



# INDIA-EU TALENT MOBILITY: AUTOMOTIVE SECTOR

## INTRODUCTION

**Sector Overview:** According to the India Brand Equity Foundation, India was the **fourth largest** in the world in 2017 in sales and the **7<sup>th</sup> largest manufacturer of commercial vehicles** in 2018. For better growth and international exposure, the Government of India **encourages foreign investment, allowing 100% Foreign Direct Investment (FDI)** in the sector<sup>1</sup>.

In 2017, EU was the **second largest** producer of passenger cars. It held **21% of the total market share** in production of passenger cars and 17% share of the total commercial vehicle registrations<sup>2</sup>. The automotive sector in the EU provides jobs to **13.8 million people**, accounting for **6.1% of total EU employment**. 2.6 million people work in direct manufacturing of motor vehicles, representing 8.5% of EU employment in manufacturing. It is amongst the **world's top producers of motor vehicles** and is also the **largest private investor in research and development (R&D)**<sup>3</sup>.



EU also has an established expertise in the area of **green technology** and can offer **knowledge exchange opportunities** in this area, especially to India where green technology is still in the developing stage.

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1. India Brand Equity Foundation
  2. European Automobiles Manufacturers Association
  3. European Commission, Internal Market, Industry, Entrepreneurship and SMEs.



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## SKILLED MOBILITY

The potential for migration benefits in this sector for India and the EU are immense. EU manufacturers have about **6% of the total market** share but EU countries are the largest market for the Indian auto component industry, accounting for **34% of total exports from India**. Some of the highest selling EU brands in India include **Renault, Volkswagen, Skoda, Fiat, Mercedes, Bayerische Motoren Werke AG (BMW)**. Most of these have also established manufacturing or assembling plants in the country, with productivity increasing at a high rate. For instance, **Mercedes Benz** raised its manufacturing capacity to 20,000 units per year, the highest for any luxury car manufacturing in India by **opening its manufacturing plant in Chakan, Pune, in 2015**.

Many automotive companies have also established **global research and development centres** in India. Located in Pune and Bangalore, these also benefit from local IT resources in which India is strong.



*"We recognise the benefits of talent mobility and to achieve that we encourage the best talent of the organisation to participate in international projects and up-skill through cross learning".*

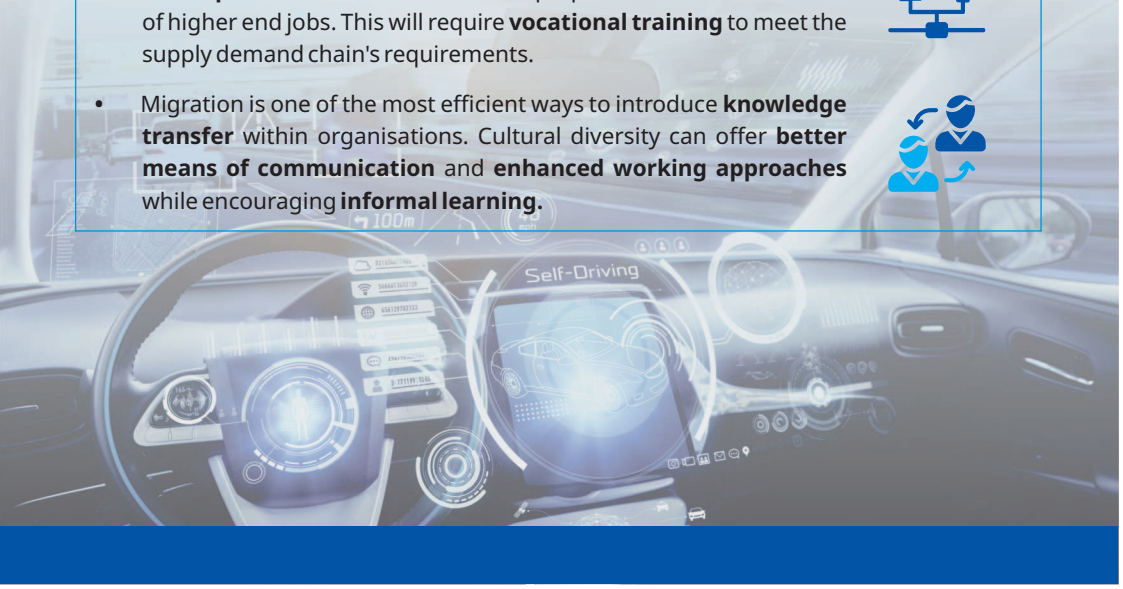
*- Piaggio Group, Italy*

**With India expected to emerge as the world's third-largest passenger vehicle market by 2021, the automobile sector in India continues to attract foreign companies.** Catering to the market, meeting EU standards and global strategy is achieved through the **mobility of skilled EU citizens to India in this sector**. This is a growing sector for India and EU and expectedly more mobility will be associated with it. This is highlighted in the **India-EU Common Agenda on Migration and Mobility** which aims to better organise **regular migration** and explore possibilities for **attracting highly skilled workers** like scientists, technologists, IT specialists and managers. India-EU CAMM also focuses on enhanced mobility of businesspeople, mobility and exchange of students and researchers, as well as other bonafide travellers, in a safe and secure environment, through efficient grant of visas.

Building on the lessons of existing operational initiatives and based on the emerging trends in the world economy, the **Seminar on Talent Mobility** under the **India-EU CAMM** was an opportunity to reflect upon good practices and initiatives addressing talent mobility in the automotive sector through the experiences of industry practitioners.

## KEY INSIGHTS

- **Family reunification and the lack of opportunities for spouses** are two major issues for the sector. Even when there are personal career opportunities, mobility is often restricted because of restrictions on spouses working in two income households.
- The EU **will require a workforce of close to 20 million** by 2025 which can be a **huge opportunity for India's talent**.
- **Research and development** can help in bridging the **knowledge management gaps**. For example: India is in the learning curve in the domain of green technologies while the EU has already established expertise in that area.
- **As a country with a large number of people seeking employment in the automotive sector**, India needs to build centres for demand aggregation and supply facilitation in four major auto activity zones: North Zone (Gurugram, Manesar, and National Capital Region), South Zone (Chennai, Bengaluru, Dharwad), West Zone 1 (Mumbai, Pune, Thane) and West Zone 2 (Ahmedabad and Baroda).
- The **advancement in technology** will necessitate **equipping fresh talent pools with new skill sets** and preparation for a different set of higher end jobs. This will require **vocational training** to meet the supply demand chain's requirements.
- Migration is one of the most efficient ways to introduce **knowledge transfer** within organisations. Cultural diversity can offer **better means of communication** and **enhanced working approaches** while encouraging **informal learning**.



# RECOMMENDATIONS FOR THE FUTURE

## POLICY ENVIRONMENT AND CHANGE

- **Facilitation of spousal employment** is important for easing of migration and mobility.
- With the growing recognition of gender equality in the workplaces of the future, it is important to **encourage mobility of women expatriates** as well.
- **Development of a common strategy** through diplomatic level engagement and skill building for the talent in the country to effectively capitalise on market demand.
- **Bridging of gaps in skill sets** can be accomplished through the creation of skill development centres for demand aggregation and supply facilitation in four major auto activity zones in India.
- **Better stakeholder coordination** to absorb the knowledge gaps will remain key to boosting overall productivity of the sector.
- Ensuring that demographic debutants are ready to adapt to new technology and knowledge is necessary in order to facilitate their transition. This requires **coordination of stakeholders** and **knowledge exchange**.



## VISA PROCESSES

Facilitating **faster work permits**, which used to require 2-3 months and has now gone up to 5 months, would incentivise mobility.





# INDIA-EU TALENT MOBILITY: ENTREPRENEURSHIP

## INTRODUCTION

**Sector Overview:** The start-up ecosystem has grown tremendously in India between 2014-19, with an **annual growth rate of 12-15%**<sup>1</sup>. The **number of start-ups has crossed 9000** and the number of unicorns (start-ups valued at 1 billion US\$) has grown to 24. According to the latest report of the National Association of Software and Services Companies (NASSCOM), **Indian start-ups raised 4.4 billion US\$ in 2019** and are **active in over 20 sectors** including health, education, and hospitality services. **21% of Indian start-ups are reported to focus on foreign markets** along with a **14% increase in global start-ups building products from India**.



**India's rank in the Global Innovation Index of the World Intellectual Property Organisation (WIPO) improved from 81 in 2015 to 52 in 2019**<sup>2</sup>. In 2019, Estonia ranked **24**, Belgium, **23**, France, **16**, Germany, **9** and Sweden, **2**. India has also **improved its Ease of Doing Business Score, moving from rank 130 to 63 between 2016 and 2020**<sup>3</sup>. Within the EU, the 2020 ranking puts France at **32**, Germany at **22**, Estonia at **18**, Sweden at **10**, and Denmark at **4**. According to the European Commission's 2018 report on Science, Research and Innovation Performance of the EU, it remains a powerhouse of research, accounting for **25% of global public R&D investment** and **1/3 of all high quality scientific publications**,

1. NASSCOM, 2019: Indian Tech Start-up Ecosystem
2. Global Innovation Index, 2019.
3. Doing Business Report 2020: World Bank



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**Mobility Overview:** Mobility in this sector is expected to grow in the coming decades. The 2011 European Agenda for the Integration of Third Country Nationals **emphasises the importance of capitalising on the entrepreneurial tendencies of migrant communities**<sup>4</sup> and the EU has issued a number of **directives easing high skill immigration between 2010-2018 (refer below)**. The **India-EU Common Agenda on Migration and Mobility (CAMM)**, under the priority of promoting regular migration, includes **facilitation of the mobility of highly skilled migrants and business persons** (a.v & a.ix) by making the regulatory regime more efficient, especially visa grants. However, **lack of necessary start-up funding** and **institutional hurdles** such as **proving relevance to the local economy** and **restrictions on field of operation** continue to be **hurdles for immigrant entrepreneurs** in many EU countries, according to the IOM World Migration Report of 2015<sup>5</sup>.

The **EU India Incubators and Accelerators Network** of 2018 facilitates match-making between incubators and innovators and aims to kickstart a self-sustaining ecosystem of innovation and partnerships.

The **Innowide** program under **Horizon 2020** aims to facilitate the ambitions of European Small and Medium Enterprises (SMEs) looking to explore international markets in developing countries such as India.

Some of these challenges have been successfully countered through recent policy dialogue. **EU Member States (MS) such as Germany, Italy, France, Spain, and Belgium all have dedicated start-up/entrepreneurship visas**. While required investment ranges from 45,000-250,000 euros, countries such as Germany and France require applicants to submit business plans, while **Belgium offers a fast-tracked citizenship to applicants** who start a Belgian company under this visa. Italy has a dual process whereby candidates can apply directly or via a registered incubator. There is a need to **co-ordinate future policy visions to better facilitate this kind of mobility between India and the EU**. Building on the lessons of existing operational initiatives and based on the emerging trends in the world economy, the **Seminar on Talent Mobility** under the **India-EU CAMM** was an opportunity to discuss prevalent issues and exchange industry best practices to further facilitate mobility of businesspeople including entrepreneurs.

4. European Commission, 2011.

5. International Organisation for Migration: World Migration Report 2015

# KEY INSIGHTS

- The **complicated nature of visa regulations and bureaucracy around migration** in both India and the EU countries inhibits mobility. This includes **longer application process, additional checks, and steep financial viability requirements in India, and local hiring quotas, mandatory office spaces, and revenue caps in the EU.**
- Existing **information asymmetries** need to be addressed through **knowledge transfer, mentoring, ambassador programs, joint ventures, co-founder matchmaking, and transfer of real time overseas user data.**
- **Growth of hubs in Tier II and III cities** needs policy attention and is the way forward for expansion in this sector. Providing **support in the early stages of the start-up** is also important for long term growth.



**Estonia's** policies for foreign start-ups include **access to e-residency** and extensive **post-entry assimilation measures.**

Since 2017, India has been at the forefront of successful start-up applications to Estonia.

**The German Indian Start-Up Exchange Program (GINSEP)** has a network of ambassadors and facilitates **access to both national markets** for start-ups through **information, capacity building, and B2B networking opportunities.**



# RECOMMENDATIONS FOR THE FUTURE

## POLICY ENVIRONMENT AND CHANGE

Facilitation of a **level playing field** for all start-ups in India irrespective of origin country.

Formulation of a **global entrepreneurship policy** in India, with a speedy intellectual property structure, a **simplified taxation process** and **tax incentives**.

**Soft landing** and **hand-holding services** that address technological, financial, and cultural issues for Indian entrepreneurs in the EU.

More **financial options** including access to foreign investors for Indian start-ups.

Strengthening of **industry engagement** through **creation of regulatory bodies** to facilitate **smooth mobility of entrepreneurs and validation in new markets**.



## INFORMATION

Provisions for a **repository of reports** related to start-ups collated from various governmental sources.

**Better information on initiatives and programs** from the various EU MS for Indian entrepreneurs.



## VISA PROCESSES

**Simplification of visa procedures** and longer duration for initial visas to be granted.

Introduction of a **new start-up visa** specifically to facilitate foreign entrepreneurs in India.







# INDIA-EU TALENT MOBILITY: INFORMATION TECHNOLOGY SECTOR

## INTRODUCTION

**Sector Overview:** Information Technology (IT) and IT Enabled Services (ITES/ICT) are growing industries across the world. Accounting for nearly **55% of market share** in 2017-18, India is one of the **world's digital capabilities hubs**, housing **75% of global digital talent**, according to the India Brand Equity Foundation. It is also an important sector for the EU, contributing **4% of Value Added** and **2.6% of employment in the EU in 2016**, according to the EU Joint Research Centre PREDICT Report 2019.

**Mobility Overview:** The potential for India-EU mobility in this sector is immense. The 2018-19 Higher Education Survey of the MHRD, Government of India, reported an estimated **880,000 undergraduate students in Computer Engineering**, up 15.8% from 2015 estimates<sup>1</sup>. At the same time, the **EU is expected to face an increasing demand for ICT workers** (4% per year) and a **shortfall of 756,000 workers in this sector by 2020**<sup>2</sup>. The European Centre for the Development of Vocational Training (CEDEFOP) estimated both **ICT and STEM professionals as two of the top 5 skill shortages in the EU in 2016**<sup>3</sup>.



1. All India, Higher Education Survey, Ministry of Human Resource Development, GoI
2. World Economic Forum, March 2019: The digital skills gap is widening fast. Here's how to bridge it
3. CEDEFOP Press Release, 10/2016.



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According to a computation of Eurostat Business Surveys in a May 2019 Institute of Labour Economics (IZA) paper, **labour shortages were highest in Eastern Europe, followed by Northern and Central Europe**<sup>4</sup>. CEDEFOP's 2018 report points out higher than average reported bottlenecks in sectors such as ICT<sup>5</sup> and estimates an average of **11.4% growth in future employment for this sector in the EU** between 2018-2030<sup>6</sup>. The scope of IT sector mobility for this corridor was further emphasised in a 2013 CARIM-India Research Report focused exclusively on IT professionals in India and the EU<sup>7</sup>. A 2014 CARIM-India Report also highlights how **IT sector immigrants have made Indians the largest recipients of highly skilled visas in Germany and the Netherlands**<sup>8</sup>. The **India-EU Co-operation and Dialogue on Migration and Mobility (CAMM)** emphasises encouraging possibilities for high skilled mobility, especially of STEM and IT professionals.

While the EU is well-placed to benefit from the growth of IT sector mobility from India, India is **well-placed to gain from reverse flows of knowledge, business expertise, and investment** along with the financial remittances of individual emigrants. Building on the lessons of existing operational initiatives and based on the emerging trends in the world economy, the **Seminar on Talent Mobility** under the **India-EU CAMM** was an opportunity to discuss prevalent issues and exchange industry best practices to further facilitate the mobility of IT sector professionals.

## EXISTING INITIATIVES

The **Blue Card Scheme** of 2009 allows for free mobility and social security access in the Schengen area. **Germany** has issued the highest number of permits under this scheme to IT workers.

The **European Intra Corporate Transfer Directive** of 2016 facilitates the relocation of highly skilled non-EU nationals.

*“A key area that has potential and offers a great degree of mutual cooperation under India-EU engagement is the mobility of science and technology professionals”*

CARIM India Report 2012:  
India-EU Engagement and  
International Migration

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4. Skill Shortages and Mismatch in Europe A Review of Literature: IZA, May 2019
  5. Insights into Skill Shortages and Mismatch: CEDEFOP, 2018
  6. Skills Panorama ICT Services: CEDEFOP projections
  7. Movement of IT professionals between India and the EU: CARIM-India Report 2013
  8. India-EU Migration A Relationship with Untapped Potential: CARIM-India Report 2014

## KEY INSIGHTS

- The IT-ITES sector has **complex** and **diverse mobility needs** requiring proportionately diverse regulation. The one-size-fits-all model must be replaced by a system that effectively balances **compliance, security, and mobility**.
- Skill mobility is premised upon **access to information** about various **integration measures**. These include factors such as access to social security and employment opportunities for the spouse.
- **Short and medium term assignments** tend to attract highly skilled migrants more effectively. Given the emerging trends of flexible and remote work, **flexible and fast-tracked immigration** services are a necessity.
- Standard immigrant and work visa requirements should have **distinct procedures and protocols**.
- **The conversation about policy reform, easing immigration controls, and knowledge transfer should be reciprocated**. India should also provide similar services and ease the mobility restrictions of EU nationals immigrating to or working in India.
- **Free market determination of wages** without the influence of regulatory authorities at source or destination is a necessity for the optimisation of output and resource allocation.



## BEST PRACTICES

Finland's **Talent Mobility Initiative** which has prioritised the Indian market is structured around four pillars of boosting talent – **attraction, reception, integration, and reputation**. Finland **prioritises fast-track immigration services** and provides various integration measures such as **language support, spousal employment, and cultural sensitisation**.



# RECOMMENDATIONS FOR THE FUTURE

## POLICY ENVIRONMENT AND CHANGE

The **mobility needs of a new category of high-skilled workers** such as free-lancers and consultants should be factored into migration policy.

**Removal of wage constraints** from migration regulatory frameworks which are best left to free market forces.



## INFORMATION

**Optimising the alignment of job qualifications** with the market so that vacancies are filled more efficiently and **fostering greater stakeholder co-ordination** between migrants, companies, and regulatory bodies for effective deployment and assimilation.



## SOCIAL SECURITY

There should be new options to obtain **multiple Certificates of Coverage** (CoC) for the same individual or employee and the timeline for obtaining a Certificate of Coverage should be reduced.



## VISA PROCESSES

Recognition of the shifting trend from **migration** to **mobility** and implementing a suitably flexible and adaptable visa and immigration regime.

Facilitating faster application processes through **joint review, checks, and inspection** by EU and Indian authorities. A procedural **fast-track corridor** for EU-registered companies and facilitation of **one-time certification** of the parent company followed by periodic audits.

The visa/work permit should be granted within a very short Service Level Adherence (SLA). **Documentation should be reduced** for large certified companies through drafting of special rules by the India Government.

