

The great Indian talent hunt

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Praveen Bhargav can't believe his luck. Having passed out less than a year ago with what he thought was a pretty worthless civil engineering degree; he now gets an offer a month. "I thought I'd made a mistake not doing IT but now I thank god for that 'wrong' decision," says Praveen, who's with a Delhi-based start-up that caters to the infrastructure construction design needs of an American firm.

Praveen and other graduates may be elated at the spurt in job offers and wages but Corporate India isn't celebrating. Instead, it's busy trying to cope with an unprecedented demand for workers with the right technical and leadership skills. According to McKinsey's estimates, India's factories will need 73 million workers by 2015 — which is 50 per cent more than today. The Nasscom McKinsey Report predicts India will confront a huge shortage of skilled workers in the next decade, particularly in the BPO industry.

But how can this be when half the 1.2 billion population is under 25 and there are 40 million unemployed? When India, touted as having an inexhaustible supply of cheap, skilled labour, churns out 3.6 million graduates every year?

It's not that jobs are scarce, it is just that most of the passouts are unemployable," says K Pandia Rajan, managing director of recruitment firm Ma Foi which has conducted an employment survey mapping 17 sectors.

"Their language skills make me want to forget what I have learnt," says a Gurgaon-based call centre trainer brandishing a letter from an employee. "Please grant me leave as I have a heart (sic) in my stomach," it read. Fluency in English apart, managers complain that graduates lack analytical and problem-solving skills. "The problem is our education system is biased towards IQ rather than EQ. People are not hired for knowledge alone, they also need other skills to tackle a competitive environment," says Ronesh Puri, MD of head-hunting firm Executive Access.

Puri isn't talking about the IITs and IIMs which produce India's technological and managerial elite. For, it's the foot-soldiers that emerge from lesser-known institutes who're needed to pilot the economy to greater heights. And that's where the bottlenecks are emerging.

IT/ITES

It's been an out and out success story so far. The offshore industry alone has grown roughly threefold between 2000 and 2004, from \$4 billion to \$12.8 billion, accounting for 6per cent of the increase in GDP. That's not all: the IT and ITES industries directly employ around 700,000 people and provide indirect employment to approximately 2.5 million. But there's a cloud on the horizon: skill shortage. "The quest for workers is creating a talent crunch that some believe might dull India's competitive edge in outsourcing," says a McKinsey report.

Currently, only around 25per cent of technical graduates and 10-15per cent of general graduates are suitable for employment in the ITES industry. Nasscom president Kiran Karnik says, "Projections show that by 2010, the IT/ITES sector will need a workforce of 2.3 million to maintain its current market share. However, there will be a potential shortfall of nearly 0.5 million qualified employees and 70per cent of this will be in the BPO industry alone."

Another study by Evalueserve, a Gurgaonbased KPO, predicts that as language-sensitive KPO/BPO work gains ground, there will be openings for 160,000 foreign-language professionals by 2010, but only 40,000 Indians will be available to fill these vacancies.

In fact, the crunch has already started showing. Karnik says of the 100 people who apply for a job in the BPO sector, less than 20 are good enough.

Airlines

The tarmacs are crowded but the job sector isn't. With India's airlines set to add 450 to 500 new planes by 2010, 2,000 additional pilots will be required, points out Kapil Kaul of the Centre for Asia Pacific Aviation. And if you count flight despatchers, maintenance engineers and others on the critical skill list, the number will go up to 10,000.

"There is reason to be worried. The skill shortage could limit the growth potential of the sector," adds Kaul, who feels that both industry and government are just not doing enough. "Setting up a couple of institutes won't help and neither will getting staff from overseas. The latter option will result in higher operating cost and since India's USP is that staff cost is low, this may lead to a slowdown," he warns.

Retail

As mom-and-pop shops are replaced by hypermarts and malls, the retail sector is expected to create 150,000 to 200,000 jobs in 2006. And that's not counting indirect employment. Pantaloon Retail, which already makes over 500 recruitments a month, says it has to rely on inhouse training and tie-ups with colleges. "There is no readymade talent so business houses like us have to do the job that educational institutes should do," says Sanjay Jog, HR manager.

Engineering/Manufacturing

India's premier engineering firm Larsen & Toubro needs 2,000 engineers a year but making up the numbers isn't an easy task. Thanks to competition from the Indian IT industry as well as MNCs, quality talent is scarce. "Just look at the demand. The IT industry alone is estimated to hire about 50,000 fresh engineering graduates per year over the next four to five years. No wonder the market for young talent is so competitive," says M S Krishnamoorthy, executive vice-president, corporate HR & Personnel, in L&T.

ABB's HR head P C Rajiv points out that more than a shortage, it is a case of matching skills to needs. "Half the country's population is below the age of 25 but harnessing this resource is the challenge," he says. The power-equipment maker conducted an online recruitment test last year, making instant job offers to those who performed well.

Banking/Insurance

Manpower Inc, whose hiring forecast is strongest for India of the 23 countries surveyed, says finance and insurance besides retail will be the big employer in 2006. Agrees ICICI's Ram Kumar, "It's a booming sector and there's no doubt that manpower demand will go up sharply." So what's the strategy? Tapping second and third-rung MBA institutes as well as tie-ups with educators to offer banking diplomas.

"If we give manpower the right attention, we should be exporting talent in financial services in four to five years," he says.

Telecom

With the sector growing at around 70per cent every year, the demand for skilled manpower is rising exponentially. Experts say employment is expected to rise by 30per cent over the next year alone. Already, there's a shortfall of about 10per cent in areas like telecom engineering. It's a problem that telecom giant Bharti woke up to as far back as 2000.

Says vice-chairman Rakesh Bharti Mittal: "The Bharti School of Telecommunication Technology and Management was set up in collaboration with IIT Delhi to meet the need for trained management as well as technical professionals."

But for a sector that already employs 5 million people, that may just be a drop in the ocean