

# Abstract

The objective of the present thesis is to analyse the functioning of the Indian labour market - *viz.* the degree of flexibility inherent in it and the impact of job security regulations in aiding/impeding this flexibility. Three different dimensions of flexibility are investigated.

In Chapter 2, the extent of flexibility in adjusting actual employment to desired levels is analysed. The empirical exercise takes into account the issues of heterogeneity of labour types and differences in flexibility across industries. Whether job security regulations can be held primarily responsible for the excessive rigidities in the organised labour market and for the slowdown in employment growth in the '80s is also investigated.

Chapter 3 goes beyond the employment dimension to analyse worker turnover in the Indian manufacturing sector. The extent of flexibility in using different instruments to bring about desired employment changes is investigated. The factors influencing accession and separation rates is analysed. We also investigate the extent to which job security regulations have contributed towards changing the mix of these instruments that bring about planned employment changes.

Chapter 4 addresses the issue of flexibility in the inter-industry wage structure. The role of human capital in determining employee remuneration is analysed using micro data. Whether firm-specific factors play a major role is also studied to gauge the role of efficiency wage considerations in wage payments. At an industry level, the relative role of union power vis-a-vis other factors in determining the inter-industry wage structure is analysed.