

# India's Borderless Workforce

A Manpower India White Paper developed in collaboration with Dr. Laveesh Bhandari and Payal Malik, Indicus Analytics

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# Executive Summary

India is already a major player in the global workforce and the momentum of growth within the country is increasing talent mobility domestically. While India's demographics present the country with the potential to become the most prominent contributor to talent migration over the coming decades, a number of challenging and complex issues need to be addressed to transform this potential into reality.

Manpower's recently published white paper on the Borderless Workforce: 2008 highlights the great churn that is taking place in international labour markets. Workers are migrating permanently or on a short term basis, with the same company or changing employers, and changing occupations in search of career progression and improved lifestyles. Companies, in turn, are hiring internationally – sometimes for employment in a single location and sometimes moving their employees across national borders. The world may not yet have become flat, but it is rapidly becoming borderless.

A significant contributor to this phenomenon, India is exporting talent internationally in a big way and is considered to be an imminent 'threat' around the world. India, of course, is not alone. As many of the world's economies are faced with aging populations, India finds itself with a youth bulge. Given its demographics and a rapidly growing educated and English speaking workforce, India is emerging as a major supplier of international talent.

Internally, with aggregate national economic growth averaging eight percent per annum, but characterised by large regional variations, better work opportunities in some states are attracting those willing and able from other parts of the country. IT professionals of Tamil descent form a large part of the Bangalore story, labour from Bihar is benefiting agriculture in Punjab, large numbers are moving from rural to urban areas in search of better earnings and lifestyles.

The growing mobility of labour in a global economy and the consequential impact on population and demographics, coupled with increasing security concerns, are underlining the importance of good migration management policies to transform this into an efficient, orderly and transparent process. The question is no longer restricted to whether migration should or should not be allowed, but is shifting to the question of how to manage migration effectively to enhance its positive effects on development while mitigating any negative impact (MOIA, Annual Report, 2007-08).

Migration has enormous potential to contribute to development and alleviate poverty for a country like India, but the process needs to be understood better if policies are to be put in place that maximise gains from migration. What will be the consequences of large scale international migration of skilled workers and professionals on India's own talent needs and development? With 65 percent of the population currently engaged in agriculture and with less than ideal opportunity for education, training, and development of soft skills, how will a major chunk of the population be included in the benefits? How will India's growing workforce be turned into a more employable one?

The issues involved are multiple and complex, and through this paper Manpower will help clarify the challenges and opportunities of talent mobility in a fast growing economy such as India. The analysis looks at the scale and scope of migration – both within and cross borders. It goes on to review the impact and challenges in a number of areas such as talent availability and employability of the workforce, the social and political issues to consider, and the volatility caused by economic downturns that we are currently experiencing. The paper takes a look at the gains and costs of migration and makes suggestions on what more could be done by key stakeholders such as employees, employers, and Government. Suggestions for building on what is already being done to convert India's demographic dividend into a competitive advantage are provided in conclusion.

# Scale and Scope of Migration

The willingness of people to move from place of residence to another location is usually driven by economic and lifestyle aspirations. This is true internationally, as well as in India. However, the core engine that powers migration is that of employment, and there are many different characteristics contained in this broad term. Manpower recognises this (Borderless Workforce: 2008). There are different categories of workers, blue collar and white collar, with quite different aspirations and patterns of movement. There is another divide between skilled and unskilled employees. There are two kinds of borders – international borders, of course, but also national boundaries – geographical or social - that affect the movement of people and jobs.

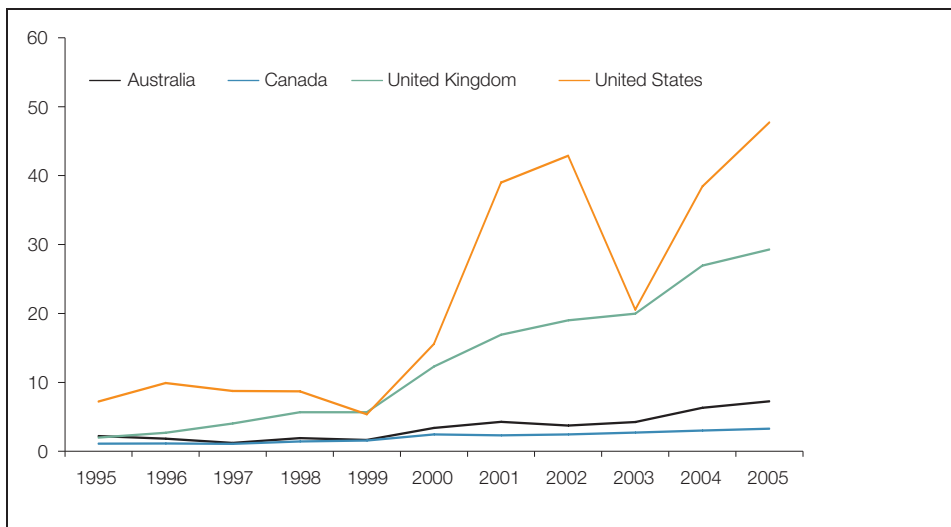
This is changing rapidly. Destinations such as Australia, New Zealand, and Singapore are also attracting Indian professionals. In the past, it was the construction worker that characterised Indian talent movement to non-English speaking countries. Now countries in Europe, as well as Japan, are becoming major recipients of Indian skilled talent. In the Gulf, skilled talent migration is steadily becoming as important as that of the unskilled.

## International Skilled Migration

It is estimated that under a million people migrate out of India in any given year. As per various government documents there are about five million Indian migrants working internationally. Other estimates put the figure higher at about six million. Indian talent migration, therefore, is creating a significant impact on both the host country as well as on India. Traditionally, the major destinations for highly skilled Indian migrants have been the US, UK and Canada and that for unskilled, semi-skilled labour - and of late, professionals too – have been the high income countries in the Gulf.

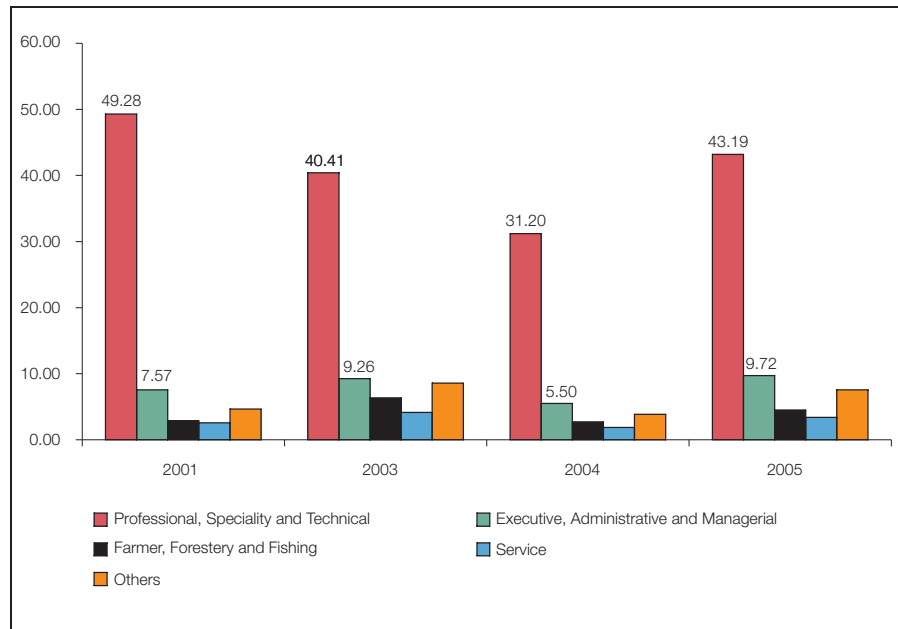
The following graphs illustrate the trends:

Figure1: Inflow of Indian Workers into Principal Destination Countries



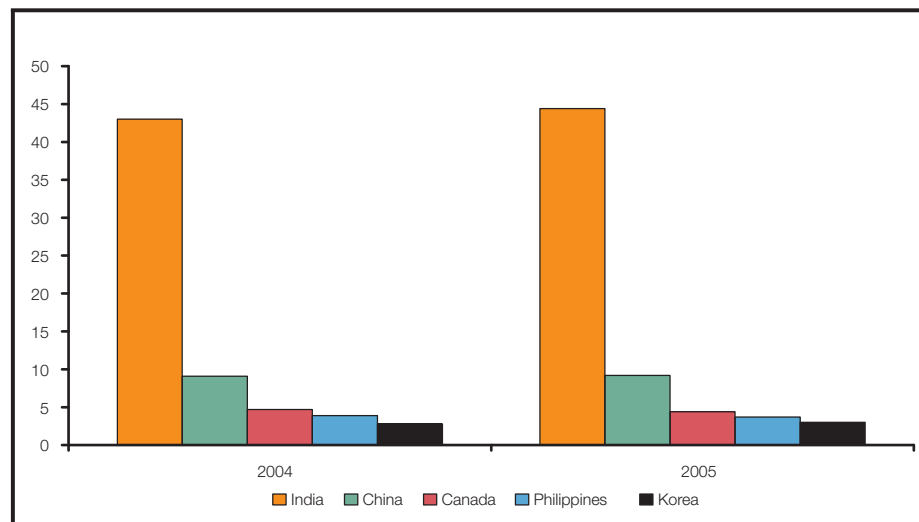
Source: OECD

Figure 2: Occupational Profile of Indian Permanent Residents in US



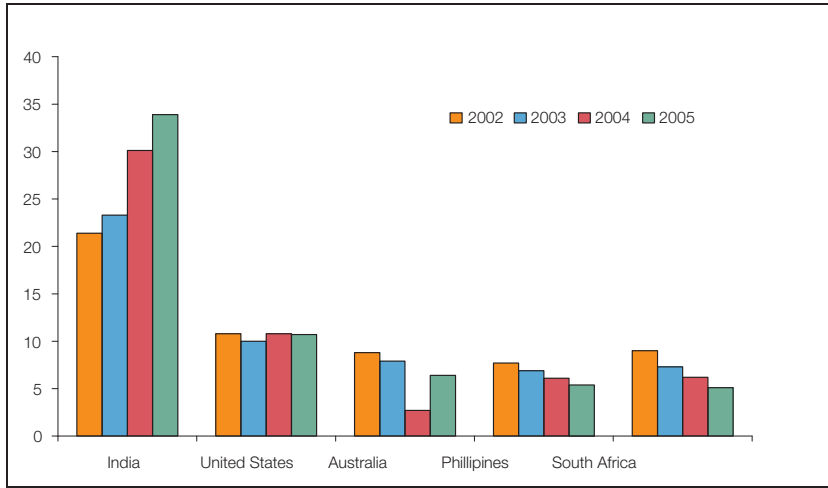
Source: Profile on Legal Permanent Residents, www.dhs.gov

Figure 3: Percent Share in H-1B Visa Approvals



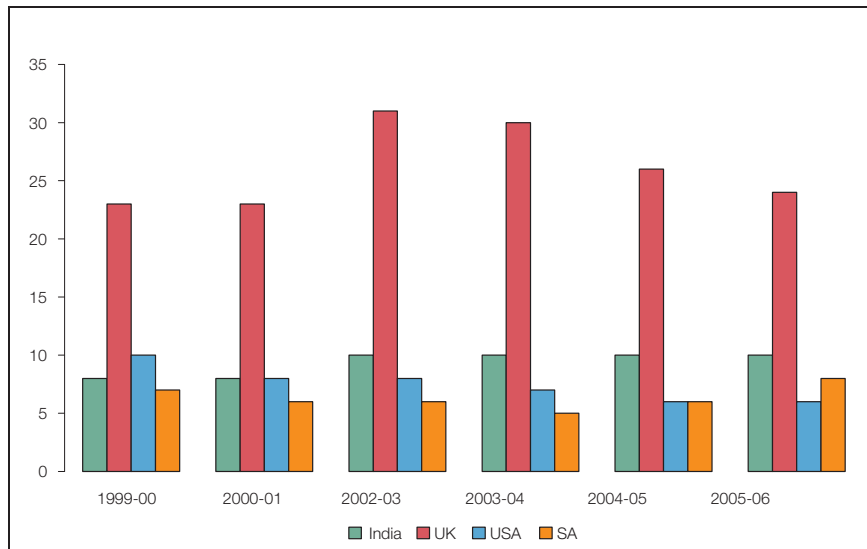
Source: Sasikumar and Zakir Hussain, 2006

Figure 4: Percent Share of Top Countries with UK Work Permit Issues



Source: Sasikumar and Zakir Hussain, 2006

Figure 5: Percent Share of Temporary Skilled Visa Grants, Australia



Source: Population Flows: Immigration Aspects, Department of immigration and citizenship, Australia.

In a very short period of time India has become one of the top sources of talent in a number of developed countries.

None of this would have been possible without international governments actively recognising the important role that talent mobility plays in their countries. Apart from having stagnating and ageing workforces, employers in developed countries need easy access to the 'best and brightest' from around the world to attain a competitive advantage in international markets. For example, in the nineties, the expansion of the US H-1B programme, that targets specialty occupations, was justified on these grounds. (Martin 2003). US immigration data indicates that nearly 75 percent of all of the systems analysts and programmers are from India. Across all recipients of new H-1B visas, India was the leading country of origin, comprising almost half of all of the new arrivals in 2005. A number of other governments have also taken significant steps to increase the inflow of Indian skilled talent into their countries.

India leads in work permits issued to foreign nationals in the UK, having surpassed the USA from 2001 onwards. The majority of the work permits issued in the UK are acquired by IT and health professionals. Temporary business visas that are nominated by employers in Australia display a similar pattern. In the year 2005-06, India accounted for 10 percent of these visas. In this case, top occupational groups were also in IT and IT related fields, though these sectors are not the only beneficiaries of Indian skilled talent migration. Physicians of Indian origin accounted for one in every 20 doctors practising medicine in the US. India is also the country of origin of 27,809 of the 68,836 registered doctors in the UK who earned their medical qualification outside the European Union (GMC, UK 2008). India is also the second biggest exporter of nurses to the UK, after the Philippines.<sup>1</sup>

Migration of Indian talent to non-English speaking developing countries is also increasing. Significant numbers of Indian professionals are now heading towards new and emerging destinations in continental Europe and east Asia. It is estimated that more than 60 percent of those (primarily IT specialists) who have been admitted under Germany's Green Card Scheme since 2000 are Indians. Also, nearly 10 percent of the total number of IT engineers admitted to Japan during 2003 were Indians (Sasikumar & Zakir Hussain, 2006).

This is only the beginning of a long term trend. With demographics indicating an ageing and stagnating workforce in most developed countries and some developing countries, the need to supplement domestic talent with that from other countries will only increase.

## International Low-skilled Migration

The bulk of migration taking place from India is unskilled labour. There are about five million overseas Indian workers in this category all over the world. The Gulf has traditionally been the recipient of a large number of semi- and unskilled workers, and the numbers continue to grow. More than 90 percent of these workers are in the Gulf countries and south-east Asia. Figure 6 depicts the annual outflow of labour from India. The outflow of workers has been rising consistently since 2000.

<sup>1</sup> Mixed feelings among Indian doctors as NHS turns 60, Deccan Herald, July 6, 2008

Figure 6: Annual Labour Outflows from India

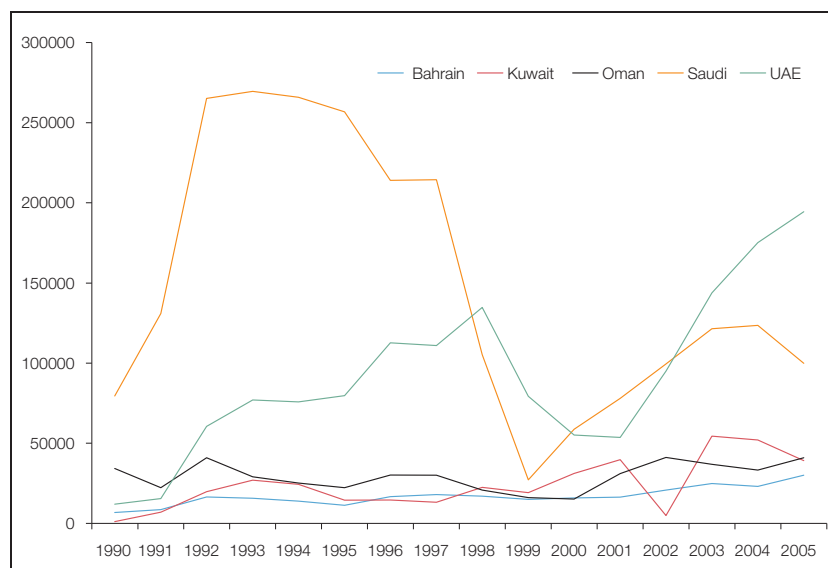


Source: Annual Reports, Ministry of Labour, GOI, Various Editions

*[Note: This data pertains to workers requiring emigration clearance. The emigration permit is mandatory for unskilled and semi-skilled labour before leaving the country.]*

According to the MOIA, Annual Report 2007-08, about 670,000 workers emigrated from India with emigration clearance in 2006. Of this figure, about 255,000 workers went to UAE and about 134,000 to Saudi Arabia. Outside the Gulf region, Malaysia is also emerging as an important destination for Indian labour - approximately 36,000 workers migrated to Malaysia that year. This is yet another example of new locations opening up for Indian talent

Figure 7: Annual Labour Outflows to Gulf Countries



Source: Annual Reports, Ministry of Labour, GOI, Various Editions

Although about 70 percent of the Indian migrants to the Gulf has comprised semi-skilled and unskilled workers, the skilled and white collar category is becoming more and more significant in recent years (Khadria, 2006).

This follows the economic structure of the host countries. In the years following the oil boom, large infrastructure investments and those in basic industry led to the creation of great opportunities for low skilled labour. However, with the advancement of the Gulf economies, requirements are increasingly focused on services and high value added activities. Indian government statistics reveal that the socio-economic profile of Indian migrants to the Gulf has been shifting since the late eighties.

Consequently, countries such as the U.A.E. are also focusing on the skilled and professional categories. Apart from doctors, engineers, architects, bankers and accountants, many white collar workers are now working in government offices and public sector enterprises. Other workers are engaged in gold, electronics, motor spare parts or textile trades, construction and hotel and restaurant management (Indian Council of World Affairs, 2001).

Despite this trend in the Gulf, the overall numbers of migrating low skilled workers are increasing. These semi-skilled and unskilled workers are mostly temporary migrants who return to India after their employment contract expires. Figure 7 shows the annual outflow of labour to GCC countries.

## Migration within India

There are many factors that drive migration but the bulk of domestic migration is for employment. Though more than half of women who migrate do so due to marriage

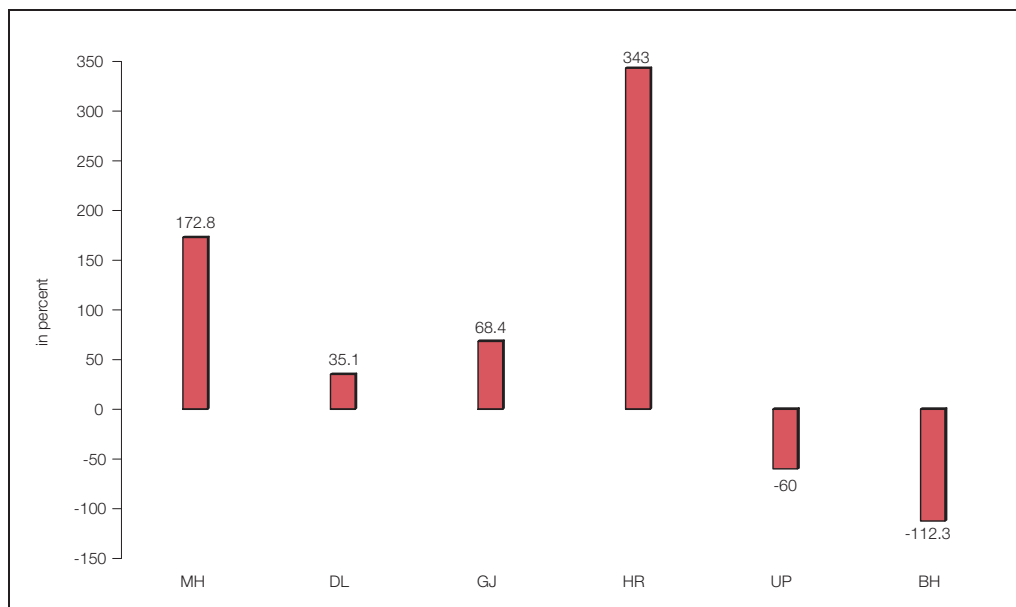
and many children migrate with their parents, most choose to relocate on a long-term basis for employment opportunities (Bhandari, 2007). Unlike international migration, government intervention plays little role in controlling the domestic movement of workers in India, as is the case in most countries. Locations that have higher incomes and more creation of opportunities tend to be the largest receivers of migrants. Conversely, states that have low incomes and low economic growth tend to be the net suppliers of talent.

Consequently, states such as Gujarat, Haryana, Punjab, and Maharashtra are among the largest net receivers of migrants. And low per capita income and low growth states such as UP and Bihar are the leading sources of migrating workers. Maharashtra tops the list with 3.76 million net inflows of migrants, followed by Haryana (1.46 million) and Gujarat (0.81 million). On the supply side, Bihar (-2.89 million) and Uttar Pradesh (-1.44 million) lead as major states with net outflows of migrants.

Growth of net migration in some states has been phenomenal. Net migration in Haryana increased about 3.5 times during 1991 to 2001. To a large extent, this was due to the rapid growth of areas surrounding Delhi – Gurgaon being one of them. It almost doubled in Maharashtra during the same period. Gujarat (68%) and Delhi (35%) were other territories which experienced large increases.

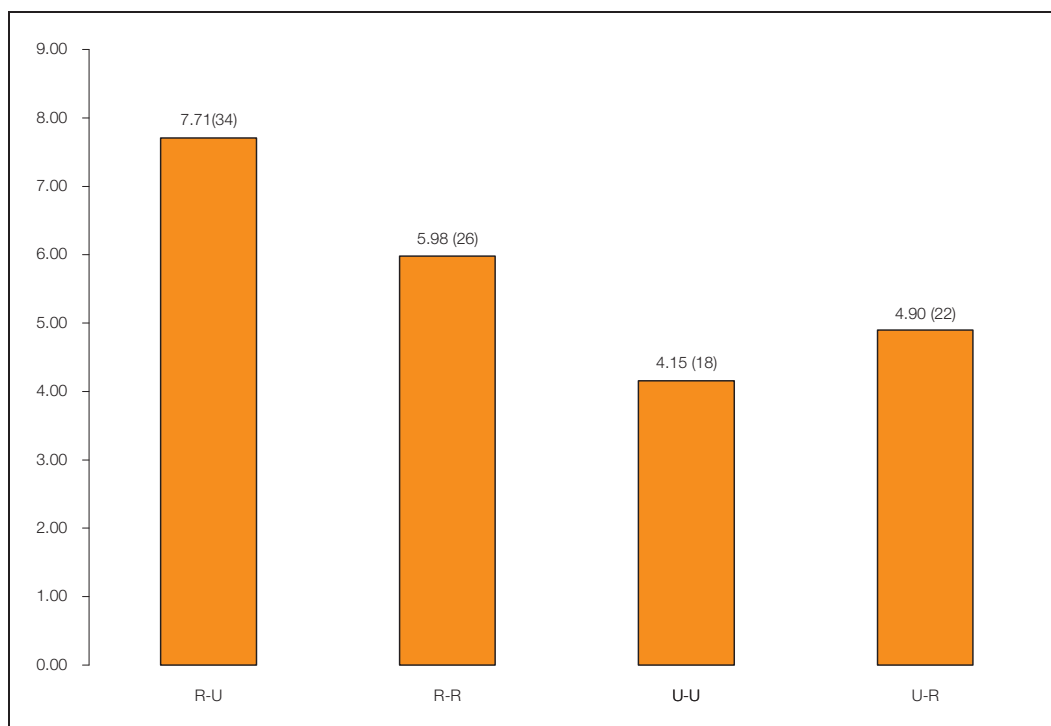
Among the major cities, as many as 16.4 percent of the total population of Delhi consisted of migrants in 2001 (arrivals in the period 1991-2001). Greater Mumbai and Bangalore followed at 15 and 13.4 percent respectively. These are among the most rapidly growing urban centres in post reform India.

Figure 8: Growth of net migration of workers in selective states during 1991 to 2001



Source: Census of India 2001. Data highlights, migration tables.

Figure 9: Distribution of interstate migrant workers (in millions)



Source: Census of India 2001. Note: R-U: Rural to Urban; R-R: Rural to Rural; and likewise. Note: figures in parenthesis are percent of total

Rural to rural inter-state migration is also not insignificant (about 26%). Such migration is characterised by extremely low or no education levels, low skills, and agriculture related occupations. Urban migration on the other hand is more likely to occur among those who are relatively better skilled and educated. As a result, manufacturing, trade, and services such as finance tend to be the more likely occupations.

# Impact and Challenges

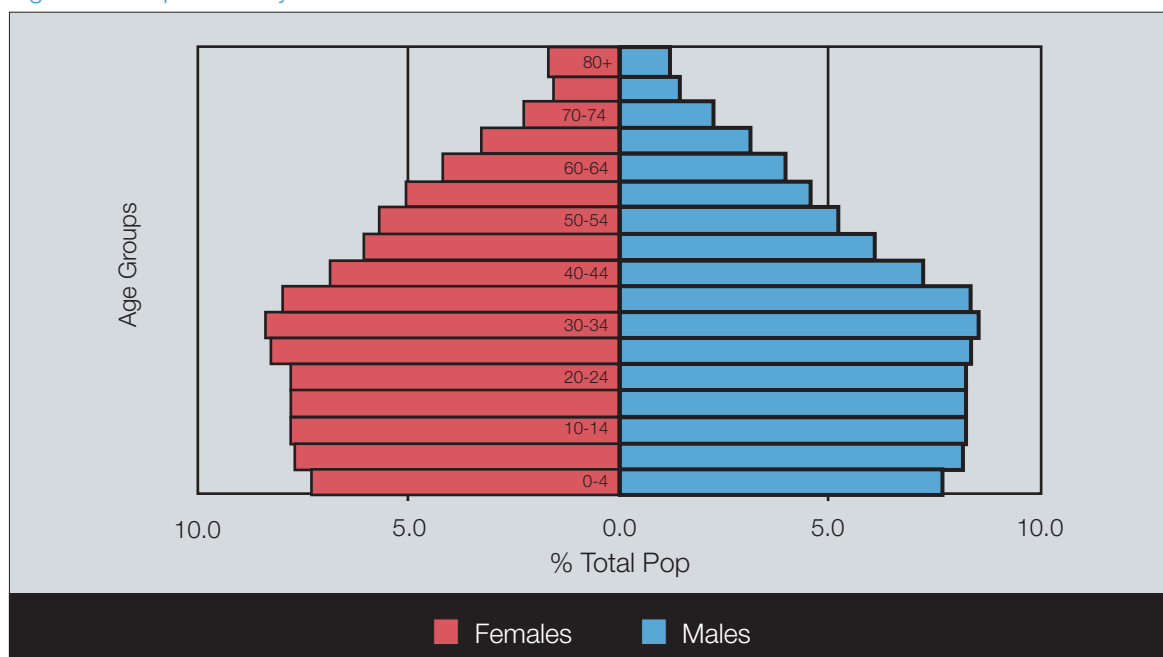
## Demographic Dividend and Talent Shortage

India is perhaps the only nation which will have a young workforce amidst a large number of ageing economies around the world in the coming decades. It is estimated globally that there will be a skilled manpower shortage of 56.5 million by 2020 and if India prepares itself properly, it could have a skilled manpower surplus of approximately 47 million by 2020<sup>2</sup>. This presents India with a unique opportunity to harness this dividend through skills development of the youth and other initiatives.

touched very few. The Eleventh Plan document of the Government of India reports that among persons aged 15-29 years, only about two percent are reported to have received formal vocational training and another eight percent reported to have received non-formal vocational training.

India's transformation to a knowledge economy and the associated change in profile of employment opportunities has created a supply and demand gap in skills, particularly in the new economy sectors.

Figure 10: Population Pyramid 2026



Source: Report of the Technical group on population projections constituted by the National Commission on Population, May 2006

The numbers are large and the potential scale is massive. The population for the age group 15-60 years is expected to increase by 114 percent by 2025 and estimated growth in the population sector having education at diploma/certificate/graduation level or above would be as much as 237 percent. Growth in the population sector having education at secondary level or below is likely to be at 170 percent.

In spite of this, India does not currently have the training and education infrastructures that can meaningfully convert this demographic profile into an employable dividend. On the one hand, skill shortages are due to the general academic orientation of the education system, leading to low levels of employability of the educated. Moreover, 90 percent of school students drop out at different stages with very few reaching higher education levels. Even for the less educated, vocational / skills training opportunities have

Compounding matters, the old economy sector also faces shortages of skills. A recent industry survey by the Federation of Indian Chambers of Commerce and Industry sheds light on the emerging skill shortages scenario in the country. The survey highlights the large requirement of skilled workers on the one hand and world class professionals on the other. For instance, the IT sector may face a shortage of 500,000 technology professionals by 2010. Also in the education sector, a 25 to 40 percent shortage of faculty members in disciplines such as engineering, management, economics and computer science in central universities is anticipated. The survey further calls attention to the talent shortages in sectors like health, engineering/heavy equipment industry, insurance, automotive industry, mining, textiles, civil aviation, environment and oil and gas. It is clear that current and anticipated future talent shortages exist across a wide range of sectors in India's economy.

<sup>2</sup> Eleventh Plan Document, Volume I, Planning Commission, Government of India.

- 80% of new entrants to the workforce have no opportunity for skills training. Against 12.8 million new entrants per annum to the workforce the existing training capacity is 3.1 million per annum.
- About 2% of India's existing workforce has skills training compared to 96% in Korea, 75% in Germany, 80% in Japan, and 68% in the United Kingdom.
- 38.8% of the Indian labour force is illiterate, 24.9% of the labour force has had schooling up to the primary level and the balance 36.3% has had schooling up to the middle and higher level.
- About 80% of the workforce in rural and urban areas does not possess any identifiable marketable skills. Structure and absence of quality consciousness are said to be major reasons for the current state of affairs.

*Eleventh Plan Document, Vol I, Planning Commission, Government of India*

## *Social and Political Issues*

Rapid growth in one province can be sustained if it can draw on the skills of other states. But there is the possibility of a negative outcome as well. Rapid migration may change the social and cultural characteristics of a particular area. This can create dissatisfaction among members of the local community.

Moreover, as migrants are often willing to undertake the same task at a lower wage than demanded by locals, it also creates competition between the two groups. This can result in dual irony in high growth regions. While migrants are able to find jobs that allow a better life, local residents find it difficult to find desired work and remain unemployed. The taxi drivers in Mumbai are a very good case in point. Locals are more familiar with the city, and therefore should generally be better at this job than migrants. Driving a taxi, however, requires irregular working hours, is physically and mentally taxing, and is not the most desirable of jobs for local youth. Consequently, most taxi drivers in Mumbai are migrants.

The combination of these two forces can cause tension between locals and migrants, and India has seen such situations in the recent past. There is the added risk of political escalation. If not dealt with in a mature manner, there is potential harm for the migrant as well as the host economy and community.

All large cities of the world and all successful economic centres have a history of inclusivity. Those which have tried to control the entry of people from other cultures have limited their own economic potential and growth.

This is an aspect of domestic migration that India will have to come to terms with. Currently, less than a third of India resides in its cities; this will shortly be greater than half. Large numbers will move from low growth to high growth states and from rural to urban centres. The more differences between two areas, the more rapid the migration will be. If this is not handled properly, the ramifications would be negative.

- Only 5% of the Indian labour force in the age group of 20-24 has received vocational training whereas the percentage in industrialized countries is much higher, varying between 60% and 80%.
- The illiterate and literate up to primary level of education constitute a very high proportion of the existing work force, the two together account for nearly 67% of the workforce#.
- The educated without professional skills constitute 69% of the total unemployed.
- 90% of school students drop out at different stages.
- Only 2.5 to 3 million vocational education and training places are available in the country.

*Report of The Working Group on Skill Development and Vocational Training, Eleventh Plan, Planning Commission, GOI*

## *International Slowdown*

Over the past few months, the global economy has very rapidly turned from a high growth phase to one of low or even negative growth in many countries. As the first few quarters of the recession pan out, firms across the world will decidedly reduce new hiring, and even lay off talent. According to the UN Secretary General, migrant workers in construction and tourism are losing jobs in affected countries and remittances have slowed. In his speech at the Second Global Forum on Migration and Development in Manila, Mr. Ban Ki-moon has urged governments to cooperate across borders to exploit the benefits of the migration process even under such conditions.

According to the Director General ILO, the current crisis would hit sectors such as construction, automotive, tourism, finance, services and real estate the hardest. Mr. Somavia also noted that the new projections 'could prove to be underestimates if the effects of the current economic contraction and looming recession are not quickly confronted.'

In other words, the jobs will once again come at a premium. Governments across the world will be pressurised to build barriers against international talent. In times like these, inward looking immigration policies may be populist responses, but the dynamics of migration are so strong that the governments may not make such knee-jerk reactions. Indians have started to feel the heat of the slowdown with many top-end entry level international job offers being revoked. Although there is likely to be a short to medium term impact on talent mobility, the longer term view of increased worker migration remains strong.

# Gains and Costs of Migration

## Gains

### *Remittances*

Migration, whether domestic or cross border, results in a better matching of a person's inherent ability with employment and income options. This results in greater productivity, output and earnings. The net result is a win-win situation where all three – the employer, the employee, and the family – benefit. The success of the Green Revolution in the states of Punjab and Haryana was dependent upon cheap agriculture labour from states such as Bihar and Uttar Pradesh. While hard data on domestic repatriation is unavailable, there are many examples in low growth, low income, states where families have been able to beat the poverty trap on the back of migration. However, some indirect evidence deduced from surveys on migration and consumption and employment / unemployment by a research study showed, in 1992–93, that 89 percent of permanent migrants sent remittances. The percentage of all rural households receiving remittance income is also fairly high – in some regions of the country, one-quarter to one-third of households receive remittances.

Remittances are also the most immediate and tangible benefits of international migration. India was the largest recipient of workers' remittances, which amounted to US\$ 27 billion in 2007. Incidentally, remittances have outstripped net foreign direct investment and official financial flows into India. With the profile of the migrants changing to the highly skilled, remittances are only expected to increase further.

Non-Resident Indian (NRI) deposits, for which incentives have been provided for attraction, have been the other main source of attracting savings of Indian migrants. Though it is debatable, in this era of free and fair markets, whether the NRI should benefit from special privileges, the fact remains that the NRI deposits have contributed significantly to the large foreign exchange surpluses that India enjoys (S.K. Sasikumar and Zakir Hussain, 2007).

### *Brain Gain and Brain Circulation*

The rapid expansion of IT and the IT-enabled industry in India during the last decade is also encouraging a large number of Indians to return and set up business ventures, especially in key IT center in India like Bangalore. Such a trend of to and fro movement of professionals and ideas constitutes 'brain gain'.

It is estimated that at least 35,000 IT professionals have returned to either work in IT companies or set up business enterprises in Bangalore alone (S.K.Sasikumar and Hussain, 2005). A recent comprehensive survey of India's software industry showed strong evidence of brain circulation, with 30 to 40 percent of the higher level employees in India having relevant work experience in a developed country (Commander et al., 2004). About a third of GE India's R&D staff has returned from the U.S., while IBM India identifies half of the company's PhD researchers as returnees.

In Pharma R&D as well, the evidence is very much in line with that in the IT sector. A survey conducted by Duke and Harvard university researchers in India found that a majority of the PhDs in drug discovery by sector leaders such as Ranbaxy, Dr. Reddy's Laboratories, and Aurigene, received their degrees in the USA (Harvard Law School, 2007).

Moreover, NRIs temporarily returning to India as intra-company transferees of multinational corporations facilitate the smooth setting up of FDI entities, acting as facilitators that smooth the wrinkles that surface in matching different work cultures. Though, specific experiences apart, return skilled migration remains relatively limited and is often more a consequence than a trigger of growth in the home country. Companies like Yahoo, Hewlett Packard, and General Electric opened operations in India largely because of the confidence infused by the presence of many Indians working in their U.S. operations.

<sup>3</sup> Ravi Srivastava and S.K. Sasikumar 'An overview of migration in India, its impacts and key issues', Migration development pro-poor policy choices in Asia, 2003.

## Costs

### *Brain Drain*

Unless there is a clear surplus of skills and human capital, large scale migration indeed has the possibility of creating an enormous shortage of resources. It should be recognised that a large majority of migrants do not return. This is true for both domestic, as well as international migration, and is aptly reflected in the high rates of urbanisation growth within the country, as well as permanent work visas and citizenship granted to cross border migrants from India.

The government, at the central, state, and local levels, as well as private institutions, invests substantial amounts in education and health. In the case of professional and high human capital, the investment is significantly higher than for a low skilled worker.

When considering talent migration, the new paradigm of 'brain gain' and 'talent circulation' may be relevant in some fields for India but in others, like higher education, medicine and healthcare, this is not the case. As teachers, doctors, nurses and medical professionals leave the country, they create a serious gap in service.

### *Exploitation by Middlemen and Agents*

Both domestic and international migrants are at risk of exploitation and fraud by agents/contractors/employers and since new migrants are not accustomed to their environments, it is difficult for them to access institutions of law and justice. In some cases language barriers also adversely affect access to such institutions.

### *Access to Basic Services*

Migrants, particularly those who relocate within India, find it hard to access public facilities. This includes access to healthcare, education, ration shops, clean water and sanitation facilities. This is mainly because migrants lack basic identification and proof of residency, which is important for accessing basic public amenities (Laveesh Bhandari, 2007). Language barriers can often compound the problem.

A study on the vulnerability of workers in an industrial area in New Delhi revealed that in the absence of proper observation of existing labour rights, migrant labourers are subjected to hazardous working environments. Working conditions in industries like cotton mills, small tile factories, and salt fields expose migrant workers to occupational hazards such as lung ailments, body aches and skin diseases. In many cases, lack of knowledge of workers' rights combined with limited access to facilitating institutions, causes undue hardship and exploitation to migrants.

# Role of Stakeholders

## Government

Governments are increasingly recognising that talent migration can contribute to overall economic development in many ways and this is heightening their sense of urgency and responsibility to facilitate this process.

### *Turning 'Demographic Dividend' into 'Employable Dividend'*

For India to benefit from the opportunities that are emerging in the world, the Indian workforce needs to be appropriately educated, trained and skilled. The government recognizes this and apart from rapidly increasing expenditures on education, is also instituting a number of vocational and skills development programmes. However, given the scale of the issue, these efforts alone are unlikely to solve the problem. For this reason, ensuring greater private sector entry into the educational and vocational training sector will be critical. The establishment of international educational and skills development organizations needs to be encouraged and facilitated.

### *Safe Migration*

Complaints of cheating intending migrants by unauthorised agents, and exploitation and mistreatment by foreign employers are often filed. Other such malpractice complaints include substitution of contract, underpayment and delayed payment of wages, and denial of contractual facilities.

One way to begin to address this problem would be to review the Emigration Act of 1983 and to clearly delineate the roles and responsibilities of critical stakeholders including central government, Indian Missions, Protector General of Emigrants and recruiting agencies and employers. Even more important would be for government to reinforce the implementation of the Act.

### *Identification, Database and Information*

Domestic migrants require proper identification of temporary residence, as that can then help them seek welfare and other services. This is currently an issue in India, as local government services such as basic health and education are inaccessible for the large numbers of domestic unskilled migrants. A proper registration system that identifies the migrant and his/her family as such needs to be established in order to grant them

access to these services. This proper documentation would also facilitate access to the judicial and policing systems.

International migration has a different set of issues. The migrant at times requires support from Indian embassies. Gaining an understanding of activities and occupations of Indian migrants would enable better support when necessary on the part of the government and its agencies internationally.

### *Bilateral agreements and liberalisation of policies*

In the absence of the liberalisation of Mode Four (Movement of Natural Persons) in the WTO negotiations, there is another option available to increase the scale as well as the scope of India's migration. Opening up India's borders to skilled international professionals, improving the spread of technologies in India, and deepening its economic networks would facilitate greater talent migration from India overall.

### *Implementation and tightening of laws dealing with domestic migrants*

There is a range of laws governing the rights of migrants within the country. Although these laws exist, they are imposed infrequently. Documentation of prosecutions and dispute settlements has been very weak (Srivastava, 2003). The laws need to be made in line with the three imperatives of a globalising economy: minimize controls on free movement of people and goods within and outside the country, reinforce implementation of fundamental rights of migrants and their employers, and ensure that proper enforcement of the laws occurs.

Overall, the role of the government needs to be to create an ecosystem that enables the efficient matching of the skill sets that workers have to offer with those that employers require, irrespective of the locational differences. This would require smooth and safe movement of individuals and employers across national and international borders, establishment of enabling organisations such as educational and vocational training institutions, as well as a legal and regulatory regime that protects property, life and liberty for all while minimising regulation and procedural bottlenecks.

## Employers

Employers, whether large or small, hiring internationally or domestically, and seeking high or low skilled talent, will continue to face significant challenges in terms of availability of specific skill sets. There are measures that they can take to try and mitigate the problems. There are instances of corporations experimenting with various scalable options such as training. Whether sourcing talent for Indian operations, or for international ones, such training at the start would help employers reduce costs and increase productivity in the long run. Employers, both Indian and international, that have recognised this, are taking a range of actions that would (a) reduce the difficulties in accessing appropriate talent, and (b) ensure that the demographic dividend plays out as an employment dividend as well. The efforts can be divided into three sub-domains, namely (1) Academia-Industry partnerships, (2) In-house training and (3) Enabling institutions of learning and skills development.

### *Academia-Industry partnerships*

Recognising the need to access appropriately trained manpower, one of India's fastest growing banks, ICICI, has partnered with 27 professional institutes to hire 100,000 trained people over the next five to seven years. In the IT sector, Infosys has similarly partnered with Vishveshwarya Tech, which operates 135 engineering colleges in the country. The company also provides software training modules to students of engineering colleges through its 'Campus Connect Programme'. IBM is building such partnerships and attempting to spread the use of open source software (OSS) in academic institutions. This will help the company source from India, OSS skill sets that are hard to find internationally.

Such academia-industry partnerships help build an ecosystem where the supply is targeted to the demand for specific skill sets. It enables firms to source talent internationally, and is a strategy best suited for their Indian operations.

### *In-House training*

Across almost all sectors - services, infrastructure, and manufacturing - companies are training new hires in-house before putting them on to productive tasks. For instance, management trainees in Hindustan Unilever undergo an intensive 12 month cross-functional training programme before they start work. India's largest automobile maker, Maruti Udyog, spent close to Rs 80 million in 2006 on training its employees across levels. One of India's largest IT companies, Wipro, has a project management academy where managers undergo an intense six month programme comprised of 20 behavioural models ranging from interpersonal relations to leading subordinates.

L&T has set up construction skills training institutes where students who have successfully passed their 10th and 12th class examinations are given training in masonry, carpentry, electrical work. Unlike the above examples, these students may not be hired by L&T, but may be employed as subcontractors for its projects.

Yet, others are using their international affiliates and branches. Accenture, for instance, follows a job rotation system and sends its highest performing senior managers to different offices around the world where senior Accenture leaders coach them.

This 'brain circulation' helps in the spread of knowledge and methods across the organisation, and at the same time, ensures that a strong and deep base of skills and competencies are developed within an organisation.

# Conclusion

India is sitting on what is potentially a great opportunity. The sheer size of its population, and particularly the age profile over the next few decades, gives the country a singular advantage. India has traditionally been a source of unskilled and semi-skilled labour. Over the past few decades, the migration of skilled workers and professionals has grown exponentially. Within the country, the movement of workers from less developed regions to faster growing states is increasing. Yet, ironically, the chronic shortage of talent for employers is in India. This is being aggravated with the country's transformation to a knowledge economy. Employees with in demand skills see multiple opportunities, while those lacking relevant skills and training find themselves either underemployed or unemployed. While many employers are aware of these challenges and are making investments in attracting, developing and retaining talent, they are largely unable to keep pace with the increasing talent mobility. The government is facilitating the growth and spread of education and building of skills sets, as well as curbing worker exploitation. The issue here is one of intensifying efforts with the participation of all stakeholders.

For employers, recognition of talent migration as a business challenge should lead to other actions. Identification, classification and prioritisation of talent requirements needs to be done as part of the strategic business planning process. Shortlisting sources of supply is a logical next step. In doing so, employers need to recognise, and indeed many are, that the right talent may not always be available locally. Import is therefore becoming a necessary option. The dilemma is determining how many to induct, and in what categories, on a permanent basis. Creating a pipeline for 'on demand' talent is becoming more and more of a necessity. Providing training and exposure will need to be continuing areas of focus. Expanding the talent pipeline, through partnering academia, is a building block for the future. To achieve this, corporations and industries would do well to consider having their processes managed professionally in these areas, with support from an employment services firm.

This paper has already covered the high level of awareness of issues related to talent migration at the government level. A number of commendable measures have been taken or are underway by government to protect migrant talent through selective legislation where

necessary. The most critical challenge, however, lies in sponsoring and facilitating the education, training and building the skills of the millions of young people who, as a result of legacy and location, continue to remain outside the circle of opportunity. A number of initiatives are currently underway in these areas with government sponsorship, but a look at data from the Planning Commission shows that so far only a fraction of the target population has been covered. The gigantic scale and challenges of such a people development initiative calls for a concerted effort with the involvement of all stakeholders, aided by experts with international experience.

There are other areas where government intervention is seen as a necessity. To eradicate trafficking and exploitation, export of talent, particularly of unskilled and semi-skilled labour, should only be conducted through recognised agencies. With migration becoming truly borderless, India will need to look at working bilaterally with other governments to ensure safe and transparent migration, and reciprocate by finding a way to smooth the processes for inward movement of talent. Within the country, as local migration continues to grow, there is need for consensus building to manage social issues and tensions.

From the individual's perspective, when considering job changes, it is always advisable to go through channels that are bonafide and recognised. Furthermore, those with marketable skills appear to be currently well-positioned; yet it is worth bearing in mind that existing skills may not be in demand indefinitely. Employees, even those who are well placed and with sought-after skills, would do well to periodically assess the marketability of these skills and invest in upgrading them. Doing so will ensure the individual remains fit for the race and an attractable candidate to employers both within and across India's borders.

India's demographics point to the country being a major player in international talent mobility. The country's economic growth will create huge demands for diversified skills and require smooth movement of workers nationally, as well as abroad. Participation of all stakeholders is critical to making this opportunity a reality.

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