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LABOUR-INDIA: Getting 'Bangalored' Back

By Keya Acharya



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BANGALORE, Jan 3 (IPS) - The term 'getting Bangalored' , or having jobs outsourced from the West to this international IT hub, looks set to acquire another connotation -- this time of professionals being fired right here.

The Union of Information Technology Enabled Services (UNITES) Professionals, India anticipates at least 50,000 job losses in the first half of the new year, owing to the global recession.

Ever since United States majors like General Electric and American Express shifted their back office processing operations to India in 1994-96, the world's major corporations, from the airlines to banking industries, resorted to business process outsourcing (BPO) to this country, raising jobs from 553,000 in 2007 to the current 1.6 million jobs.

Tight labour markets in the U.S. and Europe, linguistic capabilities, reliable and cheaper telephonic communication and operational costs together with a government setup that encouraged foreign direct investment with tax sops, have been major factors in the growth of India's BPO sector.

India's information technology enabled services (ITES) sector has been growing at a steady 30 percent rate over the past few years and overall sales in 2007-2008 stood at 52 billion US dollars. But the slowdown in the U.S. and European markets has led to sudden job losses that have raised new labour issues.

UNITES, created in 2005 with active support from the global Switzerland-based Union Network International (UNI), grew with this new and huge workforce and has been raising important questions about working conditions, gender discrimination, sexual harassment and employee rights.

UNI is a federation of professionals in skills and services across the world. It has about 900 affiliated organisations in 140 countries, representing more than 15 million members. Many of the affiliated organisations are directly involved in creating the new knowledge economy.

UNITES, which is actively pursuing the IT and BPO sector to set up legal redressal systems for sexual harassment in the workplace, has grown rapidly to 18,000 members from the BPO and the IT industry, spread across five major metros with legal status under India's Trade Disputes Act.

About 50 percent of the BPO workforce consists of women and so does 28 percent of the IT sector.

Fifty percent of UNITES members are from Bangalore, pointing to the city's large concentration of India's entire BPO sector, higher than the world's emerging BPO centres in South Africa, Philippines, Latin America and Eastern Europe.

But the industry's economic links to the U.S. and Britain's recessions have played havoc on the local scene, with at least 10,000 jobs in the industry being lost between September 2008 and December 2008. Others, mostly junior level executives, have taken salary cuts ranging from 25 percent to as high as 75 percent.

UNITES general secretary, Karthik Shekhar, a computer engineer, formerly with International Business Machines (IBM), says the prediction of another 50,000 job losses has been estimated from the uncertainty of U.S. president-elect Barack Obama's new policy on outsourcing, the bail packages by the British government and financial institutions which may result in conditions being imposed on local jobs.

"We are asking for top management to take a cut first to help pan out the costs," says Shekhar. "Cutting costs should start from the top."

Shekhar also says the country's lax laws and "the red carpet treatment extended by our government to foreign companies" are aiding these institutions to lay off workers without due benefits, and with insensitive handling.

UNITES members, Shekhar illustrates as example, have in some cases, discovered they had been 'sacked' when their entry-swipe cards stopped working abruptly or were given two hours' notice to leave their workplaces.

Internationally, most firms face stiff labour laws says Shekhar, citing the case of the Wal-Mart chain in the U.S. where 116,000 workers took the company to court for failure to provide lunch-breaks, leading to the court ordering Wal-Mart to pay 172 million dollars to the workers in compensation.

But UNITES says India lacks laws on severance rights for workers in the IT sector. "There is no talking between parties here in India... companies, including multinationals who behave differently elsewhere, just refuse here," says Shekhar.

UNITES faces opposition from the IT-industry's National Association of Software and Services Companies (NASSCOM) which represents only the companies or 'employers' and sees UNITES as a potential threat, given India's history of confrontation between trade-unions and employer-companies.

A NASSCOM statement says that the association, after "research and interaction is not in favour" of the



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LABOUR-INDIA: Getting 'Bangalored' ...

prediction of huge job losses in the wake of the downturn in the U.S. and other developed countries.

"On employment the industry will continue to be a net hirer in FY09 as a direct corollary of industry growth and fears of large scale job losses at an industry level are unfounded," says NASSCOM.

According to Puneet Kumar, general manager at WIPRO, an Indian IT and BPO major, the economic meltdown in the U.S. and Europe can work out in India's favour because "inevitably cost rationalisation measures will result in more jobs being outsourced to competitive locations like Bangalore, rather than less".

"For now though the industry is looking at a situation where firms operating out of India are undergoing their own rationalisation in terms of controlling spiralling wages and high attrition as employees seek ever higher returns. Time we got back to the fundamentals anyway," Kumar told IPS.

(END/2009)

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