

INDIA: Political, Economic, Employment trends Overview

Political

When India opted for constitutional democracy in 1947, few gave it much of a chance. India's diversity was overwhelming and it was home to some of the world's poorest. But India's democracy has succeeded beyond the expectations of even the most optimistic and fared far better than that of similarly placed countries.

The 16th general election held in 2014 once again demonstrated the faith of most Indian citizens in democracy.

For the first time ever, the Bharatiya Janata Party (BJP) won an outright majority. It was also the first time in 30 years that a single political party has won power on its own. The last five years had seen a particularly dysfunctional Indian National Congress led coalition, characterised by policy paralysis and allegations of massive corruption.

The new foreign policy doctrine has four main elements. First is pursuing a foreign policy of enlightened national interest. This is arguably the recognition that the narrow pursuit of self-interest in an interdependent world can lead to suboptimal policy outcomes.

Second is the idea that India will help to build and strengthen a democratic, peaceful, stable and economically interlinked neighbourhood. The presence of South Asian heads of government at the swearing-in of Modi and his cabinet was encouraging.

Third is Modi's emphasis on soft power, explained through yet another Modi alliteration, the 'five Ts': trade, tourism, talent, technology and tradition. Translating this into reality will require real effort.

Fourth, the Modi doctrine suggests a policy of 'multi-alignment' with all the great powers: China, Japan, Russia, the United States and European Union.

If the government can deliver on the promises made, Modi will make history. If he lets himself be distracted by divisive social issues or is provoked into adopting zealous nationalism, he will prove his critics right.

India requires stability and peace within the South Asian neighbourhood and beyond for at least the next decade to emerge as a great power. During that period it is best not to get dragged into external conflicts, assume leadership or prominence on the international stage, or attract too much attention. That is Modi's biggest challenge.

Economy

The Economy of India is the seventh-largest in the world by nominal GDP and the third-largest by purchasing power parity. The country classified as newly industrialized country, one of the G-20 major economies, a member of BRICS and a developing economy with approximately 7% average growth rate for the last two decades. India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing the People's Republic of China.

The long-term growth prospective of the Indian economy is moderately positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy, The Indian economy has the potential to become the

world's 3rd-largest economy by the next decade, and one of the largest economies by mid-century.

And the outlook for short-term growth is also good as according to the IMF, the Indian economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.3% in 2014-15 and expected to grow 7.5-8.3% in 2015-16.

India has the one of fastest growing service sectors in the world with annual growth rate of above 9% since 2001, which contributed to 57% of GDP in 2012-13. India has capitalized its economy based on its large educated English-speaking population to become a major exporter of IT services, BPO services, and software services with \$167.0 billion worth of service exports in 2013-14. It is also the fastest-growing part of the economy. The IT industry continues to be the largest private sector employer in India. India is also the fourth largest start-up hub in the world with over 3,100 technology start-ups in 2014-15. The agricultural sector is the largest employer in India's economy but contributes to a declining share of its GDP (17% in 2013-14). India ranks second worldwide in farm output. The Industry sector has held a constant share of its economic contribution (26% of GDP in 2013-14). The Indian auto industry is one of the largest in the world with an annual production of 21.48 million vehicles in FY 2013-14. India has \$600 billion worth of retail market in 2015 and one of world's fastest growing E-Commerce markets.

India's two major stock exchanges, Bombay Stock Exchange and National Stock Exchange of India, had a market capitalization of US\$1.71 trillion and US\$1.68 trillion respectively as of Feb 2015, which ranks 11th & 12 largest in the world respectively according to the World Federation of Exchanges. India also home to world's third largest Billionaires pool with 97 billionaires in 2014 and fourth largest number of ultra-high-net-worth households that have more than 100 million dollars.

India is a member of the Commonwealth of Nations, the South Asian Association for Regional Cooperation, the G20, the International Monetary Fund, the World Bank, the World Trade Organisation, the Asian Infrastructure Investment Bank, the United Nations and the New Development BRICS Bank.

Employment

We are observing a constantly changing business environment, globalization, talent and regulatory landscape, both in the demand and supply side where HR is at the epicenter of these changes. India is a human resource powerhouse and this makes the role of HR in our country even more critical. The trends in this space have been evolving rapidly over the last decade and are expected to continue the momentum in the years to come. A multi-generational and diverse workplace, the new war for talent, rapidly evolving technology innovations and the evolution of new strategic talent solutions – all these factors are playing in tandem to transform HR and thrust it beyond its current confines into a much more strategic function.”

Randstad Talent Trends Report – HR Game Changers reveals key findings that would impact the HR landscape in 2015 and beyond:

The shifting workplace:

- 70% of HR leaders opined that managing a multi-generational workforce is one of the biggest challenges they face
- 54% of HR leaders in India think that more women in leadership will be a critical success factor for organizations
- 47% of HR leaders mentioned that they factor in independent contractors as part of their talent acquisition strategy
- 78% of HR leaders think organizations will need to create greater flexible working options to attract the increasingly mobile workforce

The new war for talent:

- 76% of HR leaders in India feel that the 'War for talent' is getting fiercer than ever and the term still accurately reflects today's business and talent environment
- Aptitude to do the job, skills related to the position and personality & cultural fit are the top three most important criteria for HR leaders when assessing potential talent
- 61% of HR leaders feel that a strong employer brand and reputation of an organization is the most critical factor to be successful in attracting top talent

Unrelenting technology innovation:

- The biggest challenge that talent leaders face in Indian organizations is keeping pace with rapidly evolving technology to enhance workforce productivity and performance. 79% of HR leaders feel the same.
- 59% of HR leaders mentioned that they are currently using online social and professional networks to directly contact professionals who may not be actively job seeking. 56% of them use these networks promote their employer brand
- 54% of the surveyed HR leaders mentioned that their respective organizations will be investing in careers website over the next two years

Roadmap to HR transformation:

- 69% of organizations in India are more focused on employer branding than they were five years ago
- Only 2% of HR leaders in India undertake their workforce planning 2-5 years in advance
- 61% of HR leaders mentioned that they use talent and workforce analytics as part of their talent strategy and workforce planning process

The evolution of new strategic talent solutions:

- 43% of HR leaders believe that talent scarcity will increase the need to completely outsource talent sourcing
- 64% of talent leaders are looking at more advice, research and information around HR transformation and the new model for HR to support their talent acquisition strategy in the coming years