed by the Government of India, and stipulations thus again vary from state to state.

**Integrated Child Development Services (ICDS) Scheme -  
Anganwadi Workers (AWW), Anganwadi Helpers (AWH)**

- ICDS programme employs about 2.5 million Anganwadi Workers, Anganwadi Helpers and other staff.
- The AWWs/AWHs should be a lady, 18 to 44 years in age, and from the local village.
- These workers and helpers are envisaged as ‘honorary’ workers from the local community who work on part-time basis for 4-5 hours a day on an average.
- The AWW/AWHs are appointed at the district level by a committee appointed by the state government. The exact membership pattern of the selection committee though varies across states.
- The central contribution to the honorarium of Anganwadi Workers currently is Rs. 3000 per month and that of helpers is Rs. 1500 per month. In addition, some States/UTs are also giving additional honorarium out of their own resources.
- However, even with additional state honorarium, the overall remuneration of the AWWs/AWHs generally fall below the state minimum wages. (In a ruling in 2006, the Supreme Court though has held that Anganwadi Workers do not hold any civil post and the Minimum Wages Act is not applicable to them.)
- There is no fixed ‘retirement’ age and benefits.

The central contribution to the honorarium of Anganwadi Workers has been enhanced from Rs. 1500 per month to Rs. 3000 per month in 2011 and that of helpers from Rs. 750 per month to Rs. 1500 per month. In addition, some States/UTs are also giving additional honorarium out of their own resources. For example, Goa pays AWWs an additional honorarium ranging from Rs 2752 to Rs 4200, depending on qualification and experience. Similarly, AWHs receive an additional honorarium of Rs 1700 to Rs 2300. Similarly, Tamil Nadu is also providing an additional honorarium of Rs 2771 and Rs 1420 to AWWs and AWHs, respectively. Considering that these two states are on the top of chart in terms of additional honorarium paid by states to AWWs/AWHs, it is quite clear that at the starting level most of the AWWs/AWHs receive an ‘honorarium’ that is below minimum wages<sup>24</sup>.

In terms of benefits, the AWWs and AWHs are entitled to paid absence on maternity of 180 days, insurance cover under the Anganwadi Karyakartri Bima Yojana, etc. Casual leave up to 20 days in a year (earlier 12 days) is admissible to Anganwadi Workers as per the Government of India guidelines. States have been instructed to reserve 25% of vacant posts of Supervisors for Anganwadi Workers with 10 years of experience, and a similar reservation of 25% of Anganwadi Workers from amongst Anganwadi Helpers with 10 years of experience.

<sup>24</sup> Eighth report of the Parliamentary Committee on Empowerment of Women 2010-11 titled ‘Working Conditions of Anganwadi Workers’; <http://www.paycheck.in> for minimum wage data.

As AWWs/AWHs are honorary workers under the ICDS Scheme, the Government of India has not prescribed any retirement age and has left it to the discretion of the individual states. Recently, Kerala, U.P. and M.P. have declared 60 years as the upper age limit, whereas it varies from 58 to 65 years in the remaining states/UTs. Goa has a provision of giving lump-sum financial assistance of Rs. 1 lakh and Rs. 50,000 to AWWs and AWHs, respectively, on retirement. Similarly, Tamil Nadu has made a provision of lump-sum grant of Rs. 50,000/- for AWWs and Rs. 20,000 for AWHs. Benefits of pension scheme are made available in Kerala to those AWWs/AWHs who have completed 60 years of age, have 10 years of service experience and are members of the AWW's/AWH's Fund. AWWs/AWHs will be paid Rs.500 and Rs. 300 per month, respectively. Those AWWs and AWHs with less than 10 years of service are eligible only for the amount they have remitted in the AWWs/AWHs Welfare Fund along with 11% interest and the state's share. Similar pension scheme has also been introduced in Tamil Nadu where AWWs will get Rs.700 per month and AWHs will get Rs.600 to 700 per month.

In a ruling in 2006, the Supreme Court has held that Anganwadi Workers do not hold any civil post and the Minimum Wages Act is not applicable to them. In a written response to the Parliamentary Committee on Empowerment of Women, the Ministry of Women and Child Development too has argued against granting AWWs and AWHs the status of "Government Employees" based on "nature of role of AWWs and AWHs" and "other constraints as well as considerations."

#### 4.1.2 National Rural Health Mission, Ministry of Rural Development<sup>25</sup> National Rural Health Mission (NRHM) Scheme - Accredited Social Health Workers (ASHA)

- The number of ASHAs in India is around 0.9 million<sup>26</sup>.
- An ASHA must be a woman resident of the project village and preferably 25 to 45 years in age and literate, having at least completed formal education up to eighth standard. This may be relaxed only if no suitable person with this qualification is available.
- An ASHA is to be chosen by a selection committee involving various community groups, self-help groups, Anganwadi Institutions, the Block Nodal officer, District Nodal officer, the village Health Committee and the Gram Sabha.
- ASHAs receive performance-based incentives for promoting universal immunization, referral and escort services for Reproductive & Child Health (RCH) and other healthcare programmes, and construction of household toilets.
- The detailed compensation package is worked out at the state level. In Rajasthan, if she works as per the expected standards, she would earn approximately Rs. 1067 per month<sup>27</sup>. Recently, some of the states have also introduced a monthly fixed honorarium for ASHAs in addition to the performance-based incentives. For example, West Bengal has recommended Rs. 1300 per month fixed honorarium in 2013<sup>28</sup>.

The National Rural Health Mission was designed to address the health needs of rural population, especially the vulnerable sections of the society. The sub-centre is the most peripheral level of contact with the community under the public health infrastructure that caters to a population ranging from 3000 to 5000.

<sup>25</sup> The discussion here incorporates both information obtained from government officials as well as ministry website <http://nrhm.gov.in>

<sup>26</sup> Office Order No. HF/N/FW/90/1B-02/2013 dated 26.04.2013 by Department of Health and Family Welfare, Government of West Bengal

<sup>27</sup> [http://www.pbnrhm.org/docs/advt\\_jan\\_2014\\_detail.pdf](http://www.pbnrhm.org/docs/advt_jan_2014_detail.pdf);  
[http://210.212.17.50/HRCcell/shs/notices/2013/recruitment\\_sep\\_2013\\_RBSK.pdf](http://210.212.17.50/HRCcell/shs/notices/2013/recruitment_sep_2013_RBSK.pdf)

<sup>28</sup> The discussion here is based on interaction with officials, information shared by them and various supporting documents obtained from <http://naco.gov.in/NACO/>

To assist the ANMs in a sub-center in improving the outreach of the health programmes, a new band of community-based functionaries known as Accredited Social Health Activist (ASHA) was proposed under the NRHM. This cadre works as an interface between the community and public healthcare system and generally is the first port of call for any health-related demands of deprived sections of the population.

Similar to the AWWs /AWHs in ICDS, the ASHA Sahyoginis in NRHM too are voluntary workers who get performance-linked incentives. As in the case of AWWs/AWHs, ASHAs are also not covered under the Minimum Wage Act. They are also not technically considered as “Government Employees,” and do not receive social benefits like PF, pension, etc.

Apart from the ASHA, each primary health sub-centre is manned by one female auxiliary nurse and midwife (ANM), one male health worker (MHW) and one lady health visitor (LHV). These positions are quite often filled on bipartite contract basis and the recruitment are made at the state level by the State Health Societies/ Departments. The ANMs are generally 10th/12th pass with diploma in ANM course and must be registered with the State Nursing Registration Council. Though the minimum qualification remains more or less the same across states, the remuneration though varies. For example, in Punjab, an ANM receives a salary of Rs 8500 per month. In Bihar, it leaps to Rs 11500 per month. One common feature in remuneration across states is that it is consolidated and ANMs are entitled to no additional benefits like PF/Pension. These appointments are generally on contract for a period of one year, which may be renewed based on the performance and conduct of the contractual staff. The renewal may continue till termination of National Rural Health Mission and no regular positions will be created. The total strength of ANM positions created till date is around 0.23 million. In addition, around 70,000 more contractual appointments have been made under NRHMs to positions such as Medical Officer, AYUSH doctors, Paramedics, AYUSH Paramedics, Staff Nurse, Engineers (for infrastructure development), etc.

#### **4.1.3 Department of AIDS Control, In charge of National AIDS Control Organisation (NACO)**

National AIDS Control Organisation, housed in Department of AIDS Control, Ministry of Health and Family Welfare provides national-level leadership to HIV/AIDS Control Programme in India. However, interaction with officials indicated that implementation of the NACO programme vests with the State AIDS Prevention and Control Societies (SACS), which are autonomous, decentralised and enjoy functional independence. Under the third phase of the National Aids Control Programme (NACP), District AIDS Prevention and Control Unit (DAPCU) have been set up to further decentralise the planning and implementation process. Manpower appointments at both the implementation levels (state plus district) are controlled by the SACS.

Hiring for contractual positions takes place at various levels under the programme, are generally on bilateral basis and based on annual contract. Renewal is based on performance and requirements. The salary paid to the contractual staff varies depending on the position and seniority - ranging from around Rs 1 lakh per annum for Auxiliary Nurses or Midwives to Rs 10 lakh or more for central-level Programme Officers, Consultants, etc.

### Department of AIDS Control, In charge of National AIDS Control Organization (NACO)

- At the central level, recruitment is rather limited as the implementation of the programme is through the state- and district-level societies. Some of the positions at the central level for which contractual hiring takes place are
  - Program Officer - Masters degree in relevant field with 5+ years of relevant work experience
  - Technical Officer - Masters degree in relevant field
  - Consultants - Varies according to role.
- At the State AIDS Prevention and Control Societies (SACS), the positions are filled either through deputation from various government bodies (generally at State level) or through Contractual appointments. The higher-level administrative positions like Director, Joint/Deputy/Assistant Director, etc. are filled primarily through deputation. For other positions, both the options are utilised depending on availability of qualified manpower.
- Some of the positions that are generally filled through Contractual appointment are Consultants, Medical Officers, Nurse, Pharmacist, Lab technician, Counsellors, and Administrative officials such as Accountants, Data Entry Operators, etc., District Program Managers, etc.
  - Consultants are hired from the medical community and also for roles such as financial advisory, legal support, IT support, etc. The qualifications sought also varies according to the envisaged role, and are generally filled by candidates with professional qualification (C.A./C.W.A., LL.B., B.Tech./B.E., etc.) with varying (minimum ~ 5+) years of post-qualification relevant experience, depending on the seniority of the position being filled.
  - Medical Officers have to be minimum MBBS with some prior experience in treating HIV/AIDS patients. MD qualification is sought for senior positions.
  - Nurses require to be registered with the State Nursing Council as Nurse/Midwife with minimum qualification of Auxiliary Nurse Midwife (ANM).
  - Pharmacists require a degree in Pharmacy
  - Lab technicians needs to be graduate/diploma holder in Medical Laboratory Technology
  - Counsellors must be Graduates with Diploma in Nursing and 3+ years of work experience in the field of HIV/AIDS.
  - Accountants have to be minimum B.Com. with 3-4 years of work experience
  - Data Entry Operators (DTOs) require minimum graduation with certificates/Diploma in Computer Applications
  - District Programme Managers have to have MBBS or postgraduate qualification in Health Management/ Social Work with 3 to 5+ of field experience in implementing health programmes.

*Source: Interaction with officials; Information hosted in <http://naco.gov.in/NACO/>*

In addition to the direct manpower requirements at central-, state- and district-level administration of the project, there are also various components of the NACP programme that spawn additional manpower requirement. What continues to be a point of botheration is the indicated salary for many a position being below minimum wages.

- A. **Link Worker Scheme:** The scheme is targeted at rural areas with the objective to address the unfulfilled need for prevention/support/care services. The positions are temporary, considering the scheme is a short-term, time-bound (3 years) intervention, and the workers receive an honorarium of Rs 1,500 per month, way below the minimum wages. Even the supervisors receive fixed consolidated honorarium of Rs. 5,500 per month respectively. The consolidated honorarium of various other administrative staffs varies between Rs. 8,000 per month (Accountant) and Rs 25,000 (District Resource Person)<sup>29</sup>.

To give an indication of the size of hiring, the scheme is to be implemented in nearly 190 high HIV/AIDS prevalence/vulnerable districts, requiring around 40 link workers, 4 supervisors plus 3 administrative staff per district. Additionally, around 8 to 10 staff will be deployed at the state level and 4 at the central level in administering the scheme. Hiring at the district level is by the implementing NGO under the supervision of SACS and/or the lead NGO for the state/region, and most likely to be bilateral. The Link Workers have to be hired from the local residents of the target cluster of villages, minimum eighth standard pass and age between 20 and 29.

- B. **Community Care Centres (CCC):** CCC were originally conceived as short stay homes for people with HIV/AIDS to fill the wide gap between hospital care and home care. However, with the introduction of Antiretroviral Therapy (ART), it now plays a critical role in prevention effort, enabling HIV/AIDS patients in accessing ART, ensuring regular medication, counselling on health and nutrition, monitoring health status, taking follow-up measures, etc. Registered NGOs/ community-based organisations (CBOs)/ Faith-based organisations (FBOs), etc. non-profit organisations can set up CCC subject to prior experience in health care and financial record for minimum 3 years.

Position	Minimum Qualification	Consolidated remuneration per month
Coordinator	Postgraduate in any discipline with administrative experience of a health-care facility	Rs 8,000 to Rs 12,000
Doctor	An MBBS degree with minimum of three years' experience	Rs 18,000 to Rs 20,000
Counsellor	A graduate in Psychology/ Social Work/ Sociology/ Human Development	Rs 6,500 to Rs 8,500
Nurses	A diploma in nursing from a recognised nursing school/ college with two years' experience	Rs 6,500 to Rs 8,500
Outreach Health Workers	At least 8 <sup>th</sup> standard pass, and from the local community	Rs 3,000 to Rs 4,000
Support Staffs	---	Rs 3,000 to Rs 3,500

Currently, around 240 CCCs are operational and around 350 CCCs are proposed to be set up over the 12<sup>th</sup> plan period (2007 to 2012). Each CCC is required to have around 15 staff - 1 each of coordinator, doctor and counsellor, 3 nurses, 4 outreach health workers and 5 support staff such as cook, janitor, technician, etc. The recruitments are generally on contractual basis for one-year duration. As seen earlier, some of the lower level positions have an indicated remuneration below the minimum wages<sup>30</sup>:

<sup>29</sup> <http://naco.gov.in/upload/Policies & Guidelines/9- Link Worker Scheme Operational Guidelines.pdf>

<sup>30</sup> <http://naco.gov.in/upload/Policies & Guidelines/22, Guidelines for Community Care Centre -.pdf>

C. **Integrated Counselling and Testing Centres (ICTC):** Its basic objective is to provide testing facility for HIV/AIDS and to counsel patients. By the end of 2012, there were around 13,000 ICTCs spread across India, each having 4 to 6 staff. ICT centres can be set up in health facilities run by government, private/not-for-profit bodies, PSUs, etc. Professionals deployed at ICTCs, their minimum qualifications and remuneration levels are presented below. Again, some of the deployed staff, the Outreach health Workers for example, receive a remuneration below the minimum wages. In case of mobile ICTCs, additional staff such as drivers and cleaners are also deployed on contract drawing consolidated remuneration of Rs 5,000 and Rs 3,000 per month only<sup>31</sup>:

Position	Minimum Qualification	Consolidated remuneration per month
ICTC Manager	A Medical Officer at the host facility to be nominated	---
Counsellor	A graduate in Psychology/ Social Work/ Sociology/ Anthropology/ Human Development or hold a diploma in Nursing with a 3+ years' experience in HIV/AIDS	Rs 6,500 to Rs 10,000
Laboratory Technician	Diploma in Medical Laboratory Technology	Rs 6,500 to Rs 8,000
Outreach Health Workers	At least 8 <sup>th</sup> standard pass, and from the local community	Rs 3,000

#### 4.1.4 Central Tuberculosis Division, Directorate General of Health Services, In charge of Revised National Tuberculosis Control Programme (RNTCP)

As in the case of NACO, the RNTCP is also implemented at state/UT level by Tuberculosis Control Societies formed at the state and district levels. These societies are autonomous bodies and empowered to raise own funds apart from grants from the government. The programme has pre-identified positions at both state and district levels, which are filled by contractual hiring, largely bilateral through public advertisement.

As in many cases observed earlier, the appointees to these positions are ineligible for any allowances, benefits, payments and reimbursements other than TA/DA in case of official travels. There exists slight variation in the remuneration depending on at what level the position is being filled, with state level positions commanding a higher remuneration. However, the common feature at both levels is the consolidated nature of remuneration. Some of the district level positions also had indicated remuneration below the minimum wages prescribed at most of the states<sup>32</sup>:

<sup>31</sup> <http://naco.gov.in/upload/Policies & Guidelines/20, Operational Guidelines for Integrated Counseling and Testing Centres.pdf>

<sup>32</sup> <http://tbcindia.nic.in/pdfs/Financial Management Manual.pdf>

Position	Minimum Qualification	Consolidated remuneration per month
Medical Officer-State TB Cell	MBBS	Rs 18,000
Assistant Programme officer/ Epidemiologist	MBBS with work experience in public health (2 to 3 years plus)	Rs 20,000
TB/HIV Co-ordinator	MBBS	Rs 18,000
Consultant Microbiologist in Intermediate Reference Laboratory (IRL)	MBBS/ MSc degree in Microbiology	Rs 30,000
Data Entry Operator (DEO) - IRL	10+2 pass plus Certificate/ Diploma in computer application	Rs 7,000
Senior Lab Technician - IRL	Graduate/Diploma in Medical Laboratory Technology with 3+ years of experience	Rs 10,000
Information, Education and Communication (IEC) Officer	Graduate with experience in health communication	Rs 15,000
Accountant	MCom/ MBA/ MFM/ CA/ CWA etc. with work experience of 3+ years	Rs 15,000
Store Assistant	10+2	Rs 7,000

The district-level positions, qualifications and consolidated contractual remunerations are given below:

Position	Minimum Qualification	Consolidated remuneration per month
Medical Officer - District Tuberculosis Centre (DTC), Medical College	MBBS	Rs 16,000
Directly Observed Treatment Short Course (DOTS) Plus TB/HIV Co-ordinator	Graduate	Rs 6,000
Senior Treatment Supervisor (STS)	10+2 pass, relevant experience	Rs 7,500
Senior TB Lab Supervisor (STLS)	10+2 in Science, relevant experience	Rs 7,500
Lab Technician (LT)	10+2 pass with Certificate/Diploma in Medical Laboratory Technology	Rs 6,500
Data Entry Operator (DEO)	10+2 pass plus Certificate/Diploma in computer application	Rs 6,000
Accountant (Part-time)	B.Com with 3+ years' relevant experience	Rs 2,000
Driver	High School plus valid driving license	Rs 4,500

#### 4.1.5 Mahatma Gandhi National Rural Employment Guarantee Scheme, Ministry of Rural Development

The programme aims to guarantee the right to livelihood security and work for minimum 100 days in a financial year to every household in rural areas (for adult members and unskilled work only). MGNREGA mandates the Panchayats as the principal planning and implementation authority. As per Ministry of Panchayati Raj (MoPR) and Ministry of Rural Development (MoRD) provisions, specified categories<sup>33</sup> of Gram Panchayats (GPs) have been instructed to create (temporary) positions and appoint one Panchayat Development Officer (PDO) and one Junior Engineer (JE)<sup>34</sup>.

The PDOs are expected to hold Degree/Diploma in Rural Development/ Business Management/ Public Administration etc. Post Graduates in Commerce may also be considered if candidates with the preferred qualifications are not available. Junior Engineers should be at least Diploma holder, if degree holders are not available. The proposed consolidated salary for the positions are Rs 12000 and Rs 10000, respectively.

Apart from these, Panchayats also have MGNREGA supported contractual/temporary staff such as Gram Rozgar Sewak (at GP); (b) Programme Officer, Technical and Computer Assistants, Accountants (at Block Panchayat) and (c) Works Manager with Technical assistant, IT Manager with Computer Assistant, Accounts Manager with Accounts Assistant, Coordinator for social audit and grievance redressal (for District Panchayats).

It needs to be noted that the positions mentioned above created to support the MGNREGA scheme do not form part of the regular cadre of State Government or District Panchayat, and are temporary in nature. The states are free to follow their own method of selection and recruitment, salary, as well as specify the service rules for such irregular positions subject to the overall framework given in Model Recruitment and Service Rules for Panchayat Services<sup>36</sup>. In general, such temporary positions carry a consolidated salary with no additional social security benefits<sup>35</sup>.

Recruitment through District Level Committee is the suggested and most commonly followed model. Utilising the services of recruitment agencies for selection and appointment of such staff is also not barred. In fact, Odisha is actively taking the services of manpower agencies to outsource manpower requirements under MGNREGA and NRHM. The adoption of similar practices by any other state though could not be verified<sup>36</sup>.

As per MoPR information, there were nearly 0.23 million Gram Panchayats with about 0.39 million sanctioned positions for secretary or equivalent and other staff. Of these, the number of other staff appointed (which includes staff appointed under MGNREGA programme in addition to many other programme/non-programme staff) is around 0.18 million<sup>37</sup>.

<sup>33</sup> a) GPs in Left Wing Extremism affected districts, (b) GPs with population > 5000, (c) GPs in districts with expenditure under MGNREGA > Rs. 100cr during 2009-10, (d) GPs in states that have devolved at least 5 functions listed in the 11<sup>th</sup> schedule along with funds and functionaries and (e) GPs covered under Providing Urban Amenities in Rural Areas (PURA) Project.

<sup>34</sup> [http://nrega.nic.in/Circular/Ded\\_Manpwr4GP\\_16112010.pdf](http://nrega.nic.in/Circular/Ded_Manpwr4GP_16112010.pdf)

<sup>35</sup> Memo No. 586/MGNREGA dated 27.07.2013 by Office of District Magistrate and District Programme Coordinator, MGNREGA Cell, Nadia, West Bengal; Office Order No. PCH-HB(1)24/2006-JE-Apptt-II dated 10th April 2008, Department of Panchayati Raj, Government of Himachal Pradesh; Government order no. 78-RD&PR of 2014 dated 03.03.2014, Department of Rural Development and Panchayati Raj, Government of Jammu and Kashmir

<sup>36</sup> Order No. 1189 dated 31.03.2011 by District Rural Development Agency, Subarnapur, Orissa; Advertisement No. 690 by 28.09.2013 by Zilla Swasthya Samiti Raigada, Orissa.

<sup>37</sup> Guidelines on Manpower for the Panchayati Raj Institutions (PRIs), [http://www.nrcddp.org/national\\_data.aspx?id=Guidelines%20and%20Notifications](http://www.nrcddp.org/national_data.aspx?id=Guidelines%20and%20Notifications)

#### 4.1.6 Sarva Shiksha Abhiyan (SSA), Ministry of Human Resource Development (MHRD)

Under SSA, nearly 2 million teaching positions have been sanctioned to states; out of which, 1.3 million had been filled till December 2012. A recent communique from the Central Ministry states, “Sarva Shiksha Abhiyan is only a programme providing additional funding to the state/UT for elementary education development and reform and there are no separate SSA scales or norms for teacher recruitment. All appointment procedures and duties are governed by the State government/Union Territories. Furthermore, all teachers are appointed under their respective education departments, ...”<sup>38</sup>. However, many states have appointed temporary teachers through separate SSA Societies and largely on temporary basis.

Considering the freedom given to the states in framing their own selection and recruitment policies, to arrive at an estimate of temporary appointments made under the programme and how many still remain temporary even after above-mentioned clarification from MHRD will require a detailed state-level analysis.

In addition to teaching staff, in many states, mid-day meal cooks have also been appointed under SSA on temporary basis. Similar to Anganwadi or ASHA workers, they are also designated as voluntary workers and paid a minimum honorarium of Rs 1000 a month for their services. Some states such as Kerala, Karnataka, and Punjab provide additional honorarium from state funds. In some states such as Tamil Nadu, the mid-day meal workers are regular state government employees.

#### 4.1.7 Summary

One common feature of the various programmes<sup>39</sup> reviewed above is that despite these being sponsored by the central government, the actual implementation, including manpower hiring, has been devolved largely to the state/ district administration. Owing to the freedom given to the states in manpower policy setting and implementation, there exists a lot of heterogeneity in the manpower scenario across states in implementation of the same centrally sponsored programme. Owing to the enormous size of the nation and ever expanding bouquet of socio-economic programmes, manpower deployed in implementation is also on the rise. As these programmes do not have any pre-determined deadlines, the jobs generated are ‘temporary’ in nature and coterminous with the longevity of the project.

Three different types of ‘temporary’ jobs are generated: the *first* one being ‘voluntary’ type where a community member in a particular project is being implemented is hired as a voluntary worker on a monthly honorarium. The *second* one is the general ‘bipartite contractual’ type between the local implementation body and the worker. The bipartite contracts are generally

- for a period of one year;
- renewable subject to project need and performance;
- subject to termination if the project is withdrawn and
- provides a consolidated salary with no social benefits or other allowances

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<sup>38</sup> <http://www.hindustantimes.com/news-feed/chunk-ht-ui-punjabsectionpage-chandigarh/contractual-teacher-s-entitled-to-same-benefits-as-regular-teachers-centre/article1-1125874.aspx#sthash.jJVCANex.dpuf>

<sup>39</sup> See Appendix 1 for a list of centrally sponsored programmes, the implementation of which has been devolved to the district/ block/ gram panchayats.

It is also reported that a *third* type of temporary hiring is also taking place in the form of ‘**manpower outsourcing**’, where agencies are hired to provide the required manpower. However, it is still limited in scale.

#### Pitiable terms and conditions for temporary workers under various programmes

- A quick glance at the ‘honorarium’ paid to the ‘voluntary’ workers under various programmes show that the monthly honorarium is considerably below the state minimum wage notified.
  - Even with additional honorarium provided by the states, a starting-level Anganwadi Worker (AWW)/ Anganwadi helper (AWH) in Goa receives Rs 5752/ Rs 3200 a month, which is below the minimum wage of Rs 6450 per month set by the state. Similarly, in Tamil Nadu, where the minimum wages for hospitals and nursing home workers are Rs 6557 pm, the AWW/AWH receives Rs 5771/Rs2920 pm.
  - The condition of the Accredited Social Health Activists (ASHAs) is even worse, as their pay is linked to performance. In Rajasthan, an ASHA performing to expected standard would earn approximate Rs 1067 pm. Even in WB, which has introduced a fixed honorarium in addition to performance-based pay, the ‘fixed’ base honorarium is just Rs 1300 pm. In comparison, the minimum wages in Rajasthan is Rs 5670 pm and in WB it is Rs 7010 pm.
  - Similar condition exists for midday meal workers under Sarva Shikshya Abhiyan, Link Workers under NACO, etc.
- Similarly, many of the lower-level bipartite workers do not receive minimum wages. For example, Outreach Health Workers, Support Staffs, Drivers, etc. in Community Care Centres (CCC), Integrated Counselling and Testing centres (ICTC), Revised National Tuberculosis Control Programme (RNTCP), etc. receive a consolidated payment of Rs 3000 to Rs 4500 pm, well below the minimum wages set by most of the states.
- In addition, these temporary workers has limited to no access to statutory benefits like PF/Pension, ESIC, Gratuity, etc.

## 4.2 Ministry

The data available for the past decade show a decline in the ratio of permanent employees in regular central government positions (Table 3.2) along with a decline in overall employment, which has primarily impacted the positions at the lower rung of the central government (Table 3.3). These temporary employees in regular central government positions are largely bipartite contractual workers. At the upper end, positions filled are those of Consultants, Experts, Advisors to various Ministries, Commissions, etc. At the lower end are entry-level positions like data entry operators, young professionals, etc. These positions are characterized by fixed term (renewable) cum consolidated pay structure. Search and selection are largely handled internally and with public advertisement. As a ratio of total central government employment, the share of such temporary position holders has been static at about 12% since 2004 after a sharp increase from 6% in 2001.

### Nature of temporary hiring in the ministries

#### A. Bipartite:

- There exists significant number of temporary workers in the ministry offices.
- These temporary employees are largely bipartite contractual workers, ranging from Receptionist, Data Entry Operator, etc. at the lower end to senior Consultants, Advisors to Ministries, etc. at the top end.
- These positions are characterised by fixed term (renewable) cum consolidated pay structure. Search and selection are largely handled internally and with public advertisement.

#### B. Tripartite:

- The Central Ministries are also increasingly adapting to the manpower outsourcing models.
- Various instances of hiring of outsourced manpower were observed at multiple Central Ministries and/or departments/ bodies affiliated to the ministries.
- The majority of the outsourcing is taking place for activities such as for housekeeping and cleaning, pantry and canteen, security services, and office support. Interestingly, outsourcing of these kinds of work is going in conjunction with a sharp decline in the Group D staffs.
- Manpower outsourcing for positions requiring limited to advanced skills are also emerging. The exact extent of penetration, however, is not exactly known as no consolidated data on agency workers hired appears to have been kept by any of the Ministries.
- Data entry operators look to be quite in demand across Central Ministries, possibly reflecting the e-initiatives taken in the recent times.
- Some other semi to advanced skill positions filled with tripartite workers are Lab Attendant, Personal/ Office Assistant, Receptionists, etc. to Auto CAD Operators, Engineers, Chartered Accountants, Research Fellows, etc.

#### C. Work outsourcing:

- Rather than just hiring external staff as in case of manpower outsourcing, here the 'work' itself is outsourced. The outsourcing agency brings in its expertise in the implementation of the 'work' along with its own manpower.
- As technically the manpower is of the outsourcing agencies, the responsibility of following statutory norms also is transferred to the agency with no liability falling on the government entities.

*Source: Interaction with government officials, various tender documents issued*

What is really changing is the recent trend towards increased outsourcing of work as well as manpower. At the micro level, it has become quite a common practice to hire out maintenance work of office equipment and machinery. The tender sections of almost all Ministry websites show invitation for bids for Annual Maintenance Contracts (AMCs) and Facility Management Services (FMS). Maintenance of office equipment and machinery such as computers, printers, fax machines, air-conditioner, generator, UPS, inverter, furniture, and electrical equipment such as fans and lights is increasingly been outsourced to specialized agencies through AMCs, which reduces the need for maintaining internal staff for such work. Even at the macro level, Private participation in implementation of all kinds of ministerial projects and programmes is

on the rise. As a result, many of the works that were earlier being managed internally within the government departments are increasingly being outsourced, resulting in a transfer of erstwhile government job opportunities to the private sector.

All the more striking is the increased manpower outsourcing for housekeeping and cleaning, pantry and canteen, security services, office support, etc. going in parallel with a considerable decline in the recruitment for Group D positions such as Peon, Daftary, Jamadar, Farash, Chowkidar, Safaiwala, and Gardener. A cursory search of the tender section of the government websites, whether the central or state ministries or even districts, or dedicated tender websites including <http://tenders.gov.in> or <http://www.eprocurement.gov.in> presents innumerable instances of hiring services of staffing agencies for such jobs requiring limited or no skill. Similarly, whereas drivers would earlier be employed directly, nowadays, the services of transport agencies are being hired who provide drivers along with the hired vehicles.

Though limited in number till date, outsourcing of jobs requiring limited to advanced skills is also quietly emerging. The exact extent of penetration, however, is not exactly known as no consolidated data on agency workers hired appears to be maintained by any of the ministries. Data entry operators appear to be quite in demand across central ministries, possibly reflecting the e-initiatives taken in the recent times. Though the numbers may not be large, the deployment of tripartite workers has definitively made a start across various ministries as the instances listed below confirm:

- **Ministry of Agriculture**, Department of Animal Husbandry, Dairying & Fisheries, has hired matriculates for Laboratory Attendants, Animal Attendant, Post-mortem Attendant through manpower outsourcing<sup>40</sup>. Receptionists and Data Entry Operators have also been hired through agencies by National Horticulture Board<sup>41</sup> and Department of Agriculture and Cooperation<sup>42</sup>, respectively.
- **Ministry of Railways** has hired tripartite graduate-level workers for semi-skilled jobs such as Personal Assistant, Personal Stenographer, Clerk-cum-Office Assistant, and Office Attendant. It has also hired graduates with Certification in Auto CAD operation and 2+ years of work experience as Auto CAD operators. ITI Diploma holders have been hired as Draftsman (for civil and electrical works), Electrical Supervisor, and Electrician. BE/BTech/MCA/MTechs have also been hired as Programmers<sup>43</sup>.
- **Ministry of Earth Sciences** has hired personnel through agencies for similar positions, though the minimum qualification required was set lower at 12th standard pass. It has also hired Science graduates with Physics as Observers for the Indian Meteorological Department<sup>44</sup>.
- **Ministry of Environment and Forests** has appointed Hostel Wardens (12th pass plus one year experience) for its National Institute of Animal Welfare through staffing agencies<sup>45</sup>.

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<sup>40</sup> Tender No. 4-15/2013/W&S-NIAH dated 24/10/2013

<sup>41</sup> Tender No. NHB/Pers./Outsource Manpower/2013 dated 24/08/2013

<sup>42</sup> Tender No. 12034/8/2013-E.I. dated 13/01/2014

<sup>43</sup> Tender No.ST/HR/Outsourcing/2013-14/01; Tender No.DFCC/BRC/Outsourcing staff/2013-14/17; Tender No. 2013/CRIS/NDLS-HQ/PERS/Estab/0000/1185/PT-II dated: 08.11.2013; tender No. IROAF/Services/2012 dated 10.04.2012

<sup>44</sup> Tender Enquiry No.E(1)885(MISC)/Contr.Apptt./2010 dated 13th September, 2010; Tender No. MoES/24/01/2011-Genl

<sup>45</sup> Tender F.No.21/02/2013-NIAW (Pt.IV) dated 20th June, 2013

- **Ministry of Science and Technology** (in Department of Biotechnology) has hired graduates through outsourcing for positions such as Computer Operator and Executive Assistants. Post-graduates in Pharmacy/Biotechnology/Biochemistry have also been hired as Senior Technical Assistants<sup>46</sup>.
- **Ministry of Finance** has hired Stenographers in its Department of Disinvestment<sup>47</sup>.
- **Ministry of Power** has appointed Chartered Accountants and Engineers through outsourcing<sup>48</sup>.
- Appointment of tripartite workers at many similar levels as mentioned above has also been made in **Ministry of Information Broadcasting**<sup>49</sup>.

Arguably, the kinds of jobs that are being largely outsourced share limited connection with the primary duty of a government as a policy maker and administrator. This raises a peripheral question as to what is happening to the job security, income security, work condition, and social security of this emerging army of outsourced workers. As a matter of labour policy, it is the duty of the government to ensure that even these outsourced workers have access to a decent work environment. And this mandates adequate legislative effort to let the organised staffing industry to take root in the country. This is more so considering that the terms and conditions of deployment of staffing agencies basically puts the complete onus of fulfilling the statutory requirements like paying minimum wage, regular salary, provident fund, etc. on the agencies.

### 4.3 Tripartite workforce in some recently set up quasi government bodies

This section focuses on three new quasi government bodies that has been set up in the recent times and examines the adoption of tripartite labor practices in these organisations: (1) Unique Identification Authority of India (UIDAI); (2) new All India Institute of Medical Sciences (AIIMS) set up under the Prime Minister Swasthya Suraksha Yojana (PMSSY); and (3) Indian Institute of Science and Education research (IISER) set up in Bhopal under the NIT Amendment Act 2012.

#### 4.3.1 Unique Identification Authority of India (UIDAI)

Unique Identification Project, initially conceived by the Planning Commission in 2006, is expected to provide identification proof to each resident, and can be used as the basis for efficient delivery of welfare services. Following a series of discussion at various levels, the Unique Identification Authority of India (UIDAI) was set up by the Planning Commission in 2009.

Since its inception, it has adopted a number of alternate manpower hiring policies to run its operations. It has used outsourcing as a tool in its endeavour to provide identification numbers to millions of Indians. Most of the fieldwork at the initial stage of data collection and database creation as well as the later stages of verification, updation, etc. were outsourced to external agencies, with UIDAI role limited to process planning and implementation, training, technology

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<sup>46</sup> Tender No. IBSD/1/68/2006(VOL-VI) dated 31st October, 2013; No.12011/06/2009-Estt dated 04.06.2012

<sup>47</sup> Tender F. No. 26/1/2012-Genl. Admn.

<sup>48</sup> Tender Enquiry No. : NPTI/CO/Purch/ T-11/Manpower/2013 dated 18.06.2013

<sup>49</sup> Tender No. G-20026/4/2006-Accts dated 05.06.2012

specification, etc. Apart from bipartite contracts and deputation from various government bodies, part of the backend work that were performed in-house was even completed with agency workers.

Apart from the now usual practices of hiring agency workers for low-end jobs like housekeeping, security, pantry boys, etc., it had hired at least 200 graduates with varying levels of work experience/ additional skills from agencies for positions such as secretarial assistants, data entry operators, female receptionists and quality control operators. Additionally, at least another 100 were hired as Manual De-duplication Engineers, which required computer literacy and two years of BPO experience<sup>50</sup>.

Higher-end positions such as Project Managers, Technology Lead, Senior Developer, and Developer in its software development team in Bangalore and Delhi were filled by calling bids from select empanelled Software Solution Providers. These positions called for minimum BE/BTech/MCA with higher desired qualification for the senior positions. The level of experience expected also progressively increased from 1 year for Developers to 10 years for Project Managers. Man month rates for the positions ranged from Rs 1 lakh for developers to Rs 1.5 lakh for Project Managers. Nearly 20 such top-end positions were filled through agency staff<sup>51</sup>.

#### UIDAI

- Set up in 2009.
- Apart from the now usual practice of hiring agency workers for low-skill jobs like housekeeping, security, pantry boys, etc., it has also hired flexi-workers for skilled positions.
- It has hired at least 200 graduates with varying levels of work experience/ additional skills from agencies for positions such as Secretarial Assistants, Data entry Operators, female Receptionists and Quality Control Operators.
- Another 100 were hired as Manual De-duplication Engineers, which required computer literacy and two years of BPO experience.
- At the further higher end, positions such as Project Managers, Technology Lead, Senior Developer, Developer, etc. in its software development team in Bangalore and Delhi were filled by agency workers.

### 4.3.2 New All India Institute of Medical Sciences (AIIMS) set up under Prime Minister Swasthya Suraksha Yojana (PMSSY)

Six All India Institute of Medical Sciences (AIIMS) have been set up in Bhopal, Bhubaneswar, Patna, Raipur, Rishikesh and Jodhpur under the Prime Minister Swasthya Suraksha Yojana (PMSSY) with the objective of correcting regional imbalances in the availability of tertiary healthcare services and quality medical education. In each of the AIIMS under PMSSY, 42 specialties are being taken up, and numerous posts have been notified at different levels - from Senior Professors to Junior Residents and support staff. However, all available reports suggest that recruitment at all levels is lagging far behind approved positions and requirements.

To overcome these shortages, AIIMS Jodhpur<sup>52</sup> has taken up outsourcing of manpower in a big way - in end 2013 it hired the services of almost 300 staff across 56 different positions. From

<sup>50</sup> <http://uidai.gov.in/uid-tenders.html>

<sup>51</sup> RFP No.: A-11014/06/2011-Tech

<sup>52</sup> Tender No. Admin/General/91/2013-AIIMS.JDH dated August 8th, 2013

low-end, limited-skill positions such as room attendants, mechanic, wireman, plumber, and lift operator (which basically required education up to 12th standard or ITI Diploma and carried a maximum consolidated contractual all-inclusive monthly salary of Rs 12,000), the appointments extended to advanced-skill jobs such as senior medical social worker, senior dieticians, assistant food manager, accounts officer and store officer. These advanced positions called for a higher level of educational qualification - Masters/Professional degrees in relevant fields, except in case of a store officer who needed only to be a graduate. A common prior work experience of 5 years was mandatory for all these positions, and all positions carried a common consolidated salary of Rs 41,500 per month. The whole bidding process was in two parts - separated into technical and financial parts. The payment of EPF, ESI and other due benefits at government-specified rates to the agency workers would be the sole responsibility of the agency, who was also required to fully indemnify AIIMS Jodhpur from any breach on its part.

**AIIMS**

- To overcome staff shortages, newly setup AIIMS have taken up manpower outsourcing in a big way.
- AIIMS Jodhpur hired the services of almost 300 staff across 56 different positions from low-end, limited-skill positions such as room attendants, mechanic, wireman, plumber, and lift operator to advanced skill jobs such as senior medical social worker, senior dieticians, assistant food manager, accounts officer and store officer.
- A similar manpower outsourcing tender was also issued by AIIMS Raipur to fill 135 vacancies with agency workers across 22 positions. However, in case of Raipur, the positions advertised were largely of low- to mid-level of skill requirements.

The competition across bidders here were solely on the administrative and service charges to be levied for deploying the required manpower. The contract was for an initial period of 1 year, renewable for another two years (one year at a time) based on requirements and service quality. On the other hand, the contract could be terminated by AIIMS Jodhpur by a 1-week notice without assigning any reason, and the actual deployment could also vary from indicated quantity in the tenders.

A similar manpower outsourcing tender was also issued by AIIMS Raipur<sup>53</sup> to fill 135 vacancies with agency workers across 22 positions. However, in case of Raipur, the positions advertised were largely of low- to mid-level of skill requirements. These included the low-end, limited-skill positions such as room attendants, mechanic, wireman, plumber, and lift operator and extended up to mid-skill positions such as lab technicians (B.Sc. in Medical Laboratory Technology with at least 2 years of experience in testing of whole blood components or Diploma in Medical Laboratory Technology with 3 years' experience in testing), receptionist (graduate in any discipline with 2 years' experience), pharmacists (D.Pharm, registered as a Pharmacist and 2 years' relevant experience). These positions carried a maximum consolidated salary of Rs 15,500 per month. The terms and conditions of the tender was similar to the one issued by AIIMS Jodhpur.

### 4.3.3 Indian Institute of Science and Education Research (IISER) Bhopal

Set up under NIT Amendment Act 2012, similar to the AIIMS, the newly set up IISER Bhopal<sup>54</sup> too followed the manpower outsourcing route to hire a number of critical support staff. Starting from unskilled daily-labour-type jobs, the hiring extended to the following:

<sup>53</sup> Tender No. Admin/Tender/Manpower/1/2013 dated August 26<sup>th</sup>, 2013

<sup>54</sup> Tender Enquiry No IISERB/ R&D/2013-14/ 969 dated 29.01.2014

- Consultation services (legal/ tax/ audit/ architectural requiring professional qualification in respective field and 5+ years of consultancy experience),
- Engineering services (civil/ electrical engineer, works accountant requiring professional/ PG qualification),
- Medical services (doctors, nurses requiring professional qualifications),
- ICT services (software developer, web developer, technicians requiring professional qualification),
- Technical services (lab technicians/ assistants/ associates requiring 12th/B.Sc/M.Sc qualifications),
- Secretarial services (office assistants/ associates, stenographers, accountant, project office executives etc. requiring simple graduation to doctoral qualification),
- Transport services (drivers with 12th standard qualification plus HMV driving license and 3+ years of experience)

## 4.4 Public Sector Units

There was a general consensus among the PSU officials interacted with that increasing competition following liberalisation, rapidly changing technology plus the rising importance of remaining competitive and being profitable have resulted in some major changes in the operational aspect of the central PSUs. Most of the PSUs are going through a modernisation drive characterised by increasing mechanisation and sharply declining requirement of manpower. Some of the organisations, which had historically been burdened with excess manpower - especially in the lower rungs, have also been going through a period of restructuring over the recent past few years involving voluntary retirement, retraining and redeployment of existing staff, etc. The rising cost of manpower after the recent pay revisions have also contributed significantly to the manpower rationalisation drive.

The increasing importance given by central PSUs to raising level of competitiveness and profitability is also reflected in the trend towards focusing on core competencies, opting to outsource non-critical jobs. For example, a power or manufacturing company would focus more on their plant operation and outsource erection/expansion, regular maintenance works, etc. along with incidental activities like housekeeping, security, etc. This is also contributing to a very low growth rate in employment generated by PSUs.

Two important trends with significant implication for temporary workforce “engaged” (as opposed to “employed”) in the operational activities of central PSUs were observed in the course of discussion meetings with HR managers:

1. **Externalisation of operations:** PSUs in general are focusing more on their key deliverables or core operations, and resorting to outsourcing part of their operational activities. For example, whereas earlier many of the PSUs would be actively involved in erection of a new plant or even regular maintenance of plant and machinery, they are increasingly resorting to outsourcing such activities through work/service contracts. Thus, work involving erection of a new plant may be given out to one or more contractors, with the PSU limiting itself to technical planning, supervision and decision-making role only. As a result, the workers involved in the erection, a good part of whom would be temporary, would now be on the payroll of the contracted parties and not as PSU employees.

Similar action was also observed even in simpler activities like maintenance of external water supply work at plant and township, construction of boundary wall etc., where rather than hiring temporary workers directly or through labour contractors and doing the work in-house, the work itself is getting outsourced. Some bending of rule in the form of dressing up what inherently is hiring temporary labour as a work contract taking advantage of absence of clear guidelines may also be taking place.

### Highlights of interaction with PSU officials

#### A. Factors adversely affecting manpower hiring decision

- Increasing competition; rising importance given to raising level of competitiveness and profitability;
- Changing technology; modernisation drive;
- The rising cost of manpower;
- Work outsourcing;
- Manpower restructuring to reduce excess flab.

#### B. Two layered hiring decision making process

- Centralised: Executive/manager-rank regular positions.
- Zonal/ Regional/ Local offices: Filling of both regular and temporary positions at non-executive levels generally falls under the purview of the zonal/regional/local offices with limited oversight function of the head office.

#### C. Nature of hiring

- Nearly half or more of the hiring is taking place at the Executive/Managerial level.
- Hiring predominantly takes place at the entry-level positions, with lateral hiring limited to exigencies.
- All the positions require professional qualifications. Even at the lower non-executive level, most of the fresh hirings are for technically qualified people (Diploma Engineer, ITI Diploma, etc.).
- The PSUs do not hire temporary workers for their core operational jobs. The hiring of temporary workers is largely for three kinds of situations:
  1. *At the lower level to replace the erstwhile Group D staff (peon, sweepers, cleaners, drivers, watchman, etc.).*
  2. *For short-term project-related works, for a tenure generally of 2 years or more.*
  3. *For super specialized positions for which manpower is not readily available.*
- With large-scale outsourcing of non-core works (construction, maintenance, etc.), new temporary jobs created in non-core areas have also decelerated.
- Hiring of temporary outsourced workers is mainly handled at the zonal/regional/local offices. Tenders are issued and evaluated by the local offices. Though tenders are claimed to be hosted on website, the advertisements for such temporary hirings are largely local.
- The PSUs also seem to insist on hiring locally for such temporary manpower needs, especially those hired directly.

2. **Gradual phasing out of Group D staff and increased outsourcing at lower-level non-core jobs:** PSUs have more or less stopped recruiting for Group D positions such as peon, cleaners, sweepers, watchmen, gardeners, and drivers and are resorting to outsourcing such jobs.

**TABLE 4.5: SHARP DECLINE IN UNSKILLED NON-EXECUTIVES**

	Manager/ Executives	Supervisors	Non-executives		Bipartite Temporary	Total
			Skilled	Unskilled		
31.03.2005	239,287	123,468	774,989	555,534	83,468	1,776,746
31.03.2010	266,871	130,375	803,640	289,813	241,395	1,732,094
31.03.2011	277,100	127,767	763,407	276,119	181,098	1,599,257
31.03.2012	273,698	127,576	736,198	260,841	287,653	1,685,966

Source: PE Survey, Dept of Public Enterprises, Ministry of Heavy Industries, Govt. of India; Various years

**TABLE 4.6: DECLINE IN SAIL MANPOWER WHILE EXECUTIVE POSITIONS REMAIN UNAFFECTED**

	Production (MT)	Manpower	Executive
2008–09	12.50	121295	15621
2009–10	12.63	116950	15705
2010–11	12.89	111475	16070
2011–12	12.40	106004	15511

Source: PE Survey, Dept of Public Enterprises, Ministry of Heavy Industries, Govt. of India; Various years

**TABLE 4.7: ONGC EXECUTIVE STRENGTH INCREASE WITH STATIC OVERALL MANPOWER**

	Gross Value Added (in market prices, Rs. Crore)	Manpower	Executive
2008-09	54603	33035	21509
2009-10	59622	32826	24484
2010-11	65390	32637	24697

Source: PE Survey, Dept of Public Enterprises, Ministry of Heavy Industries, Govt. of India; Various years

#### 4.4.1 Hiring responsibility in PSUs

Largely, there are two different nodes of hiring - one centralised at the headquarters for the executive/manager-rank regular positions and the other disbursed at the zonal/regional/local office level for the non-executive positions. Filling of both regular and temporary positions at non-executive levels generally falls under the purview of the zonal/regional/local offices with limited oversight function of the head office. In case of any temporary vacancy in the executive position, the responsibility of filling this vacancy also lies with the zonal/regional/local offices. Apart from decentralisation in hiring of temporary workers, PSUs also show a marked preference for such positions being filled by local people.

#### 4.4.2 Nature of hiring

With historical excess labour at the lower end, gradual mechanisation in operation as well as the move towards outsourcing many works lock, stock and barrel, intake of new workforce has reduced substantially despite many-fold increase in production. It largely ranged from 2% to 5% of work force.

Nearly half or more of the hiring is taking place at the Executive/Managerial level. All the positions require professional qualifications like BTech, CA/CWA/CA, CS/LLB, MBA (HR) etc. In such positions, hiring predominantly takes place at the entry-level positions, with lateral hiring limited to exigencies.

Even at the lower non-executive level, most of the fresh hirings are for technically qualified people (Diploma Engineer, ITI Diploma, etc.). Besides, part of hiring at the lower end in some PSUs is basically absorbing the erstwhile temporary workers into the regular cadre.

The PSUs do not hire temporary workers for their core operational jobs. With large-scale outsourcing of non-core works (construction, maintenance, etc.), new temporary jobs created in non-core areas have also decelerated. The hiring of temporary workers is largely for three kinds of situations:

1. At the lower level to replace the erstwhile Group D staff (peon, sweepers, cleaners, drivers, watchman, etc.) as they retire or are redeployed after retraining or as new vacancies arise. Such jobs are being contracted out to service providers.
2. For short-term project-related works, many of the PSUs also take up several time-bound projects, nationally and internationally, and in such kind of time-bound projects, they tend to use a mix of regular and temporary workers. One point to note is that for the executive positions, the tenure is generally 2 years or more.
3. For super specialized positions for which manpower is not readily available.

Some of the positions requiring some level of skill where tripartite workers have been hired are computer operator and office assistants (graduates with knowledge of computer), accountants (graduates, CA, CWA, MBA), engineers, draftsman, AutoCAD operators, surveyors, etc.

#### 4.4.3 The hiring process for temporary (outsourced) manpower

As mentioned above, hiring of temporary workers is mainly handled at the zonal/regional/local offices. Whenever need for additional staff arises, the concerned line/division raises the requirements for additional hiring. The approval process for such is also generally handled at the local level. The role of HQ is largely in laying out the overall HR policy.

Tenders are issued by the local offices, which may be the regional office of the PSU or even the concerned office of a local facility, say captive mine unit of a power manufacturer. The decision-making power is also vested in the local office. A two-part tendering (separate technical and financial bid documents) is generally followed, and most of the tenders are open to all.

All PSUs claim to have adopted e-tendering, and upload all tenders to their respective websites and the dedicated government site for tenders <http://tenders.gov.in/>. Some PSUs like SAIL (<https://sailtenders.co.in/>) and Powergrid have their own separate tender sites (<https://apps.powergridindia.com/powergrid/applications/Tenders/01-0001-001.aspx>). A

cursory look at these sites showed that the PSUs do upload their tenders (including those related to manpower hiring). However, whether they do upload all tenders or the numbers of days prior to the last submission date the tenders are uploaded could not be independently verified. Generally, PSUs mentioned a minimum 21 days gap from date of advertisement to submission date.

Another important issue is the method of advertisement of such tenders (with manpower component). The advertisements for such temporary hiring are largely local. Contractors with prior experience of working with the concerned PSU or other government concerns are generally preferred (period of experience and/or value of completed contract over prior years are generally used). A new participant has to do a lot more paperwork - all documents certifying its activity, legal, financial profile, its prior engagements of similar nature of work, with government agencies, of some minimum contract value, vendor registration formalities, etc. need to be submitted/fulfilled.

The PSUs also seem to insist on hiring locally for temporary positions, whether it be voluntary as part of a conscious policy under their CSR mandate or involuntary to assuage local political pressure. This is especially so in case of direct temporary hirings. Though vacancy advertisements are said to be uploaded on their webpage, newspaper advertisements are predominantly local. Walk-in interviews are also quite common for filling such positions. This limits the scope for national-level participation in such direct temporary hirings.

#### 4.4.4 Challenges

**First**, with focus on core operations and non-core work getting outsourced, mechanisation being the *mantra* followed by large profit-making PSUs, redeployment policy for extra manpower etc., the number of jobs created on PSUs' payroll itself is on the decline. Besides, to participate in such tenders, a firm needs to be active in a particular line of work - just a supplier of manpower may not be able to participate directly.

**Second**, with the decentralized system of appointment for temporary positions, where local offices decide on new hiring, the information on new opportunity gets fragmented. Even when information on opportunity is available, the size/location/time point of each contract gets fragmented, adding to the cost of pursuing the same. The best method appears to be, first, getting registered as a vendor, and then, keeping a tab on the centralized tender site <http://tenders.gov.in/> and/or tender pages/sites of respective PSUs. The applications in response to each tender though have to be addressed to the respective local office and requirements of local registration as per Contract Labour laws will need to be addressed.

**Third**, in many cases, temporary positions (especially those determined by project, consultancy work duration) are for longer duration (typically two years or more) and technical in nature requiring higher applicant profile plus some level of prior training before employment. In the view of many PSUs, hiring such workers directly allows them to address quality issues more convincingly and also raises the likelihood for them remaining with the project for its full duration.

Moreover, there appears to be low penetration of tripartite workers in PSUs at the upper levels of skill due to limited exposure of the PSU work culture to such type of work relationship. Many of the PSUs mentioned the requirement of extensive training at the time of staff induction into a project and were simply apprehensive that agency workers will be more prone to leaving abruptly. In their view, a staffing firm may be able to readily supply a replacement worker, but arranging training every time replacement takes place poses a problem for the PSUs. Similarly, some PSUs argued that net receivable at the hand of contractors' workers tend to be lesser than what is available to direct temporary workers, and highly qualified people deployed

through staffing agencies will also consequently show higher turnover. These apprehensions need to be addressed to raise the penetration of tripartite workers in the jobs requiring higher level of skills.

The terms and conditions set out in the tender documents accessed leaves settlement of disputes between the tripartite worker and staffing agencies to the employee and agencies with no involvement of the employing Ministry. Setting aside the legal aspects<sup>55</sup> to ensure protection of tripartite workers' interest, one quick administrative measure that can be taken is to require a proper written contract between the agency and the tripartite worker, which shall specify the nature of job, salary, benefits, employment terms and condition, etc. to limit the scope for disputes<sup>56</sup>.

We also find that there is movement in the right direction. The Indian Staffing Federation, an industry association of staffing agencies in India, have already mandated its members to follow most of the measures outlined above. Both legislative and administrative efforts should be made by the government to strengthen and broad base the ISF initiatives.

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<sup>55</sup> The labor laws prevailing India does not explicitly recognise tripartite labour relationships and delineate the responsibilities of each of the parties. See *Indian Staffing Industry Research Report 2012: Turning Available Work in to Jobs* for a detailed discussion on the labour law angle and its implication for the staffing industry. (Available at: [http://indianstaffingfederation.org/images/TURNING\\_AVAILABLE\\_WORK\\_INTO\\_JOBS.pdf](http://indianstaffingfederation.org/images/TURNING_AVAILABLE_WORK_INTO_JOBS.pdf))

<sup>56</sup> As has been provided in ILO Convention 181 of 1997 dealing with Private Employment Agencies.



# *Chapter 5*

## **Summary & Way Forward**



*In today's rapidly evolving global economy, it is critical that Public sector organizations remain adaptable and responsive to change. To that end, many companies are turning to their contingent workforce to ensure their ability to react in a fast-paced marketplace. Relying on contingent labor as a scalable component of the workforce allows for rapid expansion in times of growth and for quick scaling back as needs wane. Teams can be built, dismantled, and reconstructed to meet ever-changing demands. Flexi staffing industry helps an employer to adjust manpower according to demand dynamics. Flexi staffing enables a company to promptly adjust its workforce with seasonal or unforeseen changes in demand. This significantly reduces the time lag between economic recovery and creation of new jobs.*

**Srikanth Rengarajan**

Board Member, Indian Staffing Federation  
Executive Director and President, ManpowerGroup India

# Summary & Way Forward

It is well known that temporary employment has become one of the most important components of India's growing workforce. This study finds that this trend is not true merely for the private sector, but temporary employment is growing across the public sector as well, making for a significant share of total government employment. Temporary employment is prevalent across all types of government organisations - enterprises, local, state and central government and also quasi government bodies. Temporary employment brings with it a key feature, flexibility and the study finds that flexibility is extremely important across public sector organisations; flexibility enables organisations to expand and innovate in ways that would otherwise not be possible. For, as the environment changes rapidly, flexibility is the only way innovative action can be undertaken. This report explores how and why temporary employment is growing as well as the pitfalls and lacunae that need correction. It highlights how policy can improve the work environment to create win-win for all, and the public sector organisations provide a set of rich insights into how this transition can be made to work for all.

This section first re-looks at the objectives laid out at the onset. It then briefly sets out the key insights obtained, and finally delineates the policy/procedural changes that can create a more growth oriented as well as a safe and fair working environment.

## OBJECTIVE

*Gauge the importance:* Estimate size of flexi-staffing industry in India and growth

*Identify the Public Sector's role:* Estimate the size of temporary workforce in the public sector

*Analyse how it works:* The need, hiring process, employment conditions of temporary workforce in the public sector

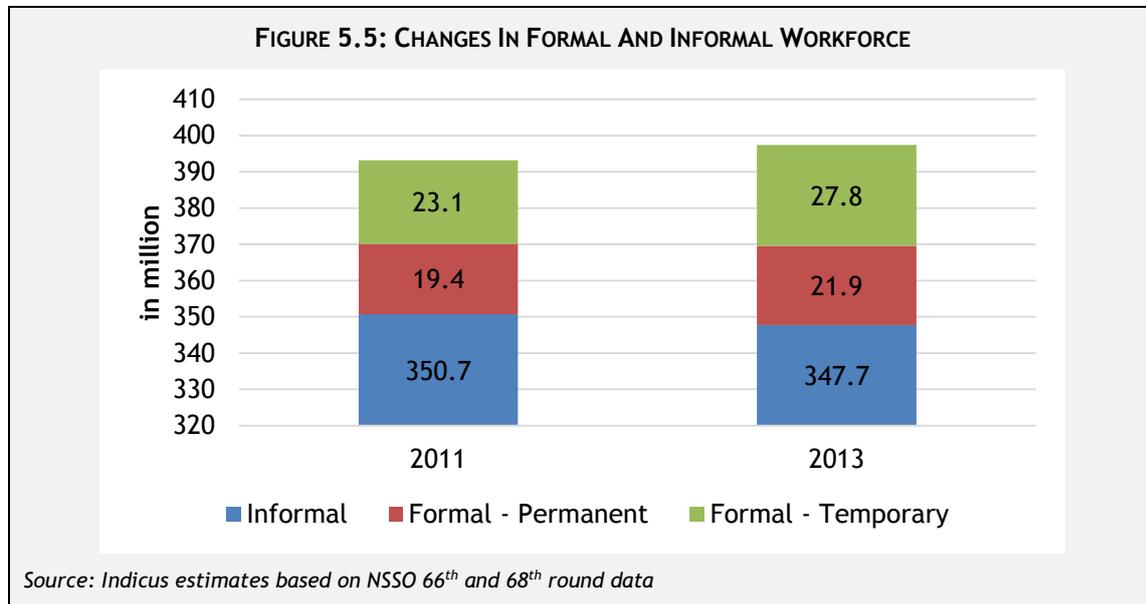
*Assess:* How flexi staffing industry contributes to, and improves worker welfare

There are a large number of reports pertaining to employment that deal with organised and unorganised sectors, rural and urban areas, across states and union territories, industries, occupations and so on. However, the nature and size of India's temporary employment is rarely investigated in the detail required. And this gap is more so in the public sector.

Considering this paucity of data plus mismatch in figures across different sources, the present study followed a two tiered complementary approach. The first tier comprised of meeting with government functionaries to understand the underlying trends, filling in the information gaps present in the secondary data sources, and also to understand the causal factors and forces that contribute to the decision of hiring a temporary worker. This also helped in understanding the need, hiring process, employment conditions, etc. of temporary workforce deployed by various layers of the public sector. The second tier comprised of analysis of secondary data available from various government sources. This included Annual Survey of Industries, Economic Survey, Ministry of Labour reports, Ministry of Finance reports, National Sample

Survey Organisation, etc. The insights gained in the meetings with the Government officials were further bolstered through analysis of secondary data.

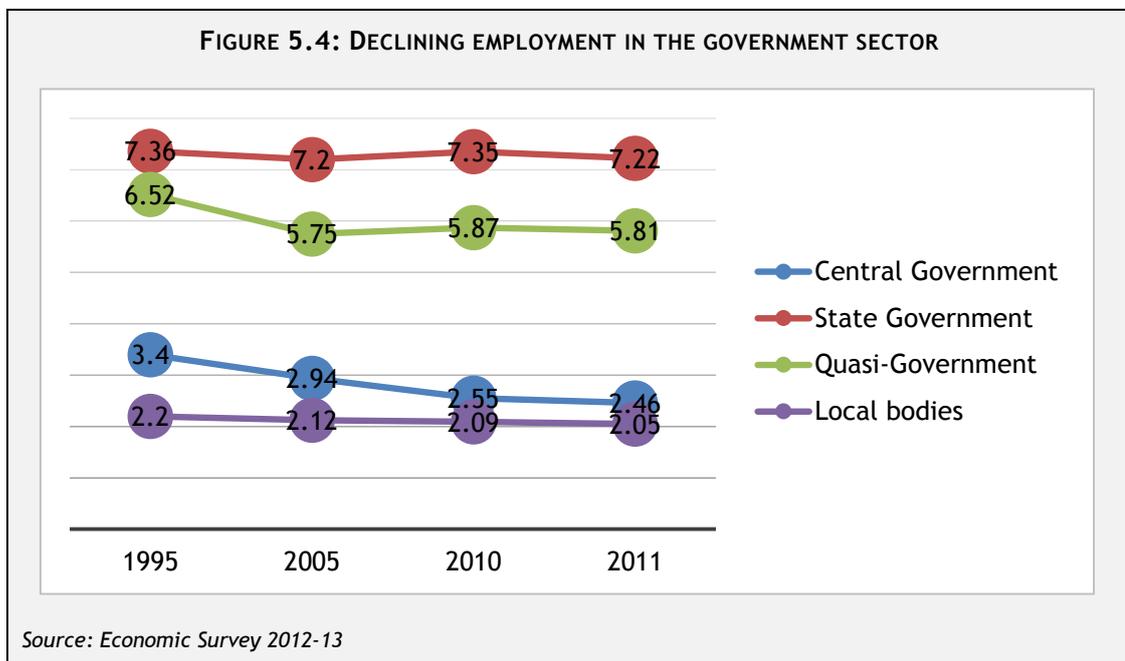
## 5.1 Key Insights



- Analysis of employment data from many different sources shows that in the 2000s the rise in overall employment has been constrained by low increases in permanent employment. Out of the 397.4 million workforce in India, an overwhelming majority of 87% (347.7 million) are employed in the informal sectors.
- Even among the limited number of formal sector workers, 56% (27.8 million) are holding jobs temporary in nature - most of them casual (23.8 million) and a limited bipartite (2.3 million). Temporary employment has been rising rapidly and is among the most dynamic components of employment growth.
- The rise in temporary employment is far higher in both absolute numbers and percentage terms than permanent employment - this further underscores the growing importance of this form of employment.
- This is also reflected in the overall figures: about 2/3rd of the addition to the formal sector workforce between 2011 and 2013 was in the temporary domain.
- The bulk of formal sector employment addition is occurring in the temporary domain. In other words informal sector growth is slowing and may even be falling over the next few years as it did during the period 2011 to 2013.
- The Government sector accounts for a dominant share of the formal sector workforce. As on end 2013, it deployed 28.8 million (approximately 58%) out of an estimated total formal sector workforce of 49.7 million.
- However, despite the increase in the number of states, panchayats, municipalities, etc., declaration of a slew of social programmes that are predominantly implemented by local

government, the employment figures for both Central government and government sector in general are not rising.

- Data shows that the long term trend of government employment is in fact trending downwards. From the middle of the nineties to 2011, the overall employment by the government in the formal sector declined by about 10%, with the contraction in the central government manpower accounting for almost half of that fall.



- The meetings with officials indicated that the number of permanent workers is also on the decline, which is also borne out by available secondary data. The share of permanent employees in the regular civilian employees in central government was in ascendancy since 1971 and reached 90% plus by 1991, but has dipped since 2001 along with a decline in employee strength. Even more interestingly, permanent employment by the government is falling even more than overall employment. This is because temporary employment is rising and accounts for as much as 43% of government dependent workforce.

#### BOX 1: SCALE AND CONDITIONS OF TEMPORARY WORKERS IN THE GOVERNMENT

- A significant 12.3 million (43%) of Government sector workers are engaged in temporary jobs, which includes
  - 10.5 million casual workers without any formal job contract, mainly in professions like Craft & related trades workers, Plant & machine operators and Elementary occupations (such as Mining & construction labourers, Agriculture, fisheries & related labourers, Garbage collectors & related labourers, etc.),
  - 1.4 million fixed short term written job contract holders, deployed primarily in professions requiring relatively more skill such as Middle and primary education teaching associate professionals, Other office clerks, Secondary education teaching professionals, Protective service workers, Personal care workers, etc.
  - This constitutes a substantial number even though the share of temporary workers in Government workforce is significantly lower than 75% in Public/Private limited companies or 69% in cooperatives, trusts and societies.
- Most short term contract holders primarily receive a consolidated wage/ salary with no additional contribution towards Employees' Provident Fund (EPF), Employees' State Insurance (ESI), Gratuity, New Pension Scheme (NPS), etc.
- At least 6.9 million of the 12.3 million temporary workers in the government sector are working in various government programmes such as Integrated Child Development Services (ICDS), National Rural Health Mission (NRHM), National Rural Livelihood Mission (NRLM), National rural Employment Guarantee Scheme (MGNREGA), etc. Technically, many of them are not even recognised as government “employees,” though dependent on government for livelihood. Many of them, for example the Anganwadi workers, do not even receive minimum wage and has limited to nil social security cover.
- Similarly, many of the lower-level bipartite workers do not receive minimum wages.
  - For example, outreach health workers, support staffs, drivers, etc. in Community Care Centres (CCC), Integrated Counselling and Testing Centres (ICTC), Revised National Tuberculosis Control Programme (RNTCP), etc. receive a consolidated payment of Rs 3000 to Rs 4500 pm, well below the minimum wages set by most of the states.
  - None of these temporary workers has access to statutory benefits like PF/Pension, ESIC, Gratuity, etc.

## 5.2 Temporary Employment in the Government

- Even as temporary employment offers people the opportunity of a job, most of these new entrants will continue to be deprived of a decent work environment, with little improvement in job security, income security, work condition or social security position.
- This is because their employers often fail to follow the norms as laid out to provide decent working and welfare conditions for employees.
- The fledgling organised flexi staffing industry, which grew from 1.3 million in 2011 to 1.7 million in 2013 may have a role to play in ensuring a better work environment for these temporary workforce.

- The study finds that temporary employees allow government organisations to very quickly ramp up their services - this helps in myriad ways including quick implementation of new social sector programs and services.
- Even in the case of PSEs, senior managers professed that temporary employment enabled them to better deal with business cyclicalities and uncertainties, as well focus on their core business activities. This was because of the inherent flexibility in planning and rollout that temporary employment provides.

#### BOX 2: PRACTICES OF ORGANISED STAFFING - THE DIFFERENTIATORS

The organised staffing firms mandatorily ensure that all the statutory provisions in place to protect the interest of the workers are adhered to. Employees are paid wages at par with the prevalent market rates, subject to compliance with the Minimum Wages Act. Similarly, benefits like Provident Fund, medical and insurance coverage under ESIC are also provided to each of the employees. Staffing companies are required to adhere to the labor laws such as:

- Minimum Wages Act
- Provident Fund Act
- Contract Labour Regulation and Abolition Act
- Employees' State Insurance Act
- Industrial Dispute Act
- Gratuity Act

In addition, the organised players also follow the practices mentioned below:

- Not charging flexible employees for placement
- Generating salary slips/wage receipts for every flexible employee
- Run an accurate pay roll system
- Issuing appointment letters giving all the terms and conditions of employment

Indian Staffing Federation also suggests the following best practices to its members:

- Paying salaries through proper banking channels
- Support the staff in addressing their issues or concerns around their employment
- Implement grievance redressal mechanism
- Cover the flexi workers under additional group mediclaim and personal accident insurance coverage over and above ESIC requirements
- Organise rewards and recognition programme for high performers in consultation with user enterprises
- Provide skill development opportunities in consultation with user enterprises

- Moreover, all forms of government organisations see temporary employment as a permanent phenomenon.
- However, this study has found that there are no adequate norms governing temporary employment, leading to a range of practices being followed that are not necessarily overseen or regulated by any process. Consequently, often the practices followed even in the public sector do not match what should be the minimum acceptable standards.

- We find that many of the flexi staffing or manpower outsourcing firms in the organised sector follow appropriate welfare and working condition practices and therefore can be engaged by the government. Accessing the temporary workforce through the organised manpower outsourcing industry would be a good way to improve workers' welfare while retaining the flexibility required by public sector entities in a fast changing environment.

### 5.3 Penetration in the Government

Even though the current size of tripartite hiring by Government sector in India has been estimated at a miniscule 0.4 million as of end 2013, the adoption of tripartite model of manpower hiring is on the rise. The hiring of flexi staff/ manpower outsourcing is most apparent in jobs such as housekeeping and cleaning, pantry and canteen, security services, office support, etc. going in parallel with a considerable decline in the recruitment for Group D positions such as peon, daftary, jamadar, farash, chowkidar, etc.

In addition to the decision of the Sixth Pay Commission to gradually abolish Group D positions, one of the other factors responsible for the push towards manpower outsourcing at this level has been the increasing cost of hiring permanent staff post implementation of the latest pay commission recommendations. Hiring of tripartite workers has recently expanded into the domain of group C positions as well, such as receptionists, stenographers, clerks, attendants, personal/executive assistants, and hostel wardens. This holds across various layers of Government - the ministries, the quasi-government bodies, the PSUs, etc.

### 5.4 Characteristics and current use in the Government

The tripartite/ flexi-staffing workers account for a miniscule 6% (1.7 million) of the formal temporary workforce in India. However, these limited numbers of flexi-staff enjoy many benefits that are out of reach of most of the other temporary workers.

#### BOX 3: SOME RECOMMENDATIONS

A legal definition for the flexi-staffing industry and due recognition as an employment service: An explicit legal definition and due recognition of the industry should be introduced by enactment of new legislation or appropriate amendments to the existing laws governing employment relations. The International Labour Organisation (ILO) Convention 181 definition can be adopted here:

*Services consisting of employing workers with a view to making them available to a third party, which assign their tasks and supervises the execution of these tasks.*

Define the operational requirements for the flexi-staffing agencies and user company. Ensure strict compliance by all. Though barriers to entry are not desirable, some provisions to regulate the operations of the flexi-staffing agencies are needed. This is similar to the Chinese system, no separate license or personal/professional qualification should be required to start a flexi-staffing agency. Moreover, all such agencies should be registered with a designated central body, with possibly a minimal capital requirement and limitations on those with a previous history of violating laws.

Flexi-staffing offers a better alternative to a casual/ honorary job or a bipartite contractual job in addition to raising the chances of being employed and trained for relevant skills, and there are many other reasons as well. The 'security with flexibility' feature of the staffing industry looks far more attractive and beneficial relative to 'casual' or 'honourary' or 'bipartite fixed short term' cases. To the desiring few, it also offers flexibility in work life. It can ensure easy supply of the right kind of candidate at the right time. And it also ensures flexibility - the option of easily adjusting workforce depending on realised demand.

The contribution of the organised flexi staffing industry towards social security as well as government revenue can be gauged from the following figures. For instance,

- the annual PF (employers') contribution by the organised flexi staffing industry is currently estimated at Rs 1046 crore;
- the annual ESIC (employers') contribution in 2012-13 is estimated at Rs 584 crore.
- service taxes are also significant - the annual service tax contribution of the manpower recruitment agencies in 2011-12 and 2012-13 were Rs 3847 crore and Rs 4432 crore.

## 5.5 Conclusion: What is needed ahead

**Recognition as a legal mode of hiring:** Despite the strong advantage of flexi staffing over other modes of temporary manpower and the increasing adoption of flexi mode of hiring across private business and public sector, the current Indian labour laws do not yet recognise the flexi-staffing industry as a separate entity with unique features. It is, therefore, imperative that the government gives serious consideration to the industry demand for explicit recognition by law. Recognition will also help in sustained growth of the organised flexi staffing market players, and limiting the scope of exploitative practices of informal/ unorganised players in manpower outsourcing.

**Setting standards in contracting and hiring:** The interaction with various Government functionaries and analysis of manpower outsourcing tenders from various government entities show significant divergence in terms and conditions set as well as evaluation standards. Whereas all the tenders required bidding in two parts, with separate technical and financial bids, the information sought and contract terms varied widely.

- Some contracts asked for a consolidated quote from the bidders, which included wage, statutory benefits due, and service charges of agencies as well as taxes, some required mention of each of the heads separately.
- Some of the bid documents pre-specified the amounts to be paid to the temporary employee with competition among bidders reduced to the service charges to be levied. In some other cases, the salary payable was left open.
- The bid terms also did not consistently insist on payment through banking channels.
- The tenders religiously asked for EPF, ESIC, etc. registration details from bidders. However, interaction with officials indicated that no well-structured mechanism existed for periodical audit of such benefit distribution and/or even payment of salary

#### BOX 4: MANPOWER OUTSOURCING PRACTICE AND THE STATES

- Department of Labour and Employment in Gujarat hired flexi staff as Faculty and Multi Skill Assistance staff for 335 Kaushalya Verdhan Kendra (KVK) centres.
- Maharashtra Pollution Control Board has engaged staffing agencies for filling positions of Senior Research Fellow, Junior Research Fellow, Lab Assistants/ Attendants
- Department of Panchayati Raj in Himachal Pradesh has hired tripartite workers to fill positions such as MIS/ Finance/ IEC/ PESA & PEAIS/ Technical Consultant, etc.
- Apart from these, low skill tripartite hiring for positions such as sweepers, housekeeping, etc. are quite common.

Aggressive adoption of manpower outsourcing practice by recently set up quasi-government bodies

- UIDAI
  - It has hired at least 200 graduates from agencies for positions such as Secretarial Assistants, Data entry Operators, female Receptionists and Quality Control Operators.
  - Another 100 were hired as Manual De-duplication Engineers, which required computer literacy and two years of BPO experience.
  - At the further higher end, positions such as Project Managers, Technology Lead, Senior Developer, Developer, etc. in its software development team in Bangalore and Delhi were filled by agency workers. Man month rates for the positions ranged from Rs 1 lakh for developers to Rs 1.5 lakh for Project Managers.
- AIIMS
  - AIIMS Jodhpur hired the services of almost 300 staff across 56 different positions from low-end, limited-skill positions such as room attendants, mechanic, wireman, etc. to advanced skill jobs such as senior medical social worker, senior dieticians, assistant food manager, accounts officer and store officer.
  - A similar manpower outsourcing tender was also issued by AIIMS Raipur to fill 135 vacancies with agency workers across 22 positions.

Manpower outsourcing practice has also made its debut at district level

- In 2011 the District Rural Development Agency in Subarnapur, Orissa hired the services of Graduates with computer knowledge as Assistants, Grievance Redressal Assistants, Social Audit Assistants for social audit and other MGNREGA activities.

In 2013, the Zilla Swasthya Samiti Raigad, Orissa hired unskilled, semiskilled and skilled workers under NRHM program.

- The terms and conditions set out in the tender documents accessed leaves settlement of disputes between the tripartite worker and staffing agencies to the employee and agencies with no involvement of the employing Ministry. None of the tenders reviewed required a separate contract between agency workers and the agency specifying the terms.

Setting aside the legal aspects<sup>57</sup> to ensure protection of tripartite workers' interest, each of the above changes will follow the first basic and critical measure - and that is to require a proper written contract between the agency and the tripartite worker, that specifies the nature of job, salary, benefits, employment terms and condition, etc. And all other measures can then rest upon this core proof of employment.

<sup>57</sup> The labour laws prevailing India does not explicitly recognise tripartite labour relationships and delineate the responsibilities of each of the parties. See Indian Staffing Industry Research Report 2012: Turning Available Work in to Jobs for a detailed discussion on the labour law angle and its implication for the staffing industry. (Available at: [http://indianstaffingfederation.org/images/TURNING\\_AVAILABLE\\_WORK\\_INTO\\_JOBS.pdf](http://indianstaffingfederation.org/images/TURNING_AVAILABLE_WORK_INTO_JOBS.pdf))

### BOX 5: ADVANTAGES OF FLEXI-STAFFING INDUSTRY

- *Better positioned to deliver decent work opportunity*

Written job contract with explicit mention of terms and conditions of employment; adherence to statutory norms - Minimum Wage, PF, ESIC, Gratuity, etc. Not available to casual workers or even most of the bipartite contract workers. Being a longer-term association plus employer-employee relation also enhances the possibility of collective bargaining for flexi-workers.

- *Develops and matches skill set*

Flexi-staffing industry helps in skill development by enabling younger workers to join workforce, allowing inter-sectoral mobility, setting up training programmes as per industry requirements, form jointly managed training funds, etc.

- *Allows both employers and workers to better adapt to increasing volatility and complexity in labour markets as well as seasonal and temporary spurt in labour demand*

The most attractive feature of the flexi-staffing industry for an employer is the flexibility it accords to adjust manpower according to demand dynamics. Even in times of uncertainties, it enables corporates to seize opportunities by limiting downside risks. This creates additional job opportunities in the times of economic downturn and also significantly reduces the time lag between economic recovery and creation of new jobs. This significantly reduces the time lag between economic recovery and creation of new jobs.

- *Helps employer to avoid delay in deployment as well as reduces search and administrative cost*

The flexi-employment model allows prospective employers to deploy manpower at required places with minimum delay by readily drawing from the manpower on the rolls of the agencies. It also allows them to avoid cost involved in searching for desired manpower and also the administrative cost involved in maintaining payroll, due diligence of statutory norms, etc.

- *Reduces structural and frictional unemployment*

A flexi-job has its own unique characteristics and is not a substitute for permanent jobs. In general, countries with higher flexi-industry penetration rate also showed lower unemployment<sup>a</sup>. The additional job creation and broadening of job options facilitated by the flexi-staffing industry also reduces frictional unemployment by ensuring a better and faster match between job seekers and employers. This role gains more importance in times of uncertainty due to the flexi-industry's ability to cut downside risk for an employer.

<sup>a</sup> Ciett, 2011, *Adaptation to Change*

For details, refer to Indian Staffing Industry Research Report 2012: *Turning Available Works into Jobs*

# Appendix 1

List of centrally sponsored major programs where implementation has been devolved to local bodies

- National Horticulture Mission
- Macro Management of Agriculture (MMA) Scheme
- Micro Irrigation
- Accelerated Rural Water Supply Programme (ARWS)
- Central Rural Sanitation Programme (CRSP)
- National Programme of Nutritional Support to Primary Education (MDM)
- Sarva Shiksha Abhiyan (SSA)
- National Rural Health Mission (NRHM)
- Integrated Watershed Management Programme (DPAP, DDP & IWDP)
- Mahatma Gandhi National Rural Employment Guarantee Programme (MNREGA)
- Rural Housing / IAY
- SwarnaJayanti Gram SwarajYojana (SGSY)
- Pradhan Mantri Gram Sadak Yojana (PMGSY)
- Integrated Child Development Services (ICDS)
- National Rural Livelihoods Mission (NRLM)
- National Food Security Mission (NFSM)
- National Social Assistance Program (NSAP)

# About Indicus



Indicus Analytics was established in December 2000 and has since become India's premier economic research and data analytics firm. Indicus helps their clients cut through the maze that is India to unravel the various facets of the Indian economy, markets and consumers.

Their multidisciplinary team follows, analyzes, and reports the latest economic, market and consumption trends. Their data analytics solutions provide insights about the economy and the consumers at extremely granular levels - city, district and neighborhoods. Their methodologies include patent-pending algorithms that are capable of distilling insights from our core data, which is derived from highly authentic public data sources.

Indicus research services and data products have received world-wide recognition. Top-most national and international corporate bodies, industry associations, governments, academia and media houses use our research to understand the Indian economy, consumers and markets better. Indicus soon plans to extend its footprints in the arena of global research and data analytics solutions.

# About ISF



Established in 2011, Indian Staffing Federation, ISF has been founded by leading staffing companies in the country with one common goal - Staffing India's Growth.

Staffing, an established form of outsourcing globally, is yet to be recognised and adopted as an effective means of running a businesses in India. The Staffing Industry provides a platform for recognised employment, work choice, even compensation, annual benefits and health benefits for the temporary workforce that constitutes around 40% of India's total workforce. Staffing creates jobs that would not otherwise exist, enhancing competitiveness and workers employability, thereby promoting a labour market that corresponds better to peoples - and companies - needs and aspirations.

The purpose of ISF is to enhance long-term growth of the staffing industry and to ensure its continued ability to make positive contributions to the economy and society. The principal focus of the Federation's activities is to strengthen triangular employment relationships, in which the staffing company is the employer of the temporary worker, who works under the supervision of the user company.

ISF today comprises of 45 members companies who collectively provide employment to over 4.5 lakh people throughout the country.

## Objectives

The Indian Staffing Federation's objectives include:

- Champion sustainable growth of the Staffing Industry
- Facilitate a suitable, legal and regulatory environment that is positive and supportive for the Staffing Industry
- Be the authoritative voice of the Staffing Industry
- Establish quality standards for the Staffing Industry at large & a code of conduct for the members
- Increase visibility and enhance the image of the Staffing industry & strengthen its representation
- Promote Staffing as an effective enabler of socio-economic growth
- Develop Staffing Industry as a choice of employment





# Indian Staffing Federation

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