

National Institute of Personnel Management

NIPM - India



Singapore APFHRM Board Meeting

1st November, 2015

INDIA Country Report

Greetings & Best wishes from NIPM India.

1. Current Economic and Political Situation in India

(a) Economy and Labour Market situation in India

India is set to emerge as the world's fastest-growing major economy by 2015 ahead of China, as per the recent report by The World Bank. India's Gross Domestic Product (GDP) is expected to grow at 7.5 per cent in 2015, as per the report. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

According to IMF World Economic Outlook April, 2015, India ranks seventh globally in terms of GDP at current prices and is expected to grow at 7.5 per cent in 2016. India's economy has witnessed a significant economic growth in the recent past, growing by 7.3 per cent in 2015 as against 6.9 per cent in 2014. The size of the Indian economy is estimated to be at Rs 129.57 trillion (US\$ 2.01 trillion) for the year 2014 compared to Rs 118.23 trillion (US\$ 1.84 trillion) in 2013. The economic activities which witnessed significant growth were 'financing, insurance, real estate and business services' at 11.5 per cent and 'trade, hotels, transport, communication services' at 10.7 per cent.

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). M&A activity increased in 2014 with deals worth US\$ 38.1 billion being concluded, compared to US\$ 28.2 billion in 2013 and US\$ 35.4 billion in 2012. The total transaction value for the month of May 2015 was US\$ 3.3 billion involving a total of 115 transactions. In the M&A space, pharma continues to be the dominant sector amounting to 23 per cent of the total transaction value.

- India's Index of Industrial Production (IIP) grew by 4.1 per cent in April 2015 compared to 2.5 per cent in March 2015. The growth was largely due to the boost in manufacturing growth, which was 5.1 per cent in April compared to 2.8 per cent in the previous month.

- India's Consumer Price Index (CPI) inflation rate increased to 5.01 per cent in May 2015 compared to 4.87 per cent in the previous month. India's consumer confidence continues to remain highest globally for the fourth quarter in a row, riding on positive economic environment and lower inflation. According to Nielsen's findings, India's consumer confidence score in the first quarter of 2015 increased by one point from the previous quarter (Q4 of 2014). With a score of 130 in the first quarter (2015), India's consumer confidence score is up by nine points from the corresponding period of the previous year (Q1 of 2014) when it stood at 121.
- India's current account deficit reduced sharply to US\$ 1.3 billion (0.2 per cent of GDP) in the fourth quarter of 2015 compared to US\$ 8.3 billion (1.6 per cent of GDP) in the previous quarter, indicating a shrink in the current account deficit by 84.3 per cent quarter-on-quarter basis. India's foreign exchange reserve stood at a record high of US\$ 354.28 billion in the week up to June 12, 2015 – indicating an increase of US\$ 1.57 billion compared to previous week. Owing to increased investor confidence, net Foreign Direct Investment (FDI) inflows touched a record high of US\$ 34.9 billion in 2015 compared to US\$ 21.6 billion in the previous fiscal year, according to a Nomura report. The report indicated that the net FDI inflows reached to 1.7 per cent of the GDP in 2015 from 1.1 per cent in the previous fiscal year.

Numerous foreign companies are setting up their facilities in India on account of **various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy.** This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP.

The International Monetary Fund (IMF) has forecasted that India will witness a GDP growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. Besides, according to mid-year update of United Nations World Economic Situation and Prospects, India is expected to grow at 7.6 per cent in 2015 and at 7.7 per cent in 2016. As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. The Bank believes India to become the fastest growing major economy by 2015, growing at 7.5 per cent. Furthermore, initiatives like Make in India and Digital India will play a vital role in the driving the Indian economy.

Mr. Narendra Modi, Prime Minister of India is preparing to launch India's biggest overhaul of labour laws since independence in a bid to create millions of manufacturing jobs. The changes, if approved by parliament, would be the biggest economic reform since India opened its economy in 1991. Since taking office in May last year, Mr. Modi has taken a series of incremental steps to make labour laws less onerous for businesses to change the labour market condition in India.

(b) Political Situation in India

- Ever since this government came to power, Prime Minister Mr. Narendra Modi has been vigorously campaigning for the 'Make in India' vision which aims to boost the domestic manufacturing. Mr. Modi is wooing the foreign companies to invest in India. The object of passing the Land Acquisition Bill to speed up the development in five areas, i.e. development of industrial corridors, social infrastructure such as education, rural infrastructure such as roads and power, housing for the poor, and the country's defense capabilities. The ordinance makes land acquisition easier in these areas by exempting them from several provisions of current law.
- In the span of last one year, Mr. Narendra Modi, Prime Minister of India has visited several countries including SAARC Countries, i.e. Australia, Bangladesh, Bhutan, Brazil, Canada, China, France, Fiji, Germany, Japan, Kazakhstan, Kyrgyzstan, Mauritius, Mongolia, Myanmar, Nepal, Russia, Seychelles, Singapore, Sri Lanka, South Korea, Tajikistan, Turkmenistan, United Arab Emirates, United States of America and Uzbekistan. In the SAARC Summit, Mr. Modi raised the issue of terrorism and the development of SAARC Countries for mutual benefit. The objectives of the visit of Indian Prime Minister to the above countries including the SAARC Countries are to enlarge the Friendship and mutual understanding to fight against poverty and terrorism for the world peace.

2. HR Challenges in India

- India has witnessed a revolution in the field of Human Resource. Rapid globalization has made companies realize people are the key to growth, the only strategic resource that any enterprise truly needs. This has led to companies routinely using their innovative HR practices as their USP (Unique Selling Proposition) to keep up with the times in the wake of a rapidly changing labour landscape. Companies now recognize that a 'Highly engaged employee' the key to success, across business sectors.
- The daily reality and the challenges for HR managers in India are truly different from challenges faced in the West. HR professional must be proactive with all strategies and action plans in order to meet the changing needs of the organization. They must be thorough with the basic functions of HR including planning, organizing, leading and controlling human resources. Business environment in India is volatile. There is boom in terms of opportunities brought forward by globalization. Dealing with people from different age, gender, race, ethnicity, educational background, location, income, parental status, religious beliefs, marital status and ancestry and work experience can be a challenging task for HR managers.
- Diverse workforce and retain talents in the organization is a big challenge for HR Managers in India. Bringing change in organizational processes and procedures, implementing it and then managing it is one of the biggest challenges of HR managers. It is really a huge task to understand the psychology of workforce, retain the best talents of the industry, motivate them to perform better and handle diversity for the growth of business.

3. NIPM Projects and Initiatives

Major areas of NIPM-India activities include the following :

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- **National Seminar** : NIPM-India successfully organized a National Seminar on the theme 'Making a Winning Company – Strategies and Actions' during June 12-13, 2015 at Shillong, Meghalaya, India.
- **National Award for HR Best Practices – 2015** : NIPM-India successfully organizing the NIPM National Award for HR Best Practices – 2015. Various leading Public & Private Sectors throughout India are participating in this National competition. The Winners & Runners-up companies of Category "A" & "B" will receive the Award & Certificate of Merits in the Inaugural Session of forthcoming 34th National HR Conference of NIPM-India scheduled to be held on October 08-10, 2015 at Coimbatore, Tamil Nadu, India.
- **Fellowship Awards - 2015** : NIPM-India is regularly conferring Fellowship Awards to its members for their outstanding and meritorious contribution in the field of HR. The Fellowship Awards will be conferred at the venue of 34th National HR Conference of NIPM-India at Coimbatore, India.
- **Best Chapter Awards – 2014-2015** : NIPM-India is also conferring Best Chapter Awards to the Chapters whose contribution has been marked remarkable in comparison to other Chapters in working for the cause of NIPM. The Best Chapter Awards will be conferred at the venue of 34th National HR Conference of NIPM-India at Coimbatore, India.
- **Exchange Programmes between NIPM-India & IPM-Sri Lanka - 2015** : As a part of Exchange Programme between NIPM-India and IPM-Sri Lanka, a 12 Member Delegation of NIPM-India attended the National HR Conference 2015 of IPM-Sri Lanka during June 16-17, 2015 at Colombo, Sri Lanka. A 12 Member Delegation of IPM-Sri Lanka have also been invited in the forthcoming 34th National HR Conference of NIPM-India scheduled to be held on October 08-10, 2015 at Coimbatore, Tamil Nadu, India.
- **Exchange Programmes between NIPM-India & BSHRM-Bangladesh - 2015** : As a part of Exchange Programme between NIPM-India and BSHRM-Bangladesh, a 3 Member Delegation of NIPM-India attended the 4th International HR Conference 2015 of BSHRM-Bangladesh on 28.02.2015 at Dhaka, Bangladesh. A 3 Member Delegation of BSHRM-Bangladesh have also been invited in the forthcoming 34th National HR Conference of NIPM-India scheduled to be held on October 08-10, 2015 at Coimbatore, India.
- **National Business Quiz – 2015** : NIPM is regularly organizing a National level Business Quiz along with the National HR Conference. The Business Quiz is focusing on HR issues along with business. The participants are the students of leading Business Schools of India specializing in HR. The final Round of the National Business Quiz – 2015 will be held on 8th October, 2015 at Coimbatore, India during the National HR Conference – 2015 of NIPM-India.
- In the last quarter i.e. April-June 2015, about 61 nos. of professional programmes such as, Conferences, Seminars, Workshops, Lecture Meetings, Executive Committee Meetings, HR Quiz Programmes, HR Conclaves were organized successfully by the NIPM Chapters all over the country for the benefit of HR Professionals / HR Students.

4. Scheduled Conference & Seminar

- The biggest event of NIPM, the 34th National HR Conference will be hosted on the theme '**Winnovate HR for Business and People Aspirations – Pause, Ponder, Predict and Prepare**' during October 08-10, 2015 at Hotel Le Meridian, Coimbatore, Tamil Nadu, India. some renowned International and National Speakers will share their views and ideas in the forthcoming Mega Conference.
- **Scheduled Seminar** : NIPM-India is going to organize a National Seminar on the theme '**Managing for Excellence – Be Different, Do Different**' during December 2015 at Pondicherry, India.



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