



NIPM

INDIA

Asia Pacific Federation of Human Resource Management

INDIA Country Report

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ECONOMY OF INDIA

The economy of India is the ninth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS. On a per-capita-income basis, India ranked 141st by nominal GDP and 130th by GDP (PPP) in 2012, according to the IMF. India is the 19th-largest exporter and the 10th-largest importer in the world. The economy slowed to around 5.0% for the 2012–13 fiscal year compared with 6.2% in the previous fiscal. GDP growth rose marginally to 4.8% during the quarter through March 2013, from about 4.7% in the previous quarter. The government has forecast a growth rate of 6.1%-6.7% for the year 2013-14, whilst the Reserve Bank of India expects the same to be at 5.7%.

After several decades of sluggish growth, the Indian economy is now amongst the fastest growing economy in the world. Economic growth is currently 8-9%, second only to China. Despite several problems facing the Indian economy many economists point to potential strengths of the Indian economy which could enable it to continue to benefit from high levels of economic growth in the future. India's economic confidence grew by 8 points to 68 per cent in the month of January 2013 as compared to December 2012, making it the second most economically confident country in the world. India's services sector has emerged as a prominent sector in terms of its contribution to national and state incomes, a comparison of the services performance done across the top 15 countries. Moreover, India was among the top 20 real estate investment markets globally with investment volume of Rs. 190 billion recorded in 2012. India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country. In addition, the luxury market in India is expected to reach US\$ 14.73 billion by 2015 from an estimated US\$ 8.21 billion this year, with about 30 per cent of the customers coming from smaller cities.

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LATEST GDP GROWTH WITH ECONOMIC SCENARIO OF INDIA

The Gross Domestic Product (GDP) in India expanded 1.30 percent in the fourth quarter of 2012 over the previous quarter. In India, the growth rate in GDP measures the change in the seasonally adjusted value of the goods and services produced by the Indian economy during the quarter. India is the world's tenth largest economy and the second most populous. The most important and the fastest growing sector of Indian economy are services. Trade, hotels, transport and communication; financing, insurance, real estate and business services and community, social and personal services account for more than 60 percent of GDP. Agriculture, forestry and fishing constitute around 12 percent of the output, but employs more than 50 percent of the labor force. Manufacturing accounts for 15 percent of GDP, construction for another 8 percent and mining, quarrying, electricity, gas and water supply for the remaining 5 percent.

India is expected to record 6.1 per cent gross domestic product (GDP) growth in the current fiscal. The growth is expected to increase further to 6.7 per cent in 2014-15, according to the World Bank's latest India Development Update, a bi-annual report on the Indian economy. While, the Prime Minister's Economic Advisory Panel expects the economic growth rate to increase to 6.4 per cent in 2013-14 from 5 per cent during 2012-13, on back of improvement in performance of agriculture and manufacturing sectors. Indian manufacturing and services sectors expanded more than China in February 2013, for India for manufacturing and services stood at 54.8 in February 2013, whereas it was 51.4 for China.

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

- Indian companies have invested US\$ 1.65 billion abroad in February 2013, according to data released by Reserve Bank of India (RBI)
- Non-resident Indians (NRIs) placed deposits aggregating to US\$ 14.18 billion in the financial year ended March 2013, registering an increase of 19 per cent over the previous year. Non-resident (external) rupee account or NRE deposits with the banking system jumped 85 per cent (rising by US\$ 15.81 billion in FY13 compared to US\$ 8.53 billion in FY12), according to Reserve Bank of India data
- The cumulative amount of foreign direct investment (FDI) equity inflows into India were worth US\$ 191,757 million between April 2000 to February 2013, while FDI equity inflow during April 2012 to February 2013 was recorded as US\$ 20,899 million, according to the latest data published by Department of Industrial Policy and Promotion (DIPP)
- Foreign institutional investors (FIIs) made a net investment (including equity and debt) worth Rs. 168,367 crore (US\$ 30.72 billion) in 2012-13, according to data published by Securities and Exchange Board of India (SEBI). Moreover, US\$ 310.47 million in the equity and US\$ 41.32 million in the debt market were invested by FIIs, as on May 16, 2013, as per the SEBI data

LABOUR MARKET SITUATION IN INDIA

The labour sector of the Indian economy consists of roughly 487 million workers, the second largest after China. Of these over 94 percent work in unincorporated, unorganized enterprises ranging from pushcart vendors to home-based diamond and gem polishing operations. The organized sector includes workers employed by the government, state-owned enterprises and private sector enterprises.

India has numerous labour laws such as those prohibiting discrimination and Child labour, those that aim to guarantee fair and humane conditions of work, those that provide social security, minimum wage, right to organise, form trade unions and enforce collective bargaining. India also has numerous rigid regulations such as maximum number of employees per company in certain sectors of economy, and limitations on employers on retrenchment and layoffs, requirement of paperwork, bureaucratic process and government approval for change in labour in companies even if these are because of economic conditions.

India has over 50 major Acts and numerous laws that regulate employers in matters relating to industrial relations, employee unions as well as who, how and when enterprises can employ or terminate employment. Many of these laws survive from British colonial times, while some have been enacted after India's independence from Britain. India is a federal form of government. Labour is a subject in the concurrent list of the Indian Constitution and therefore labour matters are in the jurisdiction of both central and state governments. Both central and state governments have enacted laws on labour relations and employment issues.

HUMAN RESOURCE MANAGEMENT IN INDIA

One of the noteworthy features of the Indian workplace is demographic uniqueness. It is estimated that both China and India will have a population of 1.45 billion people by 2030, however, India will have a larger workforce than China. Indeed, it is likely India will have 986 million people of working age in 2030, which will probably be about 300 million more than in 2007. And by 2050, it is expected India will have 230 million more workers than China and about 500 million more than the United States of America (U.S.).

The outlook to Human Resource Management in India has witnessed sea-change in last two decades. Economic liberalization in 1991 created a hyper-competitive environment. As international firms entered the Indian market bringing with them innovative and fierce competitiveness, Indian companies were forced to adopt and implement innovative changes in their HR practices. Increasing demand for skilled performers forced the companies to shift focus on attracting and retaining high-performing employees in a competitive marketplace.

Indian companies have realized that in today's competitive business scenario, the quality of people is very much essential for success of the business. In the last few years, the Human Resource has become a key player in strategic planning – it has come a long way from traditional HR operations like managing the recruitment process, handling staff appraisals. One of the challenges HR managers face is issues of upgradation of the skill set through training and development in the face of high attrition. Indian companies are recognizing their responsibilities to enhance the

employee's opportunity to develop skills and abilities for full performance within the position and for career advancement.

Today, most Indian companies are committed to providing equal employment opportunities for all. The employers are increasingly realizing the value of trained human resource, especially women in India. Some organizations are changing their HR policies to stick with their valuable employees. Human Resource Management has taken a leading role in encouraging CSR activities at all levels. Corporate presentations and keeping employees updated through regular newsletters are the instruments used by HR to keep employees energized about the organization's socially responsible initiatives.

Over the last decade, India's vast manpower has played an instrumental role in its economic success story. Indeed, the success of Indian companies is not based on superior access to raw materials or technology or patents, but fundamentally upon human skills. The synergy between the strategic planning and innovative HRM practices will be pivotal as Indian Inc. embarks itself on the global journey.

NIPM ACTIVITIES

Preparation for 3rd APFHRM Regional HR Conference along with 32nd Annual National Conference of NIPM during September 26-28, 2013 at Panaji, Goa, India. Is in full swing. Eminent speakers from India and abroad will deliberate on the theme **“Challenges – Opportunities : The HR Way Ahead”**. We are expecting about 800-1000 delegates to attend this mega event at Goa, India. NIPM is also hosting the APFHRM Board Meeting during the Conference.

As a part of Exchange Programme between NIPM India and IPM Sri Lanka, a 10-Member Delegation of NIPM under the leadership of National Vice-President participated in the National HR Conference of IPM Sri Lanka during June 18-19, 2013 at Colombo, Sri Lanka. Our heartiest congratulation to IPM Sri Lanka for organizing a successful conference and inviting NIPM Delegation to attend the same.

NIPM successfully organized a 3-Day National Seminar on the theme **‘HR Management- Best Practice to Next Practice’** from 07-09th June, 2013 at Shimla, India. Many Senior Executives from Public and Private Sectors all over India attended the same.

In the last quarter i.e. April-June 2013, about 65 no. of professional programmes were organized successfully by the NIPM Chapters all over the country for the benefit of HR professionals. During this period, 117 applicants were admitted as Life Member of NIPM making it total no. of 4000 Life Members.

A large number of B-School Students and Management Students throughout India have shown their interest on the NIPM activities and they have taken Student membership of NIPM.

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