



THEIR VIEW

MINT CURATOR

The war for digital talent: India can emerge as a global hub for it

Tech skills are in short supply globally but here are five measures we should take that will help us lead efforts to close the gap



DEBJANI GHOSH
is president of NASSCOM

Over the last few months, every single conversation I have had with industry leaders has been about one thing: talent. Not just about a widening gap between the demand for and supply of digital talent, but the cost of not having the right talent at the right time.

Rising attrition at companies and a shortage of talent is a global phenomenon. A recent report by McKinsey & Co highlights that almost 15 million US workers have quit their jobs since April 2021. The scenario for digital talent is even more dramatic. There is an estimated gap of 6 million between demand and supply of digital talent across eight countries including the US, China, India and parts of Europe.

The shortage of digital talent in India is leading to high attrition rates and increased wages, but is this a crisis that spells another doomsday scenario for the industry? Or should this be an opportunity for us to take some bold steps and become a digital talent hub for the world? As per a Salesforce study, 14 G-20 countries could miss out on \$1.5 trillion worth of cumulative growth in gross domestic product (GDP) if the digital-skill gap remains unbridled.

The pandemic has accelerated the digital transformation of enterprises, creating enormous opportunities for all organizations. Given the customer-centricity of the tech industry in India, the demand environment is extremely positive, and many companies have announced aspirations to grow in double digits this fiscal year. The last time that the industry grew in double digits was in 2015-16. Its compound annual growth rate (CAGR) over the period from then till 2020-21 was 7% and its headcount growth was 5%.

This sudden acceleration in demand has led to a war for digital talent. One may ask why the industry did not prepare for this scenario, but it would be good to remember that nobody globally understood what the pandemic meant for lives and livelihoods; 2020 was the year of resilience.

To deal with these talent wars, companies are adopting a multipronged approach—step up fresh hiring so that the supply pool increases, enhance re-skilling programmes through online learning, deploy adjacent talent skills for on-the-job learning, and, above all, offer employees a holistic employment experience, one that spans career development, learning and wellness.

For India to retain its lead in the digital era, we need to disrupt the traditional approach to talent development. The race to become and being seen as a talent hub is warming up across the world. For example, the UAE just announced plans to roll out green visas, expand eligibility for golden visas and attract top tech workers for the



country to become the preferred investment hub for technology companies. Several other countries like the UK, US and Australia are rethinking efforts to attract high-skill talent, including fast-tracking visas for at-risk sectors and promoting visas for highly accomplished applicants.

Also, skilling is no longer a unidimensional exercise. Digital talent is not equal to education in the classic STEM disciplines: Science, technology, engineering and mathematics. Rather, digital talent stems from a digital-first mindset, which as per a survey by CapGemini, comprises hard digital skills such as data analytics and soft digital skills like storytelling, comfort with ambiguity, etc.

Gone are the days when an engineer only sat in a room and wrote code. Today, the most important skill for a data scientist is storytelling.

Let me share my five-point agenda on how we can emerge as the world's talent hub for digital skills. These are not by any means exhaustive, but we need to act, and act now. Imagine the possibilities if we are successful.

One, implement the National Education Policy steroids: It is important to have a long-term focus and we need to inculcate the right attitudes. Continuous learning, skill credits, world-class academic innovation, experiential learning, faculty training, all need to focus on excellence and outcomes.

Two, build alternate talent pools: Engineers have been at the core of our talent strategy, but all tech skills don't require a four-year degree. Can we

build digital capabilities in smaller towns, get more women to join the work-stream with hybrid work norms, revamp vocational education from industrial training institutes and polytechnics? We can leverage corporate-social-responsibility funding from industry for these programmes.

Three, incentivize skilling: In the early days of the tech sector, tax incentives played a key role in building a global footprint of multinational corporations in India. We must now create schemes that incentivize skilling for corporates, not just for their own needs, but across the ecosystem.

Four, explore innovative learning models: Use apprenticeship programmes at scale, not just for a certificate, but coupled with assessments. Invest in building world-class free content that can be leveraged by anyone and aligned with a credible system of certification.

Five, democratize training: We must remove all hurdles for people to get skilled. Unnecessary entry qualifications and eligibility criteria should be dropped. Let's have no barrier to entry, but a quality-controlled exit process.

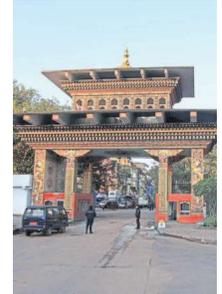
India must not only look at strategies aimed at increasing home-grown talent, but also work on attracting the best global talent to catalyse the next decade of growth and innovation. This requires constant investments in re-skilling and embracing a culture that promotes skill development. Creating a robust digital talent ecosystem would further enable us to be future-ready and leverage the opportunities of a digital future.

How digital cash can lift gross national happiness in Bhutan

The results of Thimphu's experiment should be of interest to India



ANDY MUKHERJEE
is a Bloomberg Opinion columnist covering industrial companies and financial services.



Bhutan is exploring a proposal to tokenize happiness as well. **BLOOMBERG**

The tiny Himalayan kingdom of Bhutan, landlocked between China and India, shot to global fame in the 1970s with 'gross national happiness', a broad measure of overall welfare it prefers over the more traditional metric of gross domestic product, which only includes production of goods and services, even those that ultimately leave us miserable. More recently, the hydroelectric-powered nation decided to become not just carbon neutral—but carbon negative, its pristine forests acting as a sink-hole to absorb the greenhouse gases released by its coal-burning neighbours. And now Bhutan wants a digital currency. Will a new payment instrument make the 800,000-strong, mostly Buddhist society happier than it already is? My answer: It might.

Cash is a relatively new construct in Bhutan. Up until the 1950s, its people were still bartering in rice, butter, cheese, meat, wool, and hand-woven cloth. Even civil servants accepted their pay in commodities. Seven decades later, the Royal Monetary Authority has announced a pilot with San Francisco-based Ripple for a national currency running on distributed electronic account-keeping.

The open-source XRP ledger claims to be carbon neutral and 120,000 times more efficient than proof-of-work blockchains. Unlike El Salvador, which has chosen to use the volatile and energy-guzzling Bitcoin as money alongside US dollars, Bhutan wants to retain the ngultrum, its national currency. The bet is that a paperless version of the central bank's liabilities would be a more attractive alternative to bank deposits for a sparse population scattered across a rugged, mountainous terrain.

Big gains are expected from the monetary authority making its IOUs available to the public directly, as electronic cash that can be spent or saved without requiring a commercial bank in the middle. The goal of 85% financial inclusion by 2023 is a substantial jump over the 67% of adult Bhutanese who have bank accounts. Only a fifth of the population has any credit facility.

Bhutan is moving to test wholesale, retail and cross-border applications of its central bank's tokens, even as advanced nations are still debating their utility. The US Federal Reserve is yet to make up its mind; research that will reveal its assessments of the pros and the cons of a digital dollar is eagerly awaited around the world. Among larger economies, China's e-CNY plans are the most advanced.

That creates a bit of a problem for the government in Thimphu. The ngultrum is

pegged 1:1 to the Indian rupee, which also circulates freely. Since India is its main trade partner by far, the arrangement works fine. But, already, 97% of the population has access to the internet, most of them via their mobile phones. Any sudden preference among the people to use the e-CNY because it's convenient to send and receive via smartphones could be destabilizing. With the Reserve Bank of India (RBI) in a hurry to start offering a digital rupee, Bhutan is perhaps right to press ahead with its plans.

In fact, its \$2.5-billion economy would be doing India a favour. Bhutan's pilots would be valuable to RBI. That's because the digital ngultrum will be an exact representation of the Indian currency, only twice removed. Important questions about the future rupee tokens, such as whether they will rob commercial banks' deposits, can be answered by looking at (the Bhutanese experience). Digitizing the currency may only be the first step. A far more ambitious idea, which was discussed in a conference late last year attended by the local financial industry as well as United Nations officials, is to tokenize happiness.

A digital commodity in happiness could be like cap-and-trade carbon credits, with all 22 districts (or dzongkhags) given quotas based on the gross national happiness index, an aggregate of nine indicators including education, health, psychological well-being, governance and culture. The laggards would have to obtain tokens from the over-achievers. The 'price' of happiness could create an incentive for the stragglers to perform better.

Far fetched? For now, perhaps. But Bhutan, at a neat little laboratory, with just five banks, it does not have much by way of entrenched traditional finance. Only 6.5% of the population has all three: a savings account, insurance and some credit. Bank of Bhutan Ltd, which had roughly 300,000 deposit accounts in 2019, more than any other lender, had only 140,000 mobile banking customers.

The central bank's desire to take cash digital could create opportunities for blockchain-based decentralized finance. Hopefully, it won't use up too much energy and will leave people happier than they are now. Especially in remote places like the northernmost dzongkhag of Gasa, which has all two of ATM. **BLOOMBERG**

THEIR VIEW

A crisis of multilateralism and Asia's rising stake in it

ALOK SHEEL



is RBI chair professor of macroeconomics, Indian Council for Research on International Economic Relations

Multilateralism, or a rule-based international order, was a late entrant to the toolkit of ways in which countries interacted with one another. Its roots lie in the pragmatic Treaty of Munster-Westphalia signed in 1648 to avoid wars of attrition between militarily-matched states that arose after the Roman Empire's breakup. Global peace and prosperity have been the major spin-offs, though both weakened during interludes of heightened nationalism. These dynamics are at work to this day.

Starting with the principle that states were free to choose their official religions without external interference, over time it morphed into acceptance of Westphalian sovereignty; the inalienability of international borders and non-interference in the internal affairs of others. There have been two major phases of multilateral cooperation. The first was dominated by Westphalia, followed by the Concert of Europe. Economic cooperation dominated the second phase with the reconstruction of war-ravaged economies in Europe and Japan,

repair of the international monetary system and revival of world trade. Centred on the Bretton Woods system, multilateralism expanded to include newly-decolonized developing countries.

The G-7, an informal steering group of seven major global powers (US, UK, France, Germany, Italy, Canada, Japan), masterminded both political and economic cooperation. Global peace held despite the United Nations's impotence and the Cold War. Economic cooperation paid rich dividends through global prosperity. Global growth that averaged 2% per annum between 1870 and 1950 doubled to 4% between 1950 and 2000, helped by a boom in trade, whose share of global output doubled to exceed 60%.

Growth acceleration was heavily skewed in favour of emerging and developing economies (EMDEs; *bit.ly/2Y6660J*), altering the relative economic weights of advanced economies (AEs) and EMDEs, with emerging Asia at the heart of it. This asymmetry sowed the seeds of the post-war crisis of multilateralism that threatens both global growth and peace. On one hand AEs grew disenchanted with globalization, having once been its strongest advocate. On the other, the failure of the Bretton Woods system to adjust to shifting weights made it lose its legitimacy. History seemed to have turned full circle. Former col-

onies, initially wary of globalization on account of their imperial experience, defended it even as the West's commitment weakened. Spanning this divide are non-governmental organizations and transnational companies (TNCs), whose resources, global reach and influence are increasing (*ftm.ag/3zP665r*) relative to nation states. Their interests appear more aligned with those of EMDEs on globalization.

The legitimacy lost led to the emergence of alternative EMDE institutions that tried to mimic the G7 (BRICS), IMF (CMI) and the World Bank (NDB, AIB, BRI), and culminated in an initiative to revive multilateralism through a new governance structure of multilateral economic cooperation. The G-20 (*g20.utoronto.ca*), elevated to summit level after the Global Financial Crisis of 2008, accommodated emerging powers, especially China, and effectively superseded the G7.

The G-20 met with success in coordinating policies to avert a second Great Depression,

but it has had less success in resolving longstanding issues as old North-South fault lines resurfaced after the crisis. More than willing to engage in the G-20 on issues dealt with by institutions such as the IMF and World Bank, where they were in a subordinate position, EMDEs were reluctant to engage on issues dealt with by the WTO and others where they had equal voting power.

The G-20 was reduced to issuing platitudinous statements, with the focus shifting to bilateral meetings on the sidelines and to a resurgence of G-7. Trade-and-geopolitical rivalry between the US and China has now taken centre stage. Brexit has weakened multilateralism in Europe and Trumpism in the US. Pluralism has been beaten through arrangements such as the CPTPP, TTIP and RCEP. None of these includes both the US and China, raising dystopic visions of a new cold war and the

Asian countries caught between the US and China should push for a new paradigm of multilateralism

Thucydides Trap (*on.ft.com/3dR81U*). Average annual economic growth has declined after 2010 to 3.5% in tandem with a trade decline. The growth differential between AEs and EMDEs has also shrunk.

Asia, closely tied to China through supply chains but wary of its imperial ambitions, and dependent on the West for export markets and security, finds itself between a rock and a hard place. An expeditionary revival of multilateralism is in its interest. This revival is likely to be shaped by the resolution of four major frictions. First, reinvention of the G-20 through harmonization of pressure groups that globalization is seen to work for all major stakeholders. Second, the accommodation of China in global governance, via either the G-20 or a similar body. Third, by bridging basic ideological divides, as several rising powers like India, India, Russia and Brazil have taken liberal and nationalistic turns, despite their open markets. And lastly, by reworking the Westphalian notion of sovereignty to address dangerous externalities such as climate change, migration from failing states and pandemics on one hand, and including non-state players (including TNCs) on the other hand in a new multi-stakeholder paradigm of multilateralism. Neither can be swept under the carpet any longer.