



# **NIPM**

## **INDIA**

### **Asia Pacific Federation of Human Resource Management**

#### **INDIA Country Report**

#### **(March 2014)**

Greetings & Best wishes from NIPM India.

We have moved in another new year. The year 2014 is a very important year for India. The largest democracy in the world – India is going to polls for its 16<sup>th</sup> Lok Sabha (Parliament – Upper House) in this year by April/May to elect 543 members of Parliament. About 800 million voters will exercise their franchise in this election.

#### **ECONOMY OF INDIA**

The economy of India is the tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). India is the most attractive investment destination in the world, according to a survey by global consultancy firm Ernst & Young (EY). India's exports have also been doing well, touching US\$ 303 billion in FY 2012–13, almost double of what it managed (US\$ 167 billion) four years ago. Experts express confidence that the figure will scale US\$ 325 billion by the end of the current fiscal. The US\$ 1.2 trillion investment planned in the infrastructure sector will go a long way in boosting export performance of Indian companies and the Indian growth story. The HSBC Trade Confidence Index, the largest trade confidence survey in the world, has positioned India at the top with 142 points. The increasing demand due to its population makes the country a good market for consumption goods, according to the report. India's industrial economy is gathering momentum on the back of improved output of eight core sector industries – coal, crude oil, refining, steel, cement, natural gas, fertilisers and electricity – which, at 8 per cent in September 2013, rose at its fastest pace in a year.

Some of the other important economic developments in the country are as follows:

- Indian companies signed as many as 360 private equity (PE) deals totalling US\$ 8.9 billion during the January–October 2013 period, registering an increase of 33 per cent over the corresponding period a year ago. In the first 10 months of 2012, India Inc had announced 345 transactions worth US\$ 6.7 billion.

- Indian corporates raised Rs 1,700 billion (US\$ 27.20 billion) through commercial papers (CPs) during the first half of FY 2013–14. A total of 169 issuers raised this amount, according to a report by Prime Database.
- Exports from India during August 2013 were valued at Rs 1,652.02 billion (US\$ 26.42 billion), registering a growth of 28.53 per cent as compared to Rs. 1,285.35 billion (US\$ 20.56 billion) during August 2012.
- The cumulative amount of FDI equity inflows into India were worth US\$ 303.06 billion in the April 2000–August 2013 period, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).
- Foreign exchange (Forex) reserves of India rose in the week ending October 11, 2013 by US\$ 1.5 billion to US\$ 279.24 billion, according to data released by the Reserve Bank of India (RBI).

## **LATEST GDP GROWTH WITH ECONOMIC SCENARIO OF INDIA**

India's economic growth rate in the current financial year has been estimated at 4.9 per cent, a faster pace than in the previous year, mainly on an improved performance in the agriculture and allied sectors. The growth in GDP during 2013-14 is estimated at 4.9 per cent as compared to the growth rate of 4.5 per cent in 2012-13, according to advanced estimates released by the Central Statistics Office (CSO). The CSO had lowered growth for 2012-13 to 4.5 per cent in its revised estimates from an earlier provisional forecast of 5 per cent.

For 2013-14, the CSO has projected a growth rate of 4.6 per cent in agriculture and allied sectors, up from 1.4 per cent a year earlier. Manufacturing, however, is expected to register a contraction of 0.2 per cent in this financial year compared with growth of 1.1 per cent in the previous year. The latest estimate of 4.9 per cent for 2013-14 implies that the pace of economic expansion improved in the second half, given that GDP grew 4.6 per cent in the April-September period.

According to the advance estimates, the services sector, including finance, insurance, real estate and business services sectors, is likely to grow 11.2 per cent this year compared with 10.9 per cent in 2012-13. Mining and quarrying is likely to contract 1.9 per cent, compared with a 2.2 per cent decline in production a year ago. Growth in construction is likely to improve to 1.7 per cent from 1.1 per cent in 2012-13.

According to the CSO's advance estimates, growth in electricity, gas and water production is likely to improve to 6 per cent in 2013-14 from 2.3 per cent in 2012-13. The trade, hotel, transport and communication sectors are projected to grow by 3.5 per cent, as against 5.1 per cent in the previous financial year. Community social and personal services growth would be better at 7.4 per cent, compared with 5.3 per cent previously. The CSO releases advance GDP estimates before the end of the financial year to enable the government to formulate various estimates for inclusion in the Budget. Per capita income in real terms (at 2004-05 prices) during 2013-14 is likely to attain a level of Rs. 39,961 as compared to the first revised estimate for the year 2012-13 of Rs. 38,856.

The growth rate in per capita income is estimated at 2.8 per cent as against the previous year's estimate of 2.1 per cent, CSO said. Per capita income at current prices during 2013-14 is estimated to be Rs. 74,920 compared with Rs. 67,839 during 2012-13, a rise of 10.4 per cent. Gross Fixed Capital Formation (GFCF), an indicator of investment, is forecast at Rs. 32.2 lakh crore at current prices as against Rs. 30.7 lakh crore in 2012-13.

## **LABOUR MARKET SITUATION IN INDIA**

Integration of world economies post liberalisation and globalisation has accelerated the element of competition in Indian market causing to change in its labour market. Industrial production based occupations have been replaced by knowledge and information based occupations. This metamorphosis has escalated the requirement of skilled labour and highly educated employees in the economy. Rampant establishment of various professional courses and growing enrolments in higher studies has manifested the demand of highly educated and skilled work force in Indian economy.

The ever increasing population has caused paucity of jobs in government sector and alluring high packages being offered in multi-national corporations has grabbed attention of general public towards them. Also, surge of institutes providing professional certificates has widened the job prospects in different genres. 51 per cent of the India's total workforce is self-employed owing to delisting of various public-sector industries, opening doors for privatisation. Repercussion of globalisation can be seen in the form of sprawling Multinational corporations having huge hierarchy i.e. jobs at more levels. Also, segregation of ownership from management has generated more managerial positions and separate departments have been created for managing the vast of operations of these giant enterprises.

Although the threshold of Multinational corporations in India has opened great avenues of employment in Information Technology Sector, still the percentage of self-employed people occupies the major portion of the total employed population of the country.

## **HUMAN RESOURCE MANAGEMENT IN INDIA**

Globalization of Indian economy is compelling organization to rethink their future strategies. It is now widely recognized that transformation is a pre-requisite to their survival and growth. Business organization in India especially public enterprises are experiencing winds of change. For the HR function, there would not be a more existing and challenging opportunity than managing the complexities of change and transformation. HR today is playing a lead role along with business functions in creating the necessary momentum and internal capabilities.

Today, India is more strategically positioned in the global corporate map and Human Resource Management has become more complex. Global perceptions see India's human resource as a highly skilled, dedicated and knowledgeable workforce available at low cost ; hence it has also become a major outsourcing ground. HR concept is evolving in India, from an administrative perspective to a strategic outlook, where HR

professionals focus on improving the work environment. The challenges faced by HR managers in India are naturally evolving with the ever-transforming scenario in Corporate India.

With the evolution of social media, many organizations are becoming more technology-oriented. Preparing the workforce to accept technological changes is a challenge. Indian Companies need to invest in their best employees to develop and sustain leadership qualities. The challenge is to develop individuals who have performance potential of becoming business leaders by imparting them with necessary soft skills.

Globalization requires organizations to move people, ideas, products and information around the world to meet local needs. It has become a challenge for the HR to educate its workforce on how globalization can be leveraged and how an individual employee benefits or affects by it. It is a challenging task for Indian companies to maintain a skilled and productive workforce. India is remarkably a young country with an average age of 28 years. The challenge will be to give right training at the right time which can enable India to generate world's greatest and skilled workforce in coming years.

Retaining talent is one of the major challenges faced by HR Managers in India. Due to economic slowdown, volatility and job insecurity, employees tend to get lured by fancy offers and high remuneration offered by multiple companies. People have gained exposure and their yearning to rise forces them to change organizations very frequently. This makes talent retention and maintaining low attrition rates a major challenge for HR managers.

Change management is the call of the day with big organizations integrating Six Sigma methodologies in their businesses. Change management defines the response of the business to the changing external and internal environment. The industrial growth scenario in India demands that there should be change brought about within all factions of the industry. But there are internal and external forces which resist the change. It is a huge challenge to influence the resisting forces with the organization, manage internal conflicts, motivate them to embrace change and implement the changes.

## **NIPM ACTIVITIES**

NIPM successfully organized the 3<sup>rd</sup> APFHRM Regional HR Conference & 32nd Annual National Conference of NIPM during September 26-28, 2013 at Panaji, Goa, India. Eminent speakers from India and abroad were invited and addressed on the theme "**Challenges – Opportunities : The HR Way Ahead**". Mr. Ernesto G. Espinosa, President, APFHRM, Ms. Lyn Goodear, Secretary General & Treasurer, APFHRM and representatives / delegates from APFHRM Member Countries participated in the International Conference along with Indian delegates. A 14 Member delegation from IPM Sri Lanka also participated in the Conference under the Exchange programme between NIPM-India and IPM Sri Lanka.

NIPM successfully organized the National Award for Best HR Practices 2013 during

the Annual National Conference at Goa. Most of the leading Public & Private Sectors throughout India had participated in this competition and presented their value based best HR Practices and received the awards & Certificate of Merits at the venue of the Conference. Like previous years, the **National Business Quiz – 2013 for HR Students** was also hosted during the Conference and various B-School Students from all over India participated in the Quiz.

As a part of Exchange Programme between NIPM-India and BSHRM-Bangladesh, a 2 Member Delegation Team of NIPM attended the 3<sup>rd</sup> International HR Conference of BSHRM on the theme '**People First**' on 1<sup>st</sup> February, 2014 at Dhaka, Bangladesh.

The Southern Regional Conference of NIPM was successfully organized by NIPM-Madras Chapter on the theme '**The New HR Agenda : Respond, Realign, Reposition**' during November 15-16, 2013 at Chennai, India.

The Eastern Regional Conference of NIPM was also successfully organized by NIPM-Bokaro Chapter on the theme "**Neo-Challenges in Leadership : The HR Mantra**" during 17<sup>th</sup> -18<sup>th</sup> February, 2014 at Bokaro, Jharkhand, India.

NIPM is going to organize a 3-Day National Seminar on the theme "**The Winning Habits of Effective Managers**" during April 25-27, 2014 at Gangtok, Sikkim, India.

In the last quarter i.e. October-December 2013, about 50 no. of professional programmes such as, Conferences, Seminars, Workshops, Lecture Meetings, Inter Chapter Meets, HR Quiz Programmes, HR Conclaves were organized successfully by the NIPM Chapters all over the country for the benefit of HR Professionals / HR Students.



**R. Mohan Das**  
**National President**  
**National Institute of Personnel Management (NIPM), INDIA**