Contractual labour on rise in organised sector

SHIVA RAJORA
New Delhi, 29 May

Nearly one in five workers employed in the organised non-farm establishments in the first half of FY23 was a contractual hire, according to the latest Quarterly Employment Survey (QES) results released by the Labour Bureau.

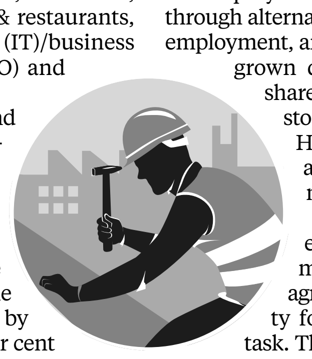
According to the report released on Tuesday, the share of contractual employees in the nine major non-farm sectors of the economy more than doubled to nearly 18 per cent in the first half (H1 or April-September) of FY23 from nearly 8.5 per cent in H2 of FY22.

The results for the fifth and sixth rounds of the QES, pertaining to Q1 and Q2 of FY23, were released after a gap of nearly 20 months.

The nine non-farm sectors covered under the survey are manufacturing, construction, trade, transport, education, health, accommodation & restaurants, information technology (IT)/business process outsourcing (BPO) and financial services.

In the latest sixth round of the survey, the manufacturing sector employed every one in four employees as contract workers (26.88 per cent share), up from 10.4 per cent in the first round (Q1 FY22) of the survey. This was followed by the health sector (21.34 per cent share), transport sector (20.8 per cent share) and construction (13.5 per cent share). This shows an increasing trend of contractualisation of the labour force in the wake of the pandemic in the organised establishments. On the other hand, information technology (IT) & business process outsourcing (BPO) establishments had the least share (3.34 per cent) of contractual workers, followed by financial services (6.43 per cent).

Meanwhile, the share of regular employees in these organised establishments declined to nearly 75 per cent in H1 FY23 from nearly 85 per cent in H2 FY22. Apart from this, the share of workers employed in these establishments through alternative ways like fixed-term employment, and casual work have also grown during the period. The share of fixed term employees stood at nearly 2 per cent in H1 FY23 and those of casual employees stood at nearly 3 per cent.



Contract workers are employed by an establishment through contractual agreements with a third party for a specified period or task. These workers are distinct from regular employees who have permanent or long-term employment status with social security benefits.

Lohit Bhatia, president, Indian Staffing Federation (ISF) said that companies often use contractual employees during peak demand as seen in e-commerce, logistics, retail, manufacturing and industrial segments, as they provide immediate employment to millions of informal personnel who work in small and medium industries, or other informal segments.

"Contractual employment aids faster job creation, transition from informal to formal employment, support for employment that provides skilling and social security coverage at entry level, and experience to such employees at large corporations," he added.

Last year, another report by the Labour Bureau that analysed the Annual Survey of Industries (ASI) data for the year 2019-20 had shown that almost all factories in the organised sector employed contract workers in one or another. The report had shown that of the 198,628 organised factories surveyed, 98.4 per cent employed contract workers in 2019-20.

Labour economist KR Shyam Sundar said the new labour codes allowed contractualisation in not only peripheral, but core activities as well.

"Though not implemented, the labour codes have given a clear policy signal to the labour markets to create a flexible workforce, with minimum costs accruing to the firms. The future workforce will primarily consist of a contract-based informal workforce, which will be low in training and will be a hugely flexible and a precarious workforce," he added.

The Labour Bureau had launched the QES in April 2021 to capture employment data from the units were enumerated in the nine non-farm sectors in the Sixth Economic Census.

CHANGING MIX

Sector-wise distribution of contractual workers in %

Round	I (Apr-Jun 2021)	II (Jul-Sep 2021)	III (Oct-Dec 2021)	IV (Jan-Mar 2022)	V (Apr-Jun 2022)	VI (Jul-Sep 2022)
Manufacturing	10.40	11.50	12.45	12.38	26.68	26.88
Construction	17.60	20.00	20.62	19.04	13.37	13.50
Trade	2.40	3.60	4.50	3.47	10.47	10.37
Transport	9.60	6.30	4.73	5.14	20.45	20.78
Education	7.80	7.20	6.02	6.39	11.08	11.53
Health	2.90	8.80	9.37	9.08	20.91	21.34
Accommodation*	4.40	6.20	5.84	5.23	12.54	12.08
IT and BPOs	0.70	2.00	5.65	4.84	3.30	3.34
Financial services	8.10	2.10	2.10	1.88	6.82	6.43
Total	**7.80**	**8.30**	**8.89**	**8.66**	**18.31**	**18.44**

*& Restaurants Source: QES reports

Net sugar use may hit 30 mt next season

SANJEEB MUKHERJEE
New Delhi, 29 May

The country's net sugar consumption might touch an unprecedented 30 million tonnes (mt) in the 2024-25 season (October to September) on the back of a steady 2.2 per cent year-on-year growth rate, market participants said. The net sugar consumption excludes ethanol diversion.

The annual sugar consumption growth rate of 2.2 per cent is significantly higher than the world average that is closer to 1 per cent.

In the ongoing 2023-24 sugar season that will end in September, domestic sugar consumption touched a record 29 mt on the back of strong demand due to intense heatwave and the ongoing elections.

During elections, consumption of beverages goes up manifold, while heatwaves push up demand for soft drinks and confectioneries.

The latter comprises over 60 per cent of total demand for sugar annually in the country. In the 2023-24 season, the central government released 19.6 million tonnes through the mills between the October to May months through its regulated release orders. This is almost 9 per cent more than the sugar released in the market during the same months of the last season (2022-23). This also means that roughly there has been a 9 per cent rise in sugar demand in the first eight months of the 2023-24 sugar season. Therefore, net sugar production in 2023-24 is projected at 32 mt, while consumption is estimated at 29 mt.

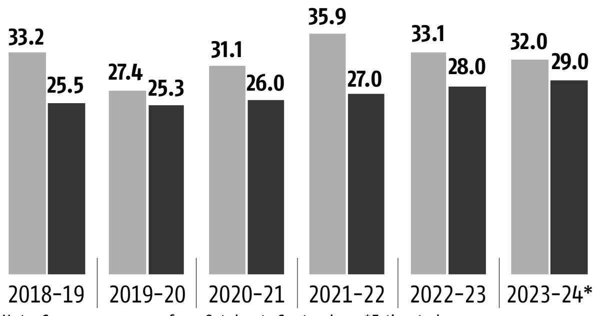
The average ex-mill price of sugar so far in the season is around ₹3,750 per quintal, which is higher than the average price of last season.

This is despite the fact that sugar mills are anticipating a nine million tonnes closing stocks of sugar due to discontinuation of exports and lower diversion towards ethanol.

"The prices have stayed firm due to speculative sentiment and strong demand," another official said. The official said some moderation in demand was likely as no polls are scheduled for next year, but growth may be seen. Trade sources said that in 2024-25, net sugar production could be around 29 mt, almost matching the estimated production.

TOO SWEET

Sugar tally (mt) ■ Production ■ Consumption



Note: Sugar season runs from October to September ; *Estimated
Source: Sugar Traders and industry

Gas-based power stations run at full steam amid demand revival

SHREYA JAI, AMRITHA PILLAY & SUBHAYAN CHAKRABORTY
New Delhi/Mumbai, 29 May

Thermal power stations running on gas, which were in a beleaguered state, are generating close to 10 gigawatt (Gw), the highest in several years.

Pushed by the directive of the Ministry of Power, such thermal power stations are running at an optimal rate of at least 50 per cent.

This has pushed up the power sector's demand for gas, which was muted for the past several years.

Earlier this year, the ministry gave directives to gas-based power stations to "mandatorily" run during summer.

Of the 24,150 Mw of gas grid-connected power generation capacity in the country, 14 Gw has no domestic gas supply and the balance is working at a sub-optimal level due to the limited quantity of domestic gas.

But with the directive, gas units are now running at a plant load factor of 40-50 per cent by sourcing both domestic and imported liquefied natural gas (LNG). India's largest power generator, NTPC, is leading with close to 3 Gw. Others are Torrent Power, GMR Infra, and state-owned units in Tamil Nadu and Andhra Pradesh. Tamil Nadu is running gas units of 230 Mw and officials say they are dependent on only domestic gas.

An email query sent on Monday to GMR Power, Torrent Power, and

IEA said India's natural gas demand may grow 7% in 2024

Urban Infra remained unanswered till press time.Unlike coal, a gas-based thermal power station can be switched on and off instantly, thereby helping the grid operators to step up supply when power demand goes up.

"Gas generation with 101 million units (almost 15 Gw in seven hours) is supporting peak-hour shortages where rates on exchanges are hovering between ₹10 and ₹13 per unit for high-cost power. Since gas power generation requires minimal ramp-up or rampdown, and rates are almost at parity with coal-based power, it is the best strategy of the Ministry of Power to keep peak shortages minimum at 0.065 per cent, which used to be 3-4 per cent some six-eight years back," said Rajiv Goyal, chief executive officer and whole-time director, EKI Power Trading.

Gas demand shoots up

In India's supply chain of natural gas, gas-based power is now one of the sectors contributing to the rise in demand. For domestic gas producers like Reliance Industries Ltd (RIL), demand from gas-based power plants is providing an added push. In an investor call in April, top executives of RIL noted demand in the Indian market had made a big comeback.

The executives listed gas-based power demand as one of the sectors that contributed to the revival, others being city gas distribution, fertilisers, and refineries. For gas suppliers such as GAIL India, demand from India's gas-based power plants is also changing the market mix. Executives of the company in a recent call with investors noted a change in the sector-wise supply for natural gas.

India's natural gas demand is expected to grow by 7 per cent in 2024 due to increased industrial and power-sector demand, International Energy Agency (IEA) officials said on Wednesday. Most of the rise in consumption has been attributed to rising demand from fertiliser and power generation. India imported 25 per cent more LNG in the first three months of 2024, as compared to the same period of 2023, the IEA has said.

India relies on imports for up to 50 per cent of its gas demand.

With inputs from Shine Jacob