



Hindustan Unilever Limited



**Developing Human Capital**  
for a Growing India



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Nitin Paranjpe - 2024

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**DEVELOPING HUMAN CAPITAL  
FOR A GROWING INDIA**

was the subject of the speech,  
delivered by Nitin Paranjpe, Chairman,  
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# DEVELOPING HUMAN CAPITAL FOR A GROWING INDIA

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India took 60 years since independence to become a one-trillion USD economy. The next trillion came in 7 years, and the final trillion in 5 years. India's pace of growth and rise to becoming the 5<sup>th</sup> largest global economy seems even more remarkable at a time when, by contrast, most nations are seeing a slowdown in their growth to low single digits. Even more importantly, India has set itself an ambition to become a middle-income country, growing its economy to USD 10 trillion and grabbing the slot of the 3<sup>rd</sup> largest economy by 2030. It is an ambitious plan that includes pulling millions out of poverty, providing housing for all, ensuring suitable livelihood opportunities for people and as a result, making significant progress on the Human Development Index.

This ambitious goal will require the nation to step up its growth rate from a historical average of

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around 7% CAGR over the last decade, to over 8%. While not easy, it is much needed and certainly possible.

Several factors will help us along in this journey: first, we have momentum on our side. We have been one of the fastest growing large economies in the world over the last decade. A growth rate well ahead of the largest economies - US and UK at 2%, Japan at 1%, and almost on-par with China (~7%).

Second, investments made over the last decade, have created the foundation of what is already amongst the best digital public infrastructure in the world, driving financial inclusion and stimulating economic growth. India's Unique identification programme (Aadhar), which was launched in 2010 drove financial inclusion. That coupled with UPI, has driven a massive step up in digital transactions in the country. Today there are more than 42 crore UPI transactions per day, more than any other country in the world. In fact, India accounts for 46% of all digital payments in the world. This, along with initiatives like the ONDC (Open Network for Digital Commerce), that have the potential to democratise

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commerce, makes the India tech stack, as it is called, one of the most enviable in the world. And one that will help stimulate further growth.

Thirdly, there is an opportunity to significantly step-up women participation in the workforce. At present, women participation stands at close to 29% which is lower than neighbouring Bangladesh at 32%. Even a late entrant to the women empowerment journey like Saudi Arabia stands at 35%. Increasing women's participation in the workforce, of course requires India Inc to champion inclusive and supportive policies aimed at attracting and retaining female talent. And the payoff can be significant; a study by National Family Health Survey indicates that advancing gender equality could potentially lead to a 30% increase in India's GDP.

Finally, I truly believe that it is our growing working age population that could prove to be our greatest asset in the next phase of our growth journey. With thoughtful nurturing and development, this can unlock incredible rewards for India and Indians.

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It is our demographic dividend – the human capital above all capital.

## **REAPING 'DEMOGRAPHIC DIVIDEND' – A NARROW WINDOW OF OPPORTUNITY**

What is Demographic Dividend? It is a moment in time when dependency rates (children and older adults) are low, which translates into more people being able to participate in the workforce and, consequently, higher GDP and growing individual wealth. By this definition, we are indeed uniquely placed.

India, with a median age of 28 years and over 65% of its population in the working age, is already younger than countries like the US, UK, China or Japan. In fact, over the coming years, as a consequence of falling birth rates and increasing longevity, the young working age population in these countries is likely to fall further. In contrast, by 2030, India's share of working age population will rise to be about 69%. In fact, India will be home to one-fifth of the global working age population;

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giving us an opportunity to harness the growth of our productive labour force to boost economic development. Of course, falling birthrates and increasing life expectancy will mean that India too will start ageing and hence we need to capitalise on this window of opportunity.

While the aforementioned tailwinds have the potential to step up India's growth rate, we need to take action in certain areas to realise our vision. Unquestionably, this growth needs to be sustainable i.e., delivered within the planetary boundaries. But just as importantly, it needs to be 'inclusive'. Over the last 10 years, India's GDP growth has been primarily productivity led. While productivity will always be an important driver of growth, the further step up to 8% and beyond, that we both aspire for and need, must come from higher job creation. Projections indicate that over the next decade, India will need to create 90 million non-farm jobs to both, manage the inevitable migration of labour from agriculture, and to provide meaningful employment opportunities to the people entering the working age population.

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This is not easy and will need concerted and systemic action with particular focus on sectors that have a high employment elasticity. In the coming decade, India's service sector will present a potential for growth and employment generation. At the same time, the Financial Services sector, driven by increasing demand in banking and insurance services, presents an opportunity for increased employment. Other industries that present employment growth opportunities include health and hospitality, consumer retail services, global capability centres and e-Commerce. Importantly, the MSME sector needs to play a bigger role. For instance, share of employment generated by MSMEs in most developed nations is over 60% while in India, it is about 45%. We will need to tap the potential of these sectors and deliver on our vision of a more prosperous India, with no one left behind.

## **DEVELOPING CAPABILITIES TO BOOST HUMAN CAPITAL**

In parallel to creating jobs to absorb the growing



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population in the working age, we need to ensure that our working age population is employable and that they contribute towards the economy. To do this, we need to focus on four key areas:

- We will need to build a strong foundation in primary education.
- We need to provide access to vocational skill building.
- We need to make continued efforts in re-skilling and upskilling the existing workforce.
- And finally, we need to retain skilled talent in the Indian economy.

### **Building a strong foundation:**

Let us first talk about the foundation that our students get in schools across India. The Right to Education Act (RTE) that came into force in 2010, offers free and 'compulsory' primary education to children aiming to ensure that all children receive foundational education and that every school-going child learns how to read and write. However, according to a study by Unicef and the World Economic Forum, 'almost 70% of children in

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grade 3 in India have been reported to have no basic reading and arithmetic skills.' There is clearly a burning need to give more importance to the education system and to educators who shape the base on which human capital for the future will be built. To deliver this, we need a four-pronged approach – strengthen early-learning content to develop foundational literacy among school-going children; develop teacher capability through training programmes and career progression charts; ensure better school-to-work transition by implementing vocational courses as part of the curriculum and lastly, widen the reach by connecting the unconnected through technology.

Technology can play an important role in educating and skilling those who missed the symbolic 'school' bus. The Government's efforts in the area have been evident through initiatives like PM e-Vidya, PMGDISHA, and SWADES, aimed at enhancing digital accessibility and inclusivity.

While several actions are being taken to further strengthen primary education through interactive content and use of digital in schools, as well as in

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developing teachers' capability to deliver the new content, a significant gap remains when it comes to school-to-work transition. According to the same study, nearly 85% of Indian schools have yet to implement vocational courses as part of their curriculum.

### **Driving a mindset shift towards vocational training:**

Let us take Switzerland's educational system as an example: after mandatory primary education, students can choose between general higher education or vocational training. In fact, two-thirds of the young people actually opt for vocational training that sees them training on the job while attending vocational school once or twice a week. This system has been acclaimed internationally and many apprentices have risen to lead major banks, and some have even been a part of the Government. In fact, in the United States, vocational training such as home economics, wood and metal shop, business courses, construction and others are offered across high schools and are a mandatory part of the curriculum.

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In contrast, in India, there is a significant disparity between enrolling for higher education and vocational training. This could be attributed to the nation's cultural mindset and societal standards on employment in skilled vocations. For a nation to progress, this mindset needs to change, and we must understand the role that skilled vocational work can play in lifting the economy.

**Skilling, re-skilling and upskilling existing workforce:**

At the same time, we need to recognise that with a world that is changing at an unprecedented pace, we need to focus on continuous upgradation of skills in the existing workforce. In fact the Prime Minister in the recent G20 summit had said, "Skilling, re-skilling and upskilling are the mantras for the future workforce." He also highlighted the work done through the Skill India Mission in building knowledge and skills on AI, Robotics, Internet of Things and drones.

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## **Retaining talent by becoming the 'Country of Choice':**

While we equip our current working age population with employable skills that will provide an added boost to the India growth story, we need to ensure that the best talent do not end up leaving the nation. In 2022, the number of Indian students leaving the country for higher education was at a six-year high of 7,70,000.

We are slowly witnessing a rising trend of reverse brain-drain or 'brain-gain', evident in the increasing number of skilled professionals returning to India. This is catalysed by a growing entrepreneurial landscape in the country, geo-political realignment and a growing digital ecosystem. It enriches and diversifies the talent pool, leading to greater innovation and effectiveness across various sectors. A 2023 NASSCOM report estimates that about 25% of Indian startups are founded by returning Indian-origin professionals, bringing back crucial expertise and investment.

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## **THE MULTIPLIER EFFECT: HOW GOVERNMENT AND CORPORATES CAN COLLABORATE**

Government alone cannot address the challenges that we face in developing our human capital. Corporates will need to play a key role – be it in ensuring re-skilling and upskilling the workforce populace, creating employment, embracing diversity or supporting human development. A close public-private partnership can change the entire ecosystem by uplifting the skills and capabilities of the nation, on a scale that is required for our growth ambition. To truly create a significant difference, we need India Inc to join hands with the Government.

At Hindustan Unilever, with over 90 years of serving India, we have always believed in the philosophy – What is good for India, is good for HUL. We believe that we are a microcosm of the nation and that our small steps in building human capital, will one day make a big difference through a trickle-down effect impacting our suppliers, our partners and the larger ecosystem.

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## **Nurturing strong foundations, building Capabilities for the Future:**

We recognised early on, that India is brimming with talent and started our management development programme as early as the 1940s, where over the course of 15-18 months we build on-the-job skills of future managers. The cornerstone of our talent development agenda has been our firm commitment to meritocracy as the only criterion for recruitment and advancement.

Over the years, we have been committed to building a future-ready talent pool and in the last year alone, we have invested over 1,00,000 hours on training and upskilling interventions across our offices, factories, and sales workforce. Let me share our approach to inclusive skill building in tier 2 and tier 3 cities. To win in frontline sales, we recently collaborated with external learning partners to upskill our teams on data-driven decision-making and understanding omni-channel engagement. At the same time, for our shopfloor employees, we continue to work towards our skilling ambition to

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see over 50% of them skilled in automation and machine learning over the next 2-3 years.

We define education and skill development in terms of our ability to create employability, and have offered internship opportunities across our value chain – from sales to marketing to the shopfloor. And we continue to take small but meaningful steps to ensure skilling and generating livelihoods within our value chain, and the communities in which we operate.

### **Enhancing Livelihoods in the ecosystem – our communities:**

We truly believe that businesses can only prosper in a flourishing society. It has been 10 years since we started 'Prabhat', our sustainable community development initiative. Through Prabhat, we have touched the lives of nearly 10 million people in the communities around our factories and depot locations. Through 18 Livelihood Centres, we have trained over one lakh women and youth in vocational skills and entrepreneurship development.



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Additionally in our drive for more socially inclusive growth, last year we carried out a supplier diversity initiative that helped accelerate and scale businesses owned by minority and under-represented groups. Through this initiative, along with our partner, we aimed to provide essential training and mentorship, including access to networks, knowledge, and resources to enterprises owned by women, people with disabilities, members of scheduled castes or tribes, and transgender communities.

**Pioneers in Equity, Diversity and Inclusion:**

Embracing diversity is, in fact, deeply entrenched in the Company's culture. Take Project Shakti for example. Launched at the dawn of the new millennium, this programme aimed to enhance livelihoods and uplift rural Indian women. The company trained women in deep rural India to become micro-entrepreneurs and sell our products. With the launch of Shakti, we witnessed a complete reversal of the social order in these villages. Today we have over 2,00,000 Shakti

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Ammas who command respect in their community and their homes.

More recently, we witnessed a similar episode play out in the community around our new manufacturing unit in Sumerpur, Uttar Pradesh. Aiming to create a gender balanced site, we took significant efforts in creating a safe space for women workers on the shopfloor. In the developing district of Hamirpur, we have women who make up 40% of our workforce. This had a ripple effect in the community - there has been a 55% increase in women cumulatively enrolling for technical programmes and higher studies in schools, colleges and ITIs in and around Sumerpur.

There are several other examples, where in our own small way, we are making efforts in the hope of driving wider community action – from enrolling women in our frontline sales force as a part of the Ahilya initiative, to working with the National Skill Development Centre, Ministry of Skill Development, Government of India, to develop employable skills among women.

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In fact, over the years, through our value chain, we have been persevering to drive a cultural change and embrace equity and inclusion to create a truly future-fit workplace.

## **Experimenting with Future-fit Employment**

### **Models:**

Traditional employer-employee dynamics are no longer fit for purpose for either individuals or businesses. People are increasingly looking for more personally and professionally satisfying work. They want to move beyond the traditional 40-hour/40-week/40-year employment contract to something more flexible that's tailored to their needs and stages of life. Keeping this in mind, we launched U-Work, a programme that gives employees the freedom and flexibility associated with contract roles alongside the security and benefits typically linked to regular employment.

Our other programme, Open2U, offers part-time gig work, the HUL way - with the flexibility to define the work schedule on an applicant's terms, the security of structured compensation and benefits

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as well as the opportunity to work on high-impact projects. Today we have a talent pipeline of over 2,000 Open2U individuals who can bring in unique skills such as cyber security, performance marketing or packaging.

**Embedding value – a set of non-negotiables:**

While the emphasis in business has always been on telling people what to do, at HUL, we have always believed that it is also about people understanding what not to do. This is less about prescribing behaviours and more about a culture of ethics and integrity as clear non-negotiables.

In fact, the culture of integrity and ethics has been embedded in the Company since its very inception. Let me illustrate this with a conversation that took place in 1965 between the then Unilever Chairman Lord George Cole and a young manager in India.

“Sir, what are the criteria for appointments to the Board?”, the young manager asked the Chairman.

“I’m glad you are thinking so far ahead”, Lord Cole replied. And he added, “The criteria for Board

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appointments are contribution, competence and character. The last takes precedence over the first two.”

## **IN CONCLUSION: PEOPLE AT THE HEART OF THE NATION'S GROWTH**

“The strength of a nation lies in the homes of its people” – the quote by Abraham Lincoln aptly highlights the importance of holistic human development in a country's growth journey.

India is well poised to leapfrog into the future and become one of the world's leading economies. Armed with technological prowess, innovative acumen, increasing affluence and growth-centric policies, the country is often referred to as the new land of opportunities.

To leverage these opportunities that India has to offer and realise the nation's growth potential, we will need single-minded focus on building human capital. While in the last decade, India's growth has primarily been productivity-led, going forward, we will need to ensure that we create meaningful

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employment and livelihood opportunities for the millions entering the workforce each year.

While India accelerates on its journey towards a USD10 trillion economy, it has to ensure that no one is left behind. We have to ensure that we not only progress on economic, but also on social indices. We have to create an India where every child receives the education they deserve and a chance at creating the livelihood they dream of. We have to, together, build an India that we can all be proud of. And we have to do it now.

Thank you.

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