

Convert ordinances into laws to speed up growth

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Shiv Agarwal, MD, ABC consultants & founder of HeadHonchos.com, the online job & career portal tells Shailendra Tyagi that government's reformist intent and encouraging policy gestures has set the stage for India to take that leap forward. Converting ordinances into laws, he adds, would indeed speed up the process of growth and the consequent jobs creation.

Q: When PM Modi took over the reins in May last year, (you) HeadHonchos said that we are at least two quarters away from seeing a reasonably good pick-up in the jobs market. Are we seeing the suggested vibrancy in the job market now?

A: The fact that we, as a recruitment company, are busier now than what we have been a year ago means that the job market is definitely up from where it was two or three quarters ago. But is it booming? No. The growth in the job market is yet to become steady. The growth depends on economic recovery. Most people that we speak to are very bullish and find government's policy intent to be quite encouraging. The way Prime Minister Modi has been wooing the global investors is quite remarkable. Investors from Japan, USA and elsewhere are waiting at India's doorstep now. But to actualise such investment into India, many things still need to be done on the ground. The most important move which would give confidence to the investors is to convert the newly enacted ordinances into laws. I expect 2015 to be year of governmental actions and I expect to see more vibrancy in the job market.

Q: Going forward, may we expect the growth in jobs market to be spectacular?

A: Since the country's (economic) base has become bigger, so expecting a spectacular phase of growth may be too ambitious. I think that it would be a steady growth for the next two or three years. And let me assure you that there is nothing wrong with the steady phase of growth provided it is consistent.

Q: Hiring is said to be the lag indicator of growth. Where (sectors) do you find those indicators to be strong and which sectors are yet to become vibrant?

A: The sector that is hiring actively now is banking. Retail banking is growing and the new licenses that are expected to be rolled out would further propel that growth. I think internet and mobile technologies are a very hot area now and there is a massive demand for professionals there. E-commerce is also growing and we are also seeing some pickup in real estate, infrastructure and healthcare but the ones which are not looking very exciting are engineering, FMCG and education.

Q: Government's "Make in India" vision claims to have the potential to make the manufacturing sector as the biggest creator of jobs. But the latest IIP data does not give much confidence as far as growth in manufacturing is concerned. What policy signals should the government be giving in the forthcoming budget to make manufacturing as the bellwether sector for creating the needed jobs?

A: The government's encouraging policy gestures and reformist intent has made this budget the most awaited one. The perception among stakeholders is that 2015 would be the year of fewer state elections which means that the government would be more focused on reforms. Obviously there would be a certain section within the industry looking for sops from the budget but most stakeholders have pinned their hopes on the transparent and stable policy regime. The government is doing many positive things (land reforms and labour reforms) and its focus on the ease of doing business would ensure the success of "Make in India" campaign. My gut feeling is that everything is set for us to take that leap forward but is it happening as we speak? No, because investors are still nervous and wants to see these (copious) ordinances converted into laws.

Q: India's Information Technology sector remains an export driven industry. Do you think that Modi's "Digital India" and "Smart Cities" campaign might create enough technology demand internally in India?

A: Absolutely. Smart city and Digital India are great ideas. If the concerns around the ease of doing business are properly addressed, it would give a huge fillip to attract more investment in making our cities smarter. And not only the big companies but even the SMEs are expected to build customised solutions for India's internal (technological) demand. This would create more jobs in that vertical.

Q: In the context of recent layoffs in the technology space, it seems that the current HR policies of many leading organizations favours recruiting younger (and cheaper) workforce and are biased towards older (experienced staff). Do you think this to be the symptom of slower economic growth forcing companies to cut their operational costs?

A: When times are difficult everyone tightens their belt, be it a company or a family. I think most layoffs in India tend to be around performance. So when times are good then companies let go of the bottom 5% of their performers but in difficult times these bottom five becomes the bottom 10%. I think companies especially in the technology space are trying to reduce their bench strength and have a more just-in-time approach to hiring. I do not see this as an older versus younger argument. What is important is the balance that companies would need to get between the more energetic (younger) and the experienced (older) staff. Moreover, with automation and technological progress, production processes have become more efficient making companies a bit more efficient with regard to using their manpower. So there may or may not be a perfect correlation between the companies revenues and the jobs creations. It all depends on the nature of the sector. In manufacturing this correlation would be quite strong while in technology firms it may be a bit weaker.