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Cash-strapped realtors are laying off staff

DNA / Yuga Chaudhari & Amritha Pillay / Thursday, July 5, 2012 8:32 IST

With no major headway on fresh projects and debt piling up as sales falter, real estate companies have started trimming workforce.

The heat is mainly on the marketing and sales teams, said sources.

“There have been some major lay-offs on the sales and marketing side in various realty companies. The situation is a little worrisome,” said an employee of a leading real estate player. He asked to be left unnamed.

A source at a human resources firm confirmed that job cuts were on. “Real estate developers have been under pressure for the past one year. Funding for the industry has almost dried up, high interest rates have dampened sales and debt-servicing costs are inching up. For some developers, cutting down on workforce helps as new projects have dwindled due to delayed approvals and fresh funding crunch,” said the source, also requesting anonymity.

Sunil Goel, director, GlobalHunt India, in fact, sees a significant downsizing in the sector. “The companies are planning to reduce around 10-15% of the exiting workforce. The realignment is mainly witnessed in divisions like sales and marketing, where the companies are now going for outsourcing such services instead of paying a bomb to their exiting employees,” said Goel.

And the downsizing is not limited to smaller players. Several larger players have either downsized already or are in the process of doing so.

Sources said Mumbai-based developers like Indiabulls Real Estate, Rustomjee Group and K Raheja Universal were among the companies that have dished out pink slips already, mainly on the sales and marketing side.

Indiabulls officials denied this, saying the information was ‘incorrect’.

Rustomjee Group had not reverted to an email query at the time of going to press, while officials at K Raheja could not be reached for a comment.

Another source said Delhi-based companies like Emaar MGF, Parsvnath Developers and Unitech have also been in the retrenchment mode in the last one year.

A charge Pradeep Jain, chairman, Parsvnath Developers, strongly countered as “completely wrong information.”

“We are taking quality people and our number has increased in the last two quarters,” said Jain.

Officials from Emaar could not be reached, while an email query sent to Unitech remained unanswered.

Sources insist the trend has only just begun. Going by them, Delhi-based DLF and Mumbai-based Hiranandani Constructions are also in the process of re-alignment.

“This is happening in a silent way. For example, every division has been given a task of reducing their workforce to a certain level through assessment levels,” said a source close to the development at one of the companies.

An email query sent to DLF remained unanswered.

Niranjan Hiranandani, managing director, Hiranandani Constructions said in reply to a text message asking if there were any lay-offs: “We hired more people.”

The realtors maintain that things are improving and that they may look at hiring more.

Some industry experts appear to agree.

“As an industry in totality, there are no lay-offs. In fact, we are expecting recruitments from a number of reputed players. However, there could be some stress at the individual company level. Further, it is the weak season, as construction activity slows down during monsoons and thus recruitment on the construction side may be sluggish,” said Naushad Panjwani, executive director, Knight Frank India.

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