



**MANPOWER REPORT**  
EMPLOYMENT POTENTIAL & TALENT MAPPING  
IN  
ITES - BPM SECTOR 2017



# [EXECUTIVE SUMMARY]

## IT/ITeS industry talent in Mumbai Peripheral Business District

### 1.1 Objective of the study

To understand & compare the employment potential & talent needs within the IT/ITeS industry in Mumbai & it's Peripheral Business District (Navi Mumbai & Kalyan-Dombivli belt), Bangalore and Gurgaon for each of the following parameters:

Business practices	Identifying business practices established by industry leaders in each city
Salary benchmarking for top 6 skill sets	Analysing the average salary paid by employers to its employees for different skills sets, business functions and experiences
Skill set bench-marking	Evaluating the most popular IT skill set speared across the industry
Indirect HR cost	Understanding the expenditure on indirect HR services in each city
Employee mapping / diversity mix	Understanding the native residence location, rate of migration and status of residence in the city
Cost of living	Finding out the average spend of employees on accommodation, transportation, grocery and entertainment
Attrition rate	Analysing the average staff turnover rate experienced by the top employers in last three years

### 1.2 IT/ITeS sector

The Information Technology industry consists of IT software, IT hardware, and IT enabled services. IT enabled services are defined as web-enabled, marketed services, and include Finance and Accounts; Information Services; Business Process Outsourcing (BPOs) (including call centres); Customer Relationship Management (tech/non-tech); Supply Chain Management; Knowledge Process Outsourcing; Legal Processing etc.

As per India brand equity foundation sectoral report (updated Jan 2017), the industry employs about 10 million professionals (directly and indirectly)

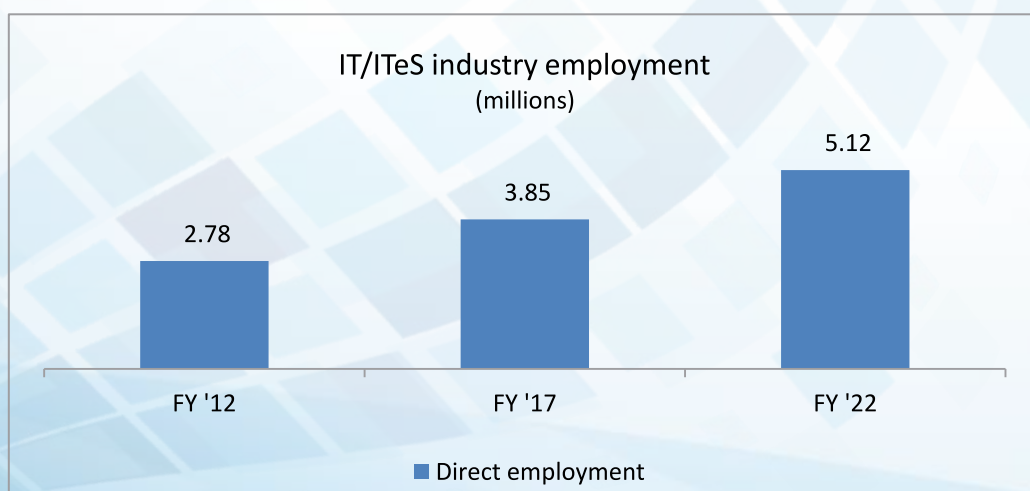


Figure 1: Snapshot of employment in IT/ITES industry



## 1.3 Challenges faced by the sector<sup>1</sup>

The \$146 billion industry continues to attract significant business from both the US and Western Europe, however, the industry faces challenges not only on the global business development front but also at home.

### 1.3.1 Infrastructure Challenges

The government is addressing national issues with infrastructure like telecommunication system but lack of quality local infrastructure (urban transportation, roads, bridges, airports, etc.) is becoming a bottleneck to the expansion of capacity. While setting up an office, getting reliable power and data connection is still not hassle free.

### 1.3.2 Shrinking Profit Margins

As the market becomes increasingly competitive, companies in the sector are looking for new sources of revenue and opportunities to maintain the cash flow. In recent times, the industry has witnessed increased industry consolidation and increased pressures on margin. This has primarily happened due to high initial capital investments in the industry, long gestation periods, competition leading to reduced billing rates and appreciation of rupee against the US dollar. This means that companies are putting a greater emphasis on reducing capital and operational expenses.

### 1.3.3 Human Resource Issues

The current workforce has growth aspirations, which, when not met result in high attrition. This is becoming a major problem for the sector as odd hours at work and stress are supposedly contributing significantly to the high attrition rate. This has also increased recruitment and training costs for companies in the sector.

## 1.4 Findings of the study

### 1.4.1 Business practices

Across cities it is observed that Customer Interaction & Support is the most popular business practice. Apart from that, Finance & Accounting is popular in Mumbai & it's Peripheral Business District. Supply chain management is popular in Bangalore only and similarly Knowledge process outsourcing is popular in Mumbai Peripheral Business District only. Subsequently, the maximum talent for the companies surveyed is employed in these business practices.

### 1.4.2 Technical skills and experience

All employers surveyed, have a preference for graduates but are indifferent towards their specialisation, except for Bangalore where engineering graduates are preferred. Bangalore employs maximum talent in the 'Customer Interaction Services – Tech' business practice, which might explain the inclination towards engineers. Maximum hiring is done for entry level roles as that level sees the maximum attrition annually. The employers surveyed, train fresh talent for the job, post-hiring irrespective of their field of study.

### 1.4.3 City level findings

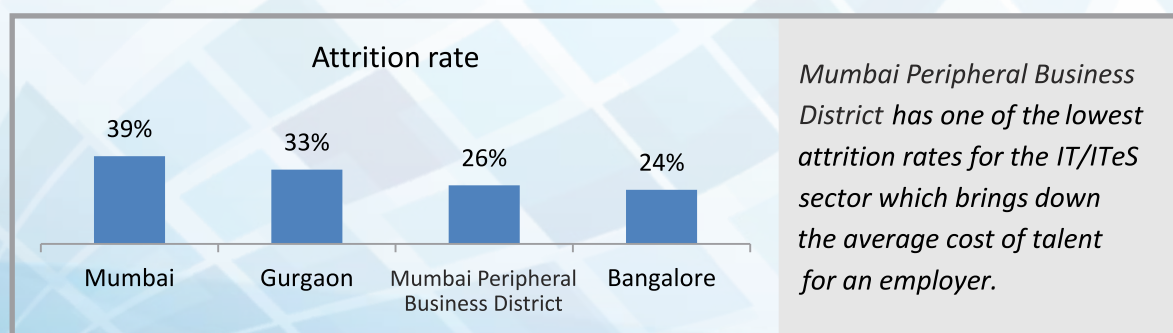
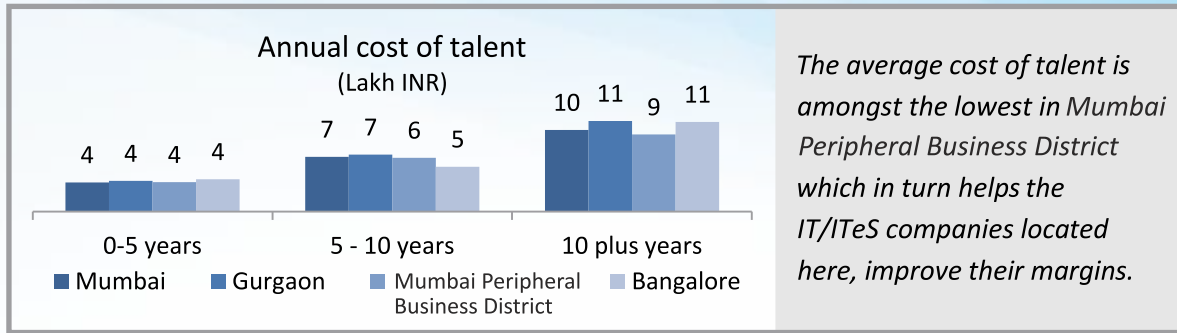
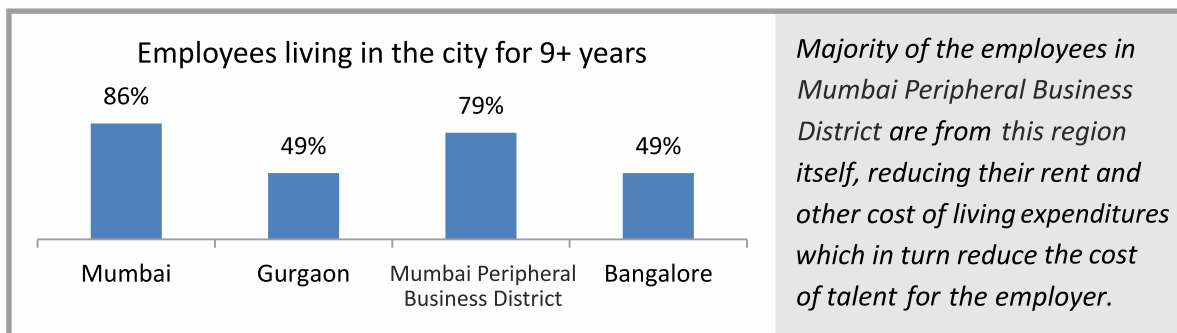


Figure 2: Attrition rate across 4 cities

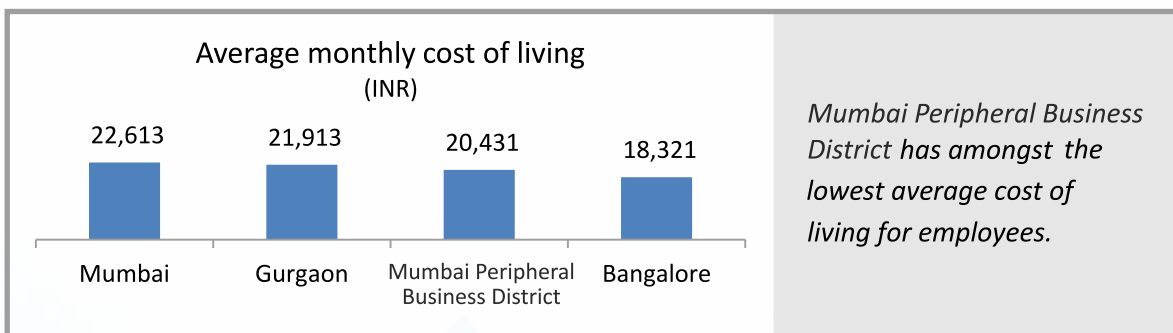
<sup>1</sup> Source: Nasscom/Assocham



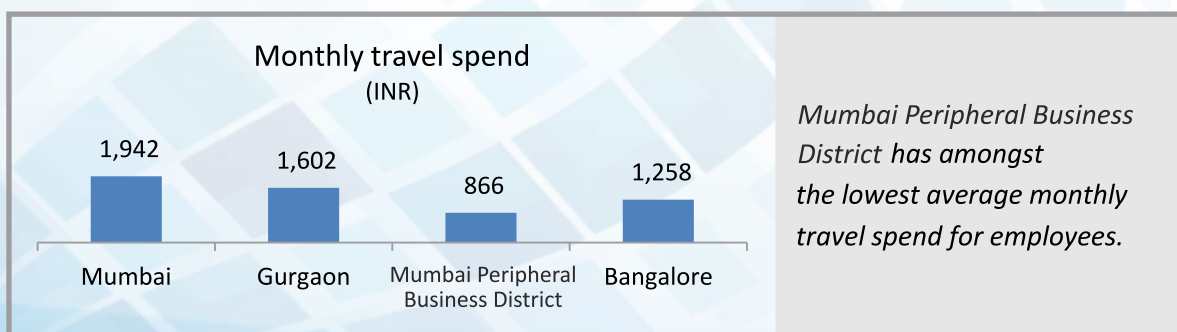
**Figure 3: Annual cost of talent across 4 cities**



**Figure 4: Percentage employees living over 9+ Years across 4 cities**



**Figure 5: Average monthly cost of living across 4 cities**



**Figure 6: Monthly Spent on travel across 4 cities**

## 1.5 Commercial supply in the Mumbai Peripheral Business District

Average new commercial real estate absorption in Mumbai Peripheral Business District in last 4 years has been 1.3 – 1.5 Msf per year. Assuming 75 sq. ft. per person, this equates to over 18,000 fresh talent acquired annually (for a single shift). Over the next 4 years, the absorption is expected to hit 1.8 – 2.0 Msf per year translating to over 25,000 new employees per year.

Commercial supply growth in Mumbai Peripheral Business District is seen because of:

1. Population growth and migration from Mumbai to Mumbai Peripheral Business District (**covered in next section**)
2. Increased affordable housing options (Ready to move in and under construction)
3. Supply of fresh talent from primary market (colleges) to supplement the secondary market
4. Infrastructure development initiatives by respective authorities in the region

### Commercial real estate stock (in Msf)

Year	Thane	Mumbai PBD
2008	0.3	4.0
2017	6.3	18.0
2020 F	8.0	27.8
Expected percentage increase	27%	54%

Table 1: Absorption of Real estate in Thane & Mumbai Peripheral Business District

## 1.6 Current and future supply of talent in Mumbai Peripheral Business District

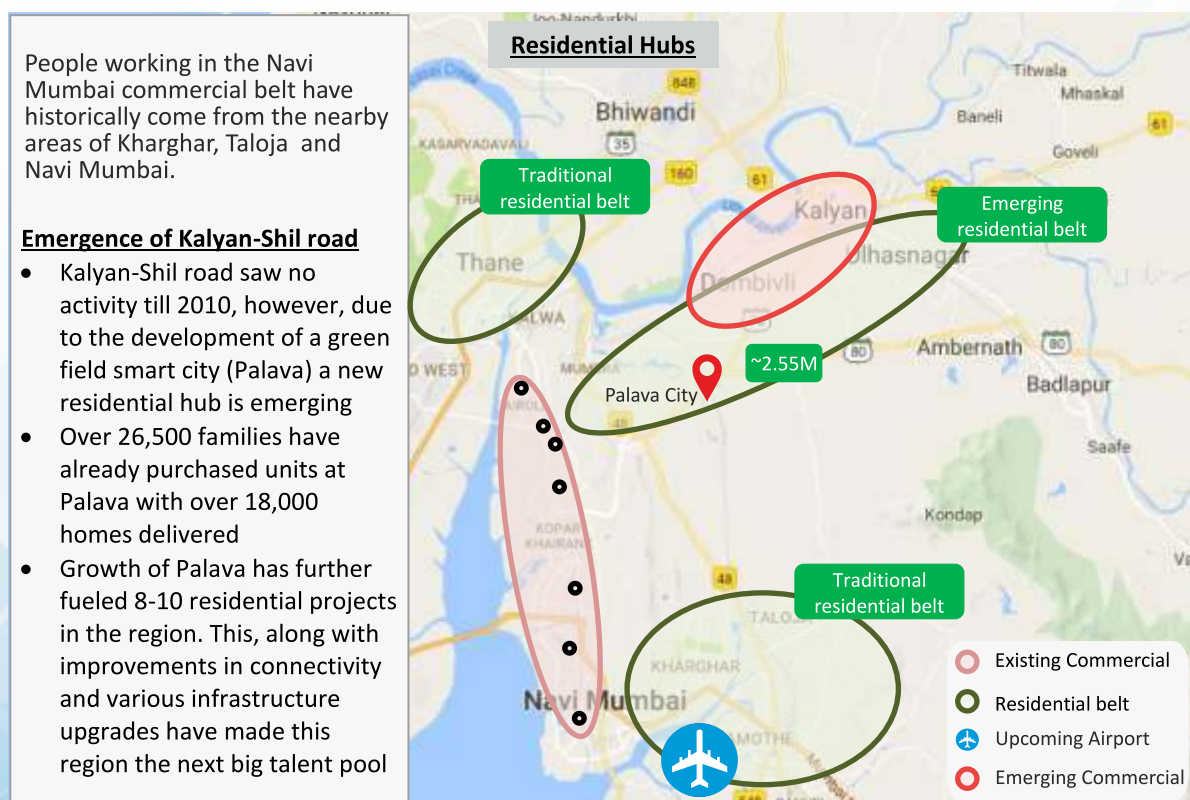


Figure 7: Snapshot of Mumbai Peripheral Business District - Commercial & Residential belts



As of Q4 2016, Thane and Navi Mumbai markets employ close to 247,000 employees<sup>2</sup>. Further, the supply of talent from secondary and primary market sources for IT/ITeS industry in Mumbai Peripheral Business District was analysed.

In the secondary market in MMR, there are about 6,318 candidates actively looking for a job in IT/ITeS industry. About 27% of these candidates belong to Navi Mumbai. These results were verified from a leading job portal. Amongst the employees working in Mumbai Peripheral Business District around 79% are living in the city for over 9 years.

Apart from this, the supply of fresh talent from primary market was analysed. MMR was divided into five micro markets as Malad - Miraroad, Powai - Vikhroli, Thane - Ghodbunder road, Airoli - Belapur, Kalyan - Dombivli for a more micro level analysis and 65 colleges located there were studied.

Across the five micro markets and participating colleges a total intake capacity of 31,848 students per year was observed with an average of 490 students per college. The highest intake (55%) was observed for the graduate courses, which also happens to be the most demanded talent by the IT/ITeS industry.

Powai - Vikhroli belt was found to have the highest average intake rate in graduate courses while Airoli - Belapur belt has the highest average intake rate in engineering courses as compared to other micro markets. For management courses most of the concentration was observed in Malad - Mira Road pocket. The average passing percentage across the region is 88% with Airoli - Belapur having the highest passing percentage of 94%.

## 1.7 Prominent occupiers in Thane and Mumbai Peripheral Business District



Figure 8: Major occupiers in Thane



Figure 9: Major occupiers in Mumbai Peripheral Business District

### Evolution of Mumbai commercial hubs

- By virtue of being a peninsula, Mumbai as a city has seen a northward growth away from the island city
- The traditional front office districts of Nariman Point and Fort have moved to new markets of Central Mumbai & Bandra Kurla Complex due to better infrastructure and proximity to talent
- The suburbs which first attracted the IT/ITeS – BPO operations due to low cost and man power availability have now evolved into hubs for Banking & Financial Shared Services
- Thane and Navi Mumbai have seen a growth from just 4 mn sq.ft of office space in 2008 to 24 mn sq.ft office space in 2016.
- These markets have attracted major IT/ITeS players with majority of them expanding within the same market over the years as these markets offer strategic cost advantages

### Migration to Mumbai Peripheral Business District

#### Capgemini

- Initially occupied 7 lac sq.ft. in Vikhroli
- Moved 3 lac sq.ft. to iGate campus at Airoli in 2016 and remaining 4 lac sq.ft. to move next year

#### Accenture

- Leased 1.76 lac sq.ft. in Dindoshi (Goregaon) in 2007, moved to Airoli in 2010
- Leased 4 lac sq.ft. at Godrej IT park, Vikhroli in 2003-2005
- Lease 2 lac sq.ft. at Logitech park, Andheri in 2006
- Between 2010 and 2015, total area leased by Accenture in Airoli grew to 15 lac sq.ft. (at Mindspace and Gigaplex)

<sup>2</sup> Source: JLL  
Compiled by ManpowerGroup India.

## 1.8 Upcoming infrastructure projects in Mumbai Peripheral Business District

To improve connectivity in the Mumbai Peripheral Business District, many infrastructure initiatives are being taken up by the authorities

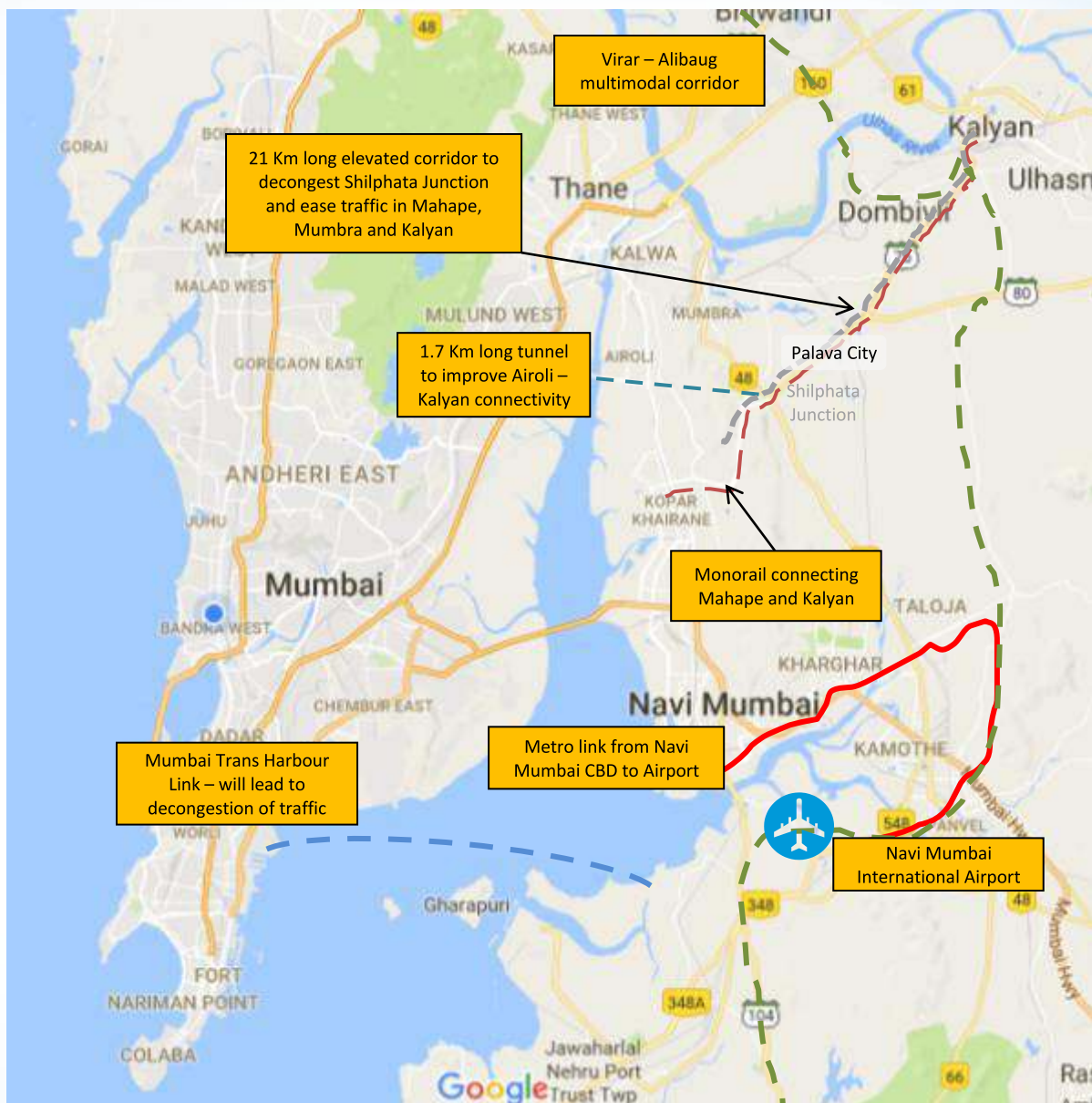


Figure 10: Various Infrastructure projects (Current & Upcoming) in Mumbai Peripheral Business District

## 1.9 Conclusion

Given the availability of primary and secondary talent pool and supporting infrastructure (current as well as planned), 'Mumbai Peripheral Business District' emerges as not only the largest business district in Mumbai but also the most promising IT/ITeS corridor in India.





MUMBAI

MUMBAI PERIPHERAL  
BUSINESS DISTRICT

BANGALORE

GURGAON



CIS-TECH

CIS-NON TECH

SCM

KPO

F&A

HEALTH CARE

