



ONLINE JOB MARKET IN INDIA

THE YEAR IN REVIEW

Introduction

India: Challenges and Implications

The Indian economy has recently gone through major structural changes with implementation of radical reforms such as the Goods and Service Tax (GST) and Demonetisation. Though, these initiatives were aimed at strengthening the economy, as short-term impact of these policy reforms, the economic growth rate tapered on one hand, and hiring sentiment was impacted on the other. According to official data, India's GDP growth in the Q4'16 fell to 6.1 percent, primarily because of demonetisation adversely affecting economic activity. At the same time 1.52 lakh casual workers lost their jobs according to the quarterly report of the Labour Bureau. Data released by the Centre for Monitoring Indian Economy (CMIE) shows that India lost 9 million jobs between October 2016 and October 2017.

The short-term impact of GST and demonetisation appears to be dissipating gradually. The economy is looking up; various international agencies have forecasted a 7 percent plus growth for the country in 2018. In fact, June quarter outdid estimates and recorded an economic growth of 8.2 percent; the highest in two years. Industrial growth recovered with the Index of Industrial production (IIP) registering an impressive growth rate of 7.5 percent in January 2018 as compared to 2.4 percent in January 2017. During April-June 2018, IIP grew at 5.2 percent compared with 1.9 percent in the same period last year. Construction activity rebounded strongly, growing 8.7 percent in April-June, from 1.8 percent in the same quarter last year. As per official data released by the Ministry of Commerce and Industry, exports have also exhibited brisk growth; cumulative value of exports for the period April-August 2018-19 expanded by around 16 percent over the same period during 2017-18. At the same time, hiring intent and the rate of job creation also picked up. According to India Skill report (2018), 49 percent employers are positive on hiring and indicate 7-10 per cent growth in jobs this year.

Nevertheless, providing gainful employment to its burgeoning workforce continues to be the biggest challenge for India. More than 54 percent of India's total population is below 25 years of age (India skill report, 2018). The annual demand for new jobs in India is estimated at 12-15 million, leaving India with a shortage of between 4-7 million jobs each year (CII). Growth alone will not be enough to attain the higher employment rates argues a report by the World Bank. According to the report, if employment growth per percentage point Gross Domestic Product (GDP) growth remains the same, India would need to grow at 18 per cent per year to ensure employment to its workforce.

In addition, as the employment landscape changes rapidly with technological advancement, automation, and adoption of artificial intelligence (AI) in various spheres; there is the impending fear of labour displacement. India Skill Report 2018, however, argues that these initial disruptions will not only improve the productivity of jobs in the long-run but also create many new positions of highly skilled, management and even the entry-level and low-skilled variety. According to research firm Gartner, 1.8 million jobs will be eliminated by 2020, but 2.3 million new jobs will be created by then. Nevertheless, building a skilling system that responds well to business needs and opens opportunities for people is pertinent.

In this paper, we assess online recruitment demand and trend in the country more recently, basis the Monster Employment Index (MEI) results. In doing so, we attempt to capture the key sectors that are creating jobs and the skills which are growing in demand. We also look at the regions where jobs in India seem to be more concentrated.

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Overview of Online Recruitment

Indian recruitment market was at its lowest in 2013. However, business friendly and stable government brought in a new ray of hope among people and business equally in 2014. The job market opened up, registered an annual growth of 17 percent that year supported by increasing demand in most sectors. Keeping with the momentum, job creation rate in 2015 was 33 percent year-on-year (YoY); Q3 (41 percent) and Q4 (52 percent) witnessed steepest increase in online recruitment activity over the same quarter in the previous year.

The year 2016 started on a positive note as well; Q1'16 registered 46 percent increase in hiring over Q1'15. However, with rising global uncertainty due to several developments at the international level

such as shifts in the US economic policies including H1-B visa issue, political uncertainty in Europe and volatile oil prices, job creation rate eased thereafter. At the domestic level, 'demonetisation' in November 2016 and the implementation of GST in July 2017 tightened the job market further. Employers adopted a cautious approach to hiring. Overall, there was a 24 percent growth in online recruitment in the year 2016 followed by 12 percent growth in 2017. Online recruitment registered a YoY growth of 5 percent during January-September 2018 as per the MEI estimates. Clearly, online demand weakened in spite of a positive growth trend; down from 13 percent in Q1'18 to 5 percent in Q2'18. In fact, Q3'18 witnessed de-growth of (-) 4 percent.

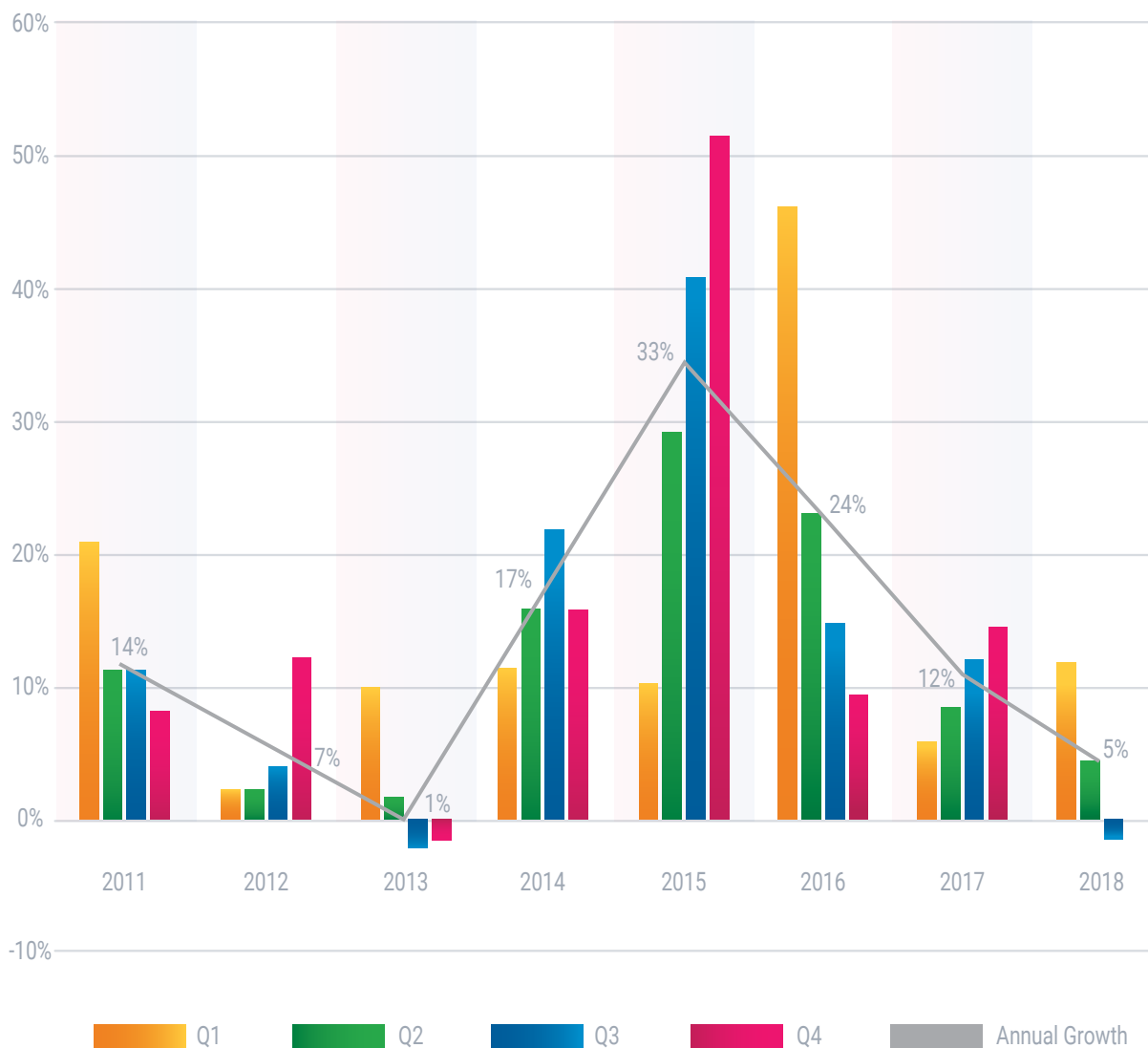


Chart 1: Online Recruitment Trend in India (YoY%)

Industry Recruitment Trend



Production and Manufacturing emerged as the most actively hiring sector in 2018 registering a 54 percent increase in e-recruitment activity, YoY. At its lowest in 2017, the sector saw de-growth of 8 percent. Online demand in the sector picked up in Q4'17 (22 percent) registering the first positive growth following series of decline since Q3'16. The sector has been charting progressive growth since; 44 percent in Q1'18, 53 percent in Q2'18 and 65 percent in Q3'18. This is in alignment with the national economic trends. According to, the Nikkei India Manufacturing Purchasing Managers Index, India's manufacturing sector activity in June grew at the strongest pace this year supported by rise in domestic and export orders.

Home Appliance sector followed closely charting a 39 percent growth in online recruitment activity while Automotive/ancillary (21 percent) and Consumer Good (16 percent) ranked seventh and ninth in terms of increase in e-recruitment activity between January and September 2018 on the backdrop of rising disposable incomes, emerging middle class and progressive government reforms. As a part of schemes such as 'Digital India' and 'Make in India', there has been a rise in electronics manufacturing in the country. The electronics sector and defence, given that India has the third largest defence budget in the world, is anticipated to drive jobs creation in the country.

Recently, Samsung electronics opened the world's biggest mobile phone manufacturing plant in the country. The consumer electronics company Haier expects to generate direct employment for 3,950 people as it invests Rs 3,069 crore to establish manufacturing units at an industrial township in Greater Noida, UP. In similar lines, the Volkswagen group is looking to create up to 5,000 direct and indirect jobs through setting up of the engineering centre in Pune and creation of additional capacities in the already existing plants. Also, under the Make in India initiative, 'Train 18' is being built at the Integral Coach Factory (ICF) in Chennai. A recent PricewaterhouseCoopers (PWC) report suggests that domestic home appliance and consumer electronics market would grow by 10 per cent on a compounded annual growth rate till 2022.

Retails sector has also exhibited impressive growth in e-recruitment this year. The sector recorded a growth of 23 percent during the first three quarter of 2018 up from a job creation rate of meagre 4 percent during the corresponding period in 2017, according to the MEI. The sector has been charting double-digit annual growth rates consistently since February 2018. Recruitment activity on the year surpassed the corresponding period a year-ago by 48 percent in August 2018; the highest YoY recorded since February 2016. Retail in

India is one of the fastest growing industries, several factors have contributed towards the growth of the sector including shift towards organised retail, new business models and innovation, changing demographics, government's move to allow Foreign Direct Investment (FDI) coupled with the growing consumer demand. Accounting for nearly 10 percent of the country's GDP and around 8 percent of employment, the sector is expected to create more jobs in the coming years. According to the National Skill Development Corporation (NSDC), India's retail sector will need a workforce of around 56 million and will have one of the highest incremental human resource requirements till the year 2022. Furthermore, 20-25 percent of the workforce in the retail sector would be deployed in jobs that have radically changed skill set requirements in the next five years (FICCI¹ -NASSCOM² and EY³ report).

Hiring demand in IT sector, on the other hand, has moderated significantly over the past years. As per MEI, the sector registered a modest growth of 19 percent in 2017; down from a high of 55 percent YoY growth in 2015. The first half of 2018 has seen a growth of 14 percent. At 8 percent, the sector witnessed most restrained growth in Q2'18. Online recruitment activity in the sector snoozed 2 percent below the corresponding period a year-ago in July 2018; this is the first negative YoY growth recorded in the sector since September 2013. Overall, Q3'18 saw a de-growth of (-) 2 percent vis-à-vis the corresponding quarter in 2017. Clearly, shift in the

nature of work brought in by newer technologies such as artificial intelligence, data analytics, machine learning and migration to the cloud and platform-based applications have cut hiring demand in traditional IT services. This once again reinforces the need for building a strong skilling and reskilling system to equip prospective and current workforce for future jobs, to be created mostly in the high-tech sector.

As a part of schemes such as 'Digital India' and 'Make in India', there has been a rise in electronics manufacturing in the country.

E-recruitment in Banking/ Financial Services, Insurance sector has been steadfast. YoY, the sector registered the strongest growth at 41 percent in 2017. Post demonetisation, massive thrust by the government to promote cashless transactions through digital means gave a major boost to the sector. According to a survey, the sector topped the ranks of industries which were positive on hiring; the report projected a job growth of 10.57 percent in the sector in the first half of 2017. While BFSI continues to rank among the top 10 hiring sectors registering a growth of 28 percent in the first half of 2018;

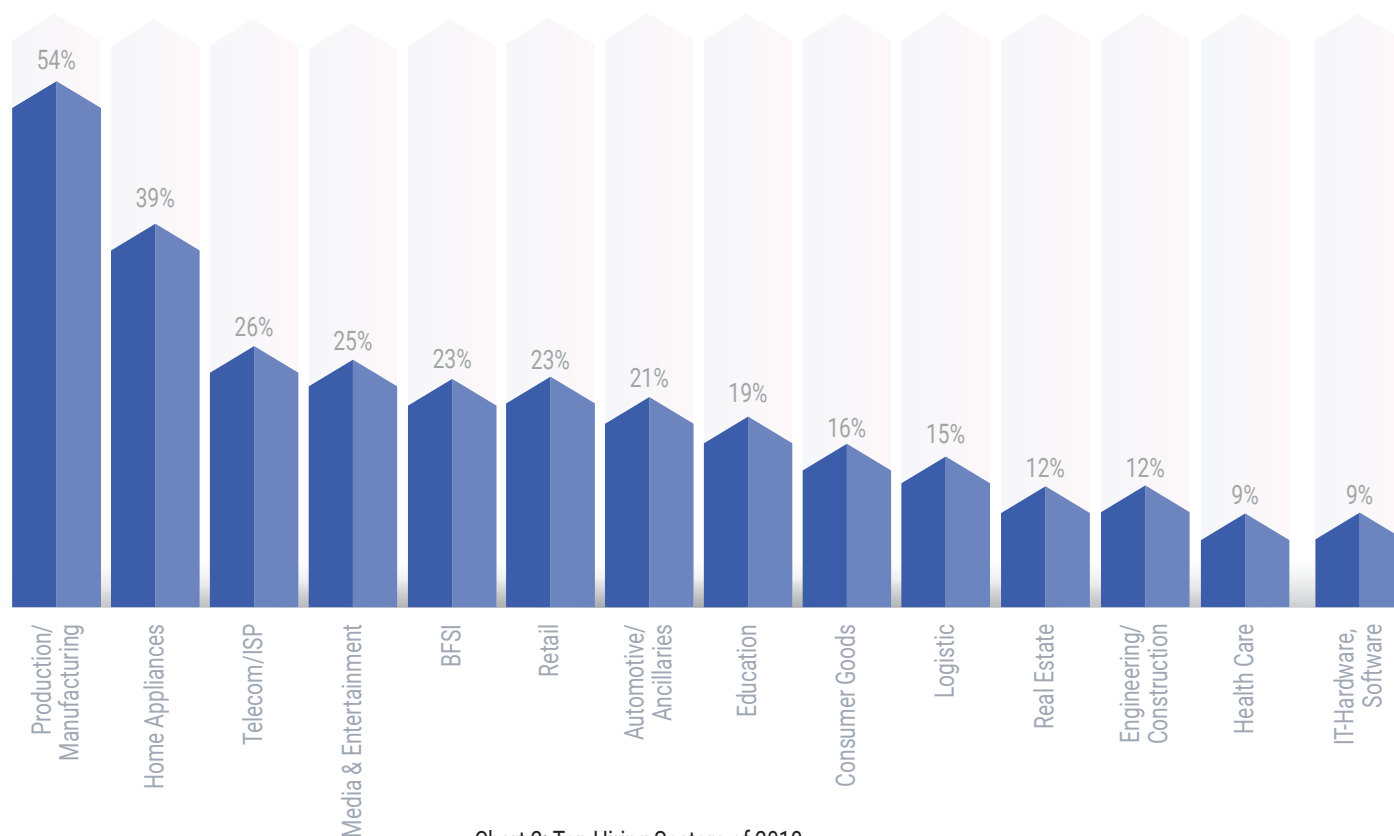


Chart 2: Top Hiring Sectors of 2018
(January-September, YoY%)

1. Federation of Indian Chambers of Commerce & Industry
2. The National Association of Software and Services Companies
3. Ernst & Young

online hiring in the sector slackened in the recent month according to the MEI. Online demand in the sector was lowest in Q3'18 at 14 percent; down from a growth of 38 percent in Q1'18.

The second largest employment provider in the country, Engineering/-Construction and Real Estate sectors has exhibited restrained hiring activity. The growth rate moderated from 22 percent YoY in 2016 to 13 percent YoY in 2017. Hiring demand in both the sectors witnessed de-growth in Q2'17. Although, recruitment activity rebounded in the subsequent quarter; demand in the sector has been growing at a relatively sluggish pace. The first half of 2018 saw an increase of 17 percent in online recruitment activity in both Engineering/construction and Real Estate sectors. Online recruitment activity in both the sectors eased further in Q3'18. The slowdown appears to be a result of recent policies such as demonetisation. Additionally, the Real Estate Regulation and Development Act, 2016 (RERA) and the introduction of GST have contributed to a slowdown in new project

announcements and rise in stalling rates. Nevertheless, this is a short-term phenomenon. According to the Economic Survey 2018, the real estate and construction sector will create over 15 million jobs over the next five years.

Online hiring in BPO/ITES sector, on the other hand, slumped. The sector recorded de-growth of (-) 9 percent YoY in 2017 followed by de-growth of (-) 21 percent during the first six months of 2018. According to NASSCOM report, BPO industry added the lowest number of jobs in seven years in fiscal year 2018. This contraction has been attributed to investments in technology platforms, steps taken to consolidate and automate processes in the sector. It is notable; online demand in the sector is picking up gradually, the pace of decline according to MEI has diminished considerably in the recent months. A de-growth of (-) 11 percent registered in Q3'18, is the lowest recorded since Q2'17.

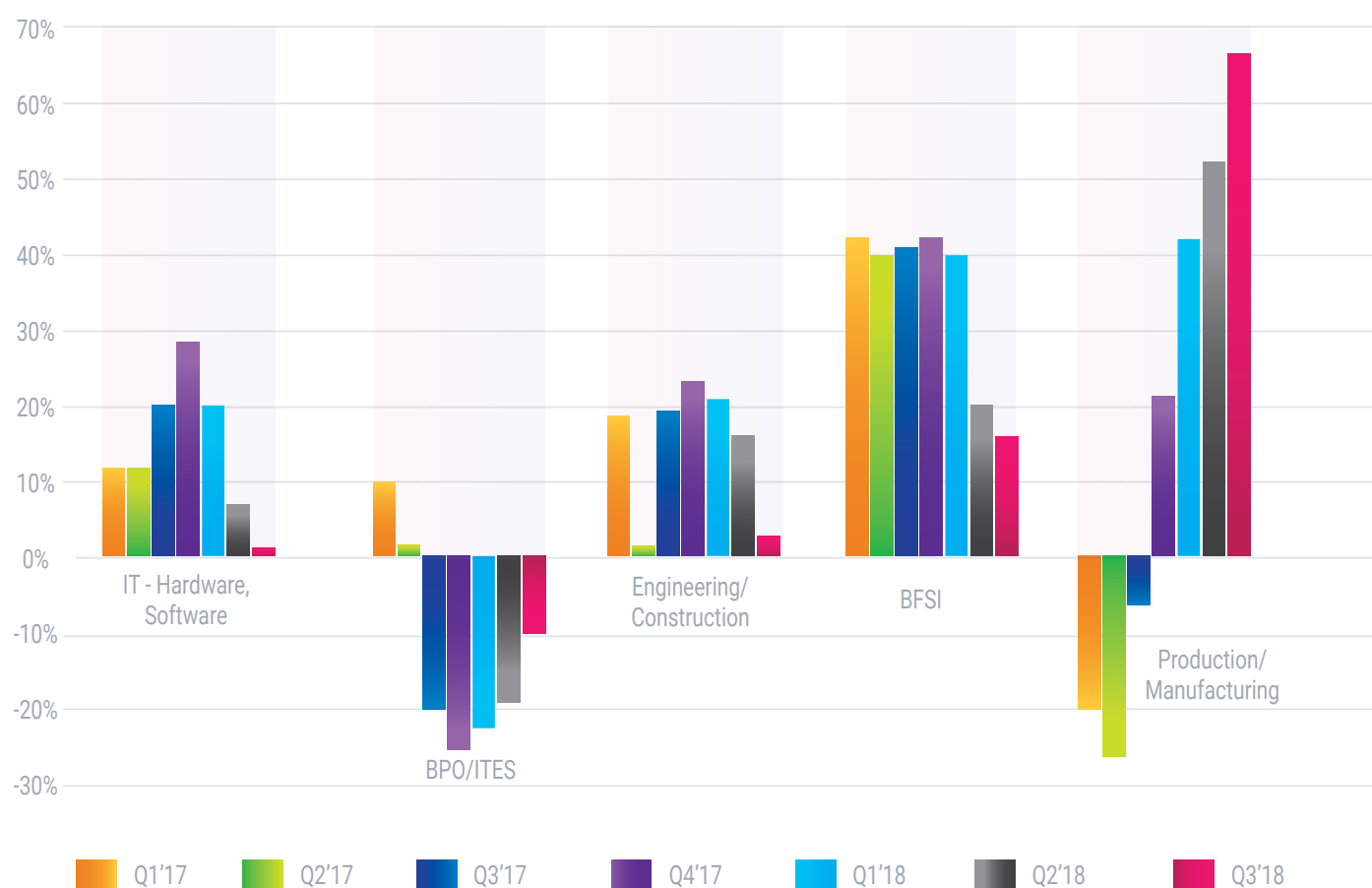


Chart 3: Hiring Trends in the Prime Employment Generating Sectors in India (YoY%)

Occupation and Regional Analysis

Customer Service aside, all occupation groups monitored by MEI recorded improved demand during January-September 2018 versus the corresponding period of 2017. Finance & Account professionals saw the most notable increase (26 percent) in demand during this period. Online demand for the group picked up in Q3'17 as the job role registered 21 percent increase in demand over the corresponding quarter of 2016. The subsequent quarters were also marked by an increase in demand for the job role; 32 percent increase in Q4'17 followed by 31 percent increase in Q1'18 as well as in Q2'18 and 17 percent in Q3'18.

Demand for Health Care professionals has also grown over the years. The group charted 25 percent increase in demand in the first three quarter of 2018. The occupation group has been witnessing double-digit annual growth rate consistently since September 2017. In April 2018, online demand for the job role was at its peak registering 43 percent increase on a YoY basis. The growth momentum slowed thereafter. Nevertheless, the job role continued to be among the highest demanded occupations.

HR & Admin (22 percent); and Sales & Business Development (19 percent) were the next most sought-after occupations of 2018, according to the MEI. It is notable, while YoY demand for HR & Admin. exhibited marginal improved in Q2'18 (23 percent) vis-à-vis Q1'18 (24 percent); demand for Sales & BD eased in Q2'18 (31 percent) when compared to Q1'18 (19 percent). In Q3'18, online demand for both the job roles moderated compared to the previous two quarters.

Software, Hardware, Telecom; and Marketing & Communication registered some of the lowest increase in demand in 2018. Demand for Software, Hardware, Telecom professionals has consistently fallen



in the past three-quarters. Marketing & Communication professionals also witnessed similar weakening of demand. In fact, online demand for Marketing & Communication; and Software, Hardware, Telecom professionals eased below the corresponding period a year-ago by (-) 8 percent and (-) 6 percent respectively in Q3'18.

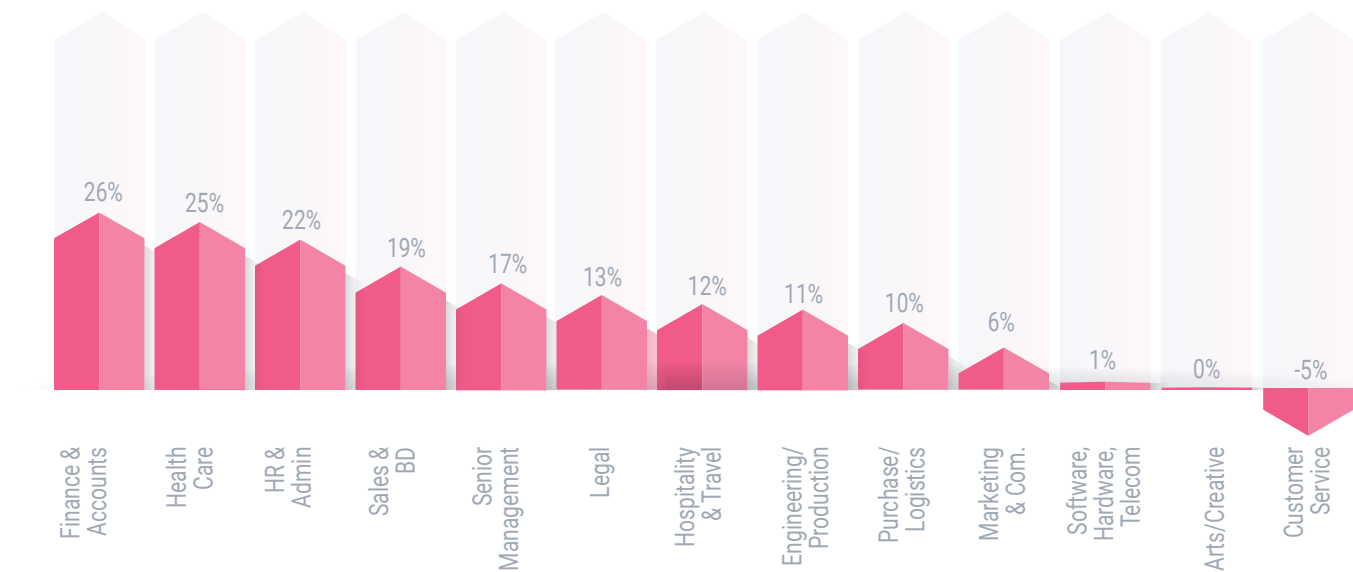


Chart 4: Top Occupations of 2018
(January-September, YoY%)

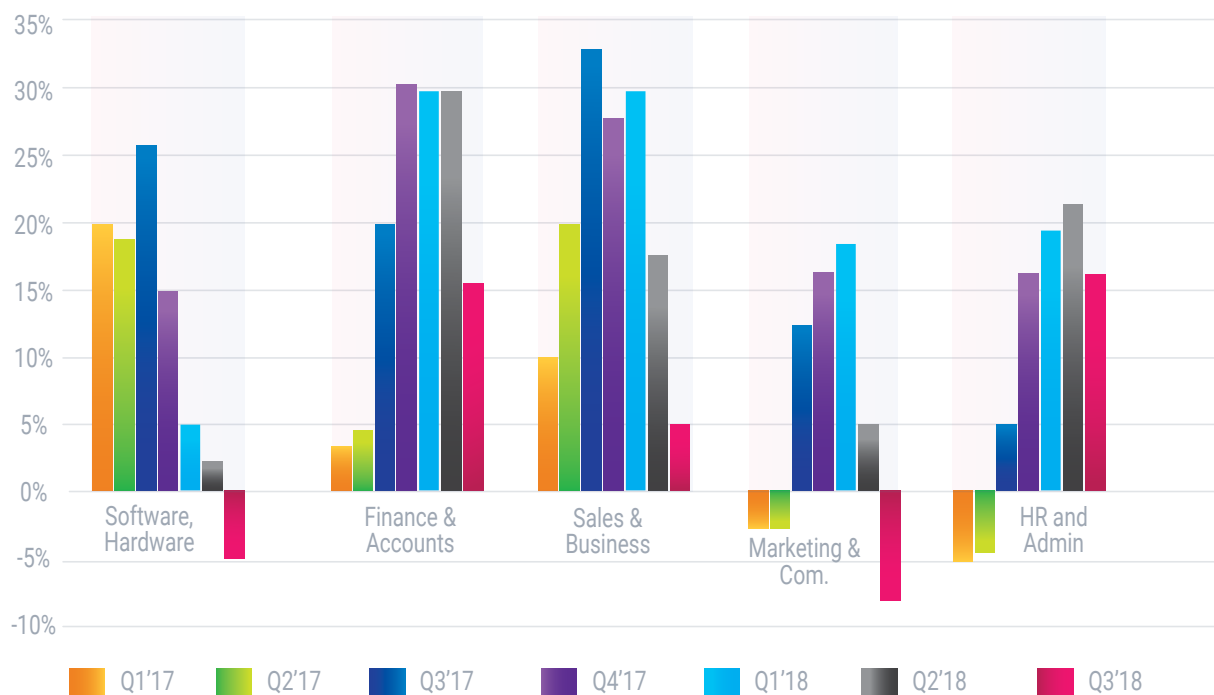


Chart 5: Online Demand Trend of Core Occupations in India (YoY%)

At the regional level, job creation has been mostly driven by increased hiring in tier-II cities. Chandigarh led the growth chart registering a 21 percent increase in online hiring, propelled by faster job growth in Media & Entertainment (57 percent) and Production and Manufacturing (18 percent) sectors, during January-September 2018 compared to the same period in 2017. Jaipur and Kolkata followed closely charting 17 percent and 16 percent increase in online hiring respectively during the reference period. Jaipur saw significant increase in BFSI (37 percent); and Media & Entertainment (20 percent) jobs. Hiring demand in Kolkata was mostly pushed by increased demand in IT - Hardware, Software sector.

Online hiring grew in double-digits in tier-II cities of Coimbatore and Ahmedabad as well. Recruitment in Coimbatore was mainly driven by increase in demand in Automotive/Ancillary and Production/Manufacturing. At the same time, there was a steep growth in e-recruitment activity in education sector. In Ahmedabad, BFSI; and Production and Manufacturing were the top-most hiring sectors. Kochi has primarily seen an increase in online recruitment in the Travel and Tourism sector.

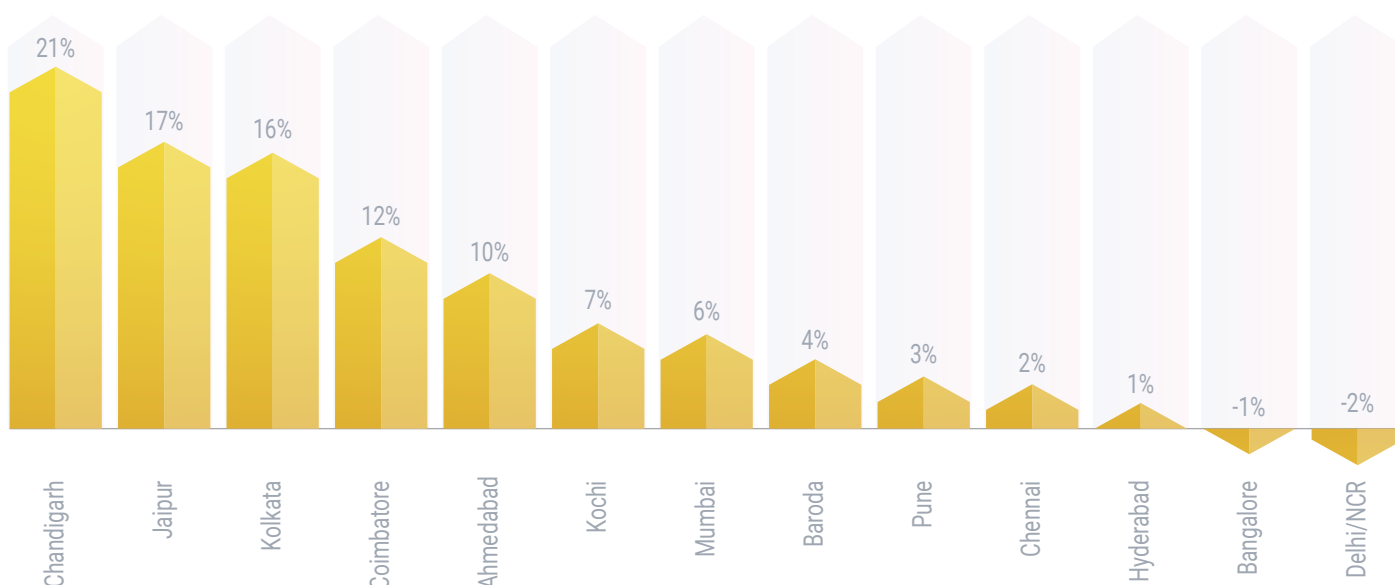


Chart 6: Top Hiring Cities of 2018
(January-September, YoY%)

The key cities of Mumbai, Delhi-NCR, Hyderabad, Chennai and Bangalore, on the other hand, have demonstrated subdued online recruitment trend so far into 2018. Mumbai (11 percent) was only city to chart growth in double-digit during the first half of 2018. Nevertheless, even in Mumbai the growth momentum eased between Q1'18 and Q2'18. Online recruitment activity in each of these five cities slipped below the corresponding period a year-ago in Q3'18. During January-September 2018, growth in e-recruitment activity hovered around 6 percent in Mumbai, 2 percent in Chennai and 1 percent in Hyderabad. Bangalore and Delhi-NCR exhibited de-growth of (-) 1 percent and (-) 2 percent respectively.

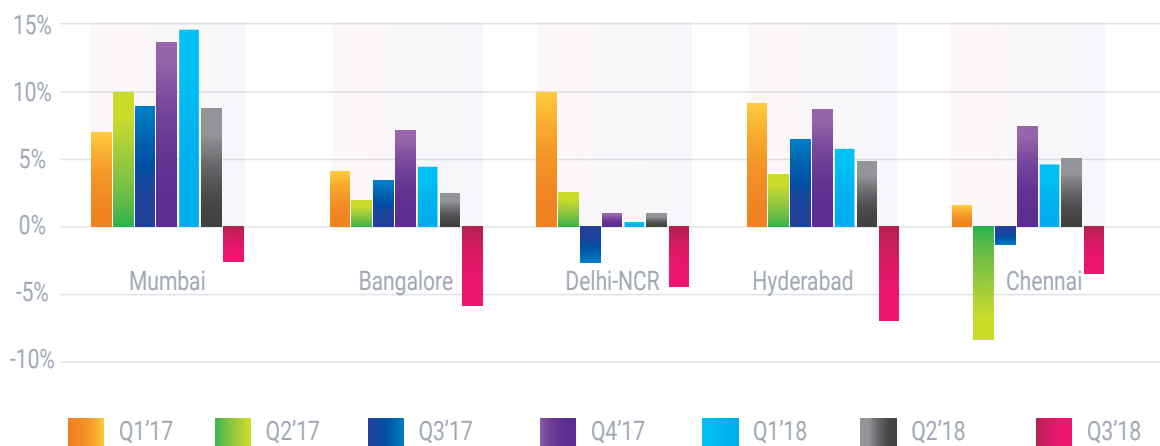


Chart 7: Recruitment Trends in Prime Cities (YoY%)

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Concluding Remarks

While India's economy appears to have stabilized following major reforms in the past years; the situation at the employment front continues to lack lustre reveals the MEI.

India witnessed a YoY growth rate of 5 percent in the first nine months of 2018; the growth momentum weakened progressively from 13 percent in Q1'18 to 5 percent in Q2'18 and further down to (-) 4 percent in Q3'18. During this period, however, recruitment activity bounced back in Production and manufacturing. The sector has registered 54 percent increase in online opportunities; up from a decline of 8 percent in 2017. Furthermore, Home Appliances; Media & Entertainment; Automotive/Ancillaries/Tyres; Real Estate; Engineering, Cement, Construction, Iron/ Steel; Retail sector have also registered impressive growth in hiring activity during the reference period. E-recruitment activity in BPO/ITES sector, on the other hand, nosedived. IT sector also exhibited considerable slowdown in online recruitment. It is also notable that employment opportunities mostly bred in tier-II cities of the country with the tier-I cities crawling behind.

Nevertheless, various survey and reports have portrayed positive hiring sentiment for the year on improving business outlook and industry confidence supported by GDP growth. India's job market in the financial year 2018-19 is estimated to grow 15-20 percent by various recruitment firms with hiring mostly concentrated in the non-IT sectors and IT/IT services remaining cautious and selective. According to the Manpower Employment Outlook Survey, the prime sectors that would propel job growth in the country are services, wholesale and retail, finance, education and manufacturing. Hiring in IT would be focused on niche skills such as artificial intelligence,

robotics, internet of things, augmented and virtual reality, block chain, machine learning, data science/big data, python, cloud etc. In the coming days, technological advancement and disruptive technology is set to impact employment structure in sectors other than IT as well including the manufacturing sector.

It is evident that employment structure and the skill requirement in the present day scenario are rapidly changing throughout the globe, India being no exception. The Future of Jobs report by the World Economic Forum estimated that 65 percent of children entering primary school today will ultimately end up working in completely new job types that do not yet exist. The report further estimated that 5 million jobs will be lost to automation by 2020 and that the number will keep growing in the following years. The situation is of particular concern for a country like India with its ever increasing workforce. In view of the changing needs and demand, bridging skill gaps by targeted re-skilling and upskilling of the workforce has become imperative. Besides, revolutionising the school curriculum itself, in order to make children future-ready, is the need of the hour.

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About

The Monster Employment Index India

The Monster Employment Index is a broad and comprehensive monthly analysis of online job posting activity conducted by Monster.com. The Index was launched in May 2010 in India with data collected since October 2009. The Index is based on a real-time review thousands of employer job opportunities culled from a large representative selection of career web sites and online job listings. The Index does not reflect the trend of any one advertiser or source, but is an aggregate measure of the change in job listings across the industry.

In order to avoid excessive monthly fluctuations, the Index is calculated using a volatility-adjusting formula. We publish the data in a volume index format with the base value of 100. The Index describes changes in the level of online job demand against the

baseline. An increase in the Index indicates growth in online job availability and suggests an increase in the demand for employees by employers.

The employment index captures trends in online recruitment demand across industries, occupations and cities without focusing on the actual number of job postings counted. In all, the Index monitors the online recruitment trend across 27 broad industry sectors, 13 occupational categories and 13 major cities of India. It is to be noted that the Index analyses online postings only. Hence any job posted offline is not captured by the data. Moreover, the data set captures only the organized sector in India.

