



# panorama

October 2024



## India's low unemployment rate conceals the poor quality of job creation

- India's unemployment rate has remained steady at 3.2% in 2023-24
- The workforce has shifted from casual labour to helpers in household enterprises, with no improvement in better-paid and more productive salaried jobs
- Female labour force participation has improved mainly due to higher participation in agriculture activities



## India witnesses a surge in primary market activity – Mainboard & SME IPOs, QIPs etc.

- In H1FY25, IPOs have raised close to 80% of the total capital raised in FY24
- India ranks 1<sup>st</sup> globally in the total number of IPOs and 2<sup>nd</sup> in terms of the capital raised during Jan-Sep 2024
- Qualified institutional placements also witness a significant increase in H1FY25



## Markets have turned defensive in the September quarter on account of rich valuations

- Defensive sectors have outperformed cyclical sectors in the September quarter
- Defensive stocks are less exposed to domestic cyclicity and are available at comparatively better valuations
- Analysts have reduced 'buy' calls to the lowest level in at least a decade



## India witnesses heavy FPI outflows after China announces stimulus measures

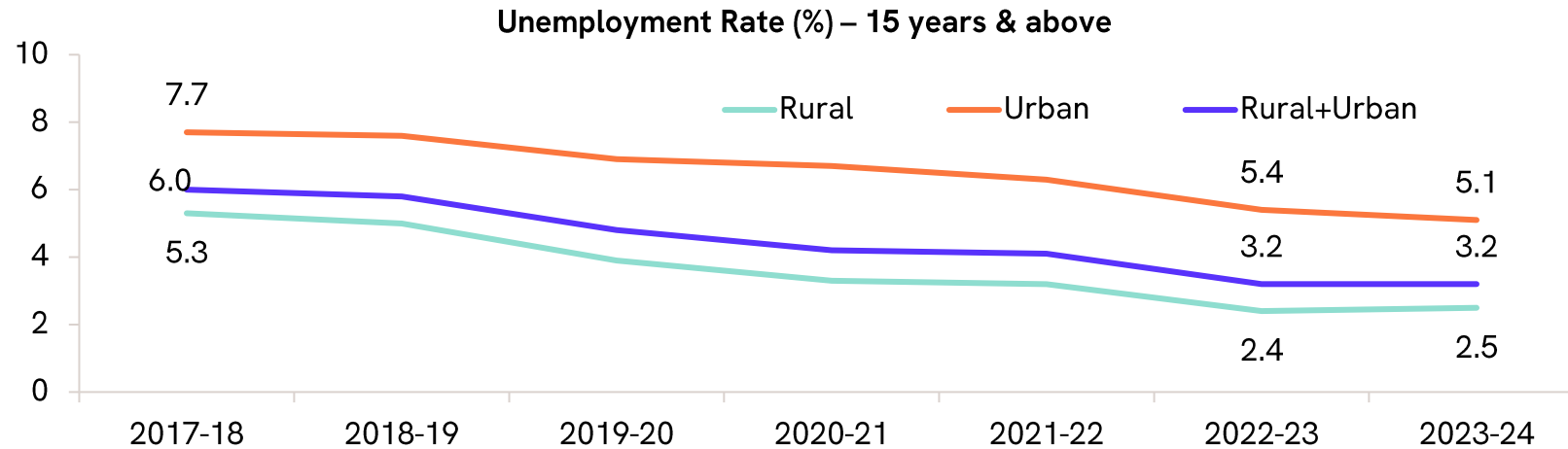
- China's stimulus is aimed at improving consumer confidence and halting the decline in real estate prices
- Structural issues such as high debt, an ageing population, and a low fertility rate remain unaddressed
- Hence, China may present a tactical opportunity but not a suitable long-term investment

# India Employment Trends



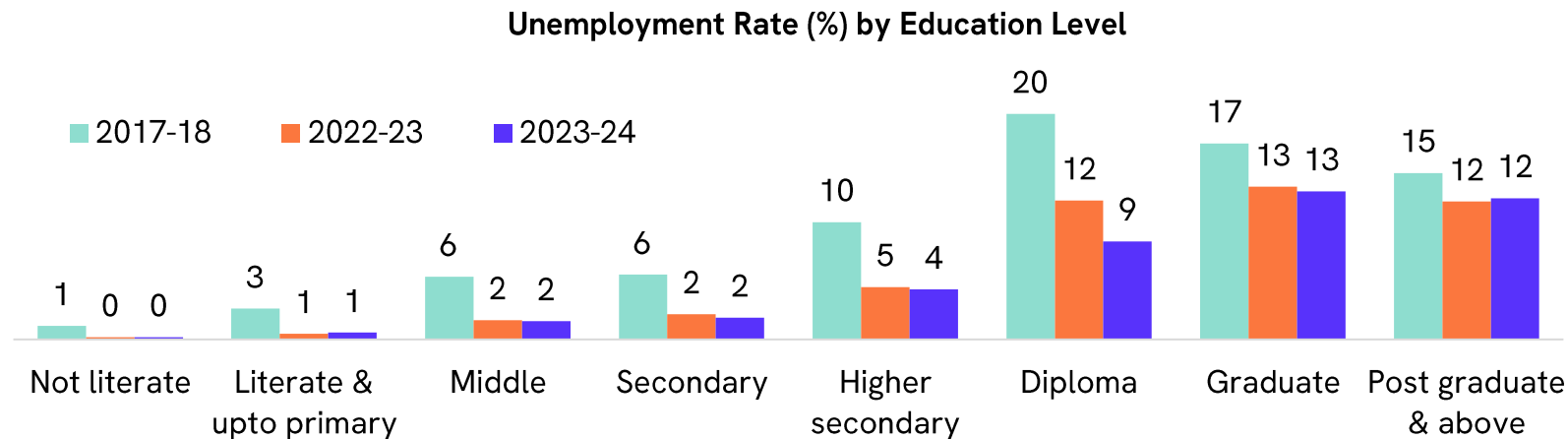
# India's unemployment rate remains steady at 3.2% in 2023-24

The unemployment rate among diploma holders witnesses the steepest decline



India's unemployment rate remained steady at 3.2% in 2023-24, with divergent trends observed between rural and urban areas

The rural unemployment rate increased to 2.5% from 2.4% in the previous year, while the urban unemployment rate decreased to 5.1% from 5.4% in the previous year



A significant improvement was witnessed in the unemployment rate among certificate course/diploma holders in 2023-24

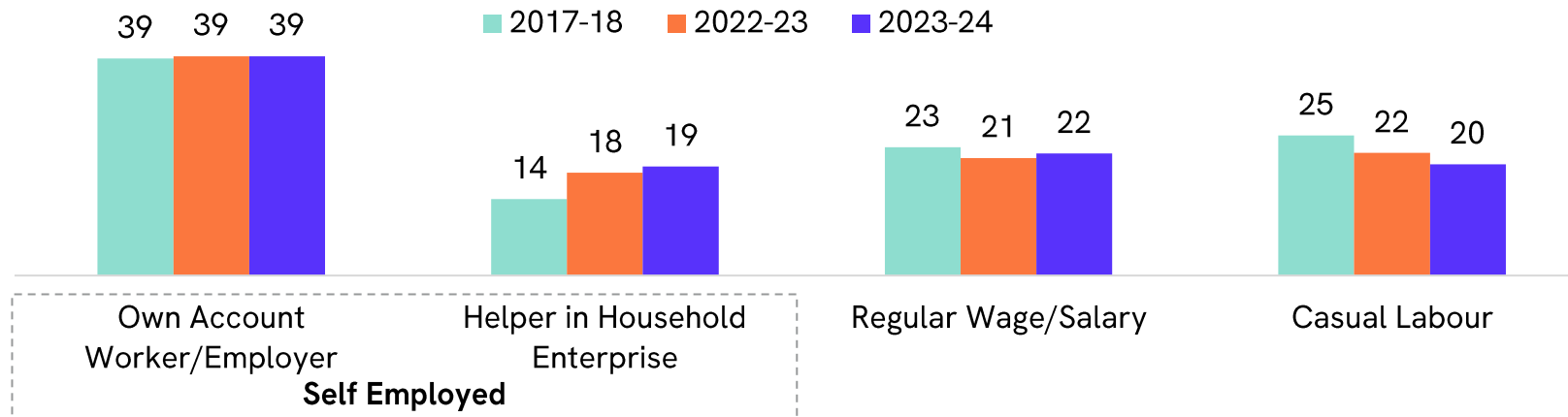
Unemployment tends to remain high among the more educated

Note: 2023-24 refers to the period July 2023 – June 2024, and likewise for 2022-23, 2021-22, etc.  
All data pertains to usual status (ps+ss) for persons of age 15 years and above

# Workforce distribution has shifted from casual labor to self-employment

The increase in self-employment has been driven by a rise in helpers in household enterprises

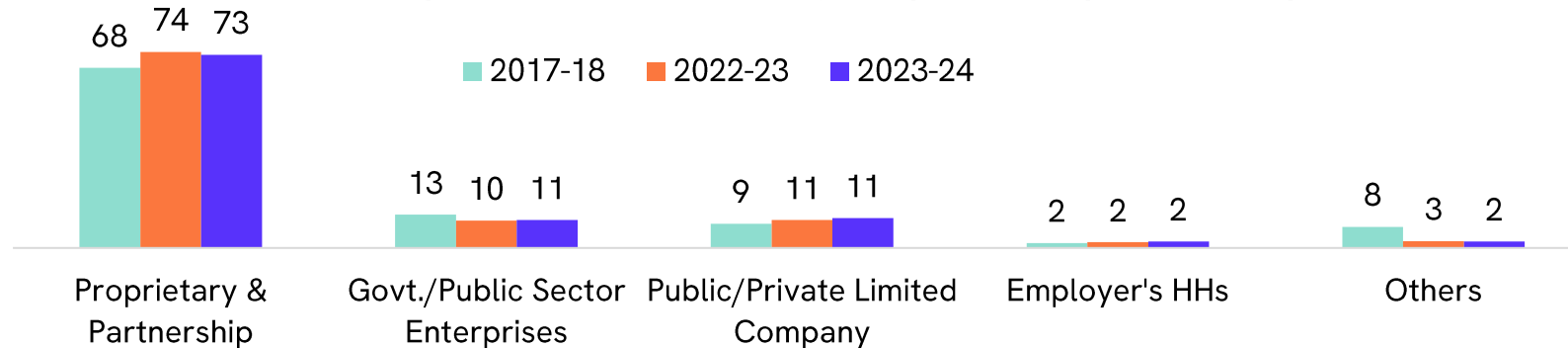
Percentage Distribution of Workers by Employment Status



The quality of employment has not improved, as the share of employers and salaried workers has remained steady since 2017-18

The share of employment has shifted from casual labour to helpers in household enterprises, both of which are characterised by low-productivity work

Percentage Distribution of Workers (Non-agriculture) by Enterprise Type



In the Periodic Labour Force Survey, proprietary and partnership enterprises are considered as informal sector enterprises

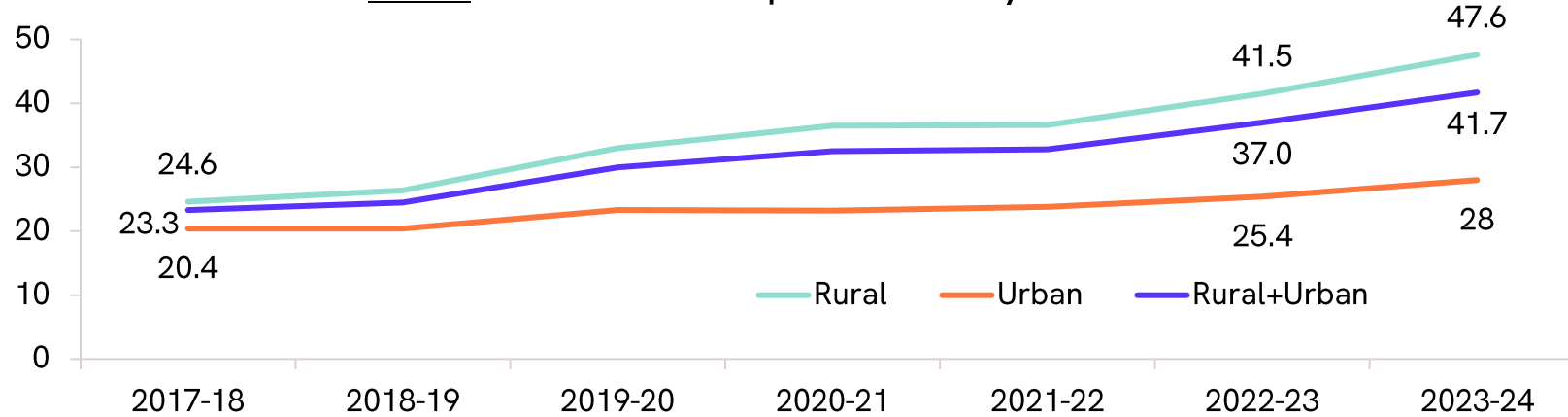
By this criterion, the share of the informal sector in employment has increased from 68% in 2017-18 to 73% in 2023-24, which contrasts with the general expectation of a decline in the informal sector

Source: PLFS, 360 ONE Asset Research

# Female labour force participation continues to improve

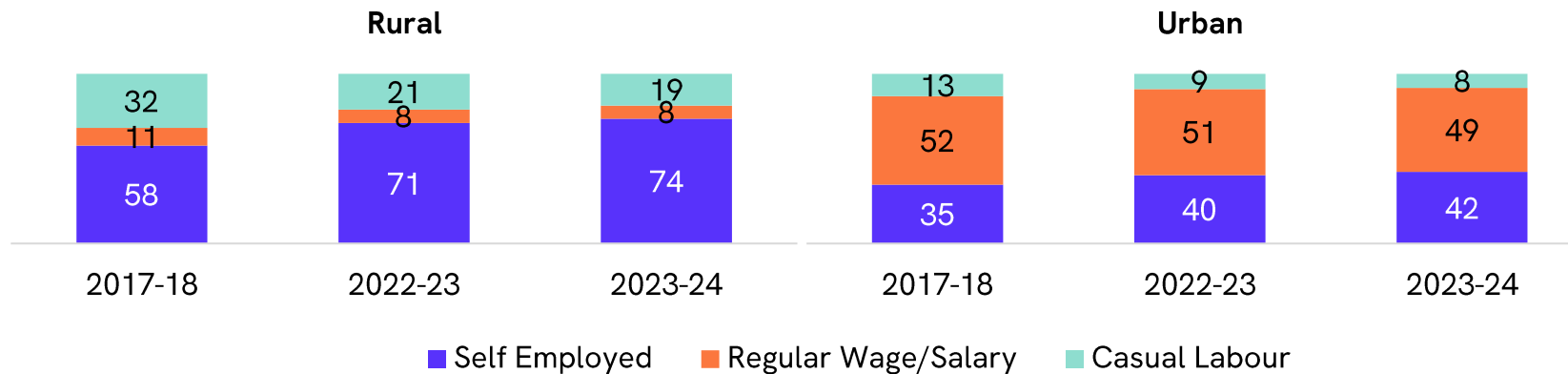
The share of self-employment among the female workforce has increased across both rural and urban regions

**Female Labour Force Participation Rate – 15 years & above**



The rural sector primarily drives the rise in female labour force participation, although urban regions also experience a relatively modest improvement

**Percentage Distribution of Female Workers by Employment Status**



The female workforce has predominantly shifted from casual work to self-employment  
  
However, the quality of employment has decreased due to the decline in better-paying salaried jobs

Source: PLFS, 360 ONE Asset Research

# Share of agriculture in total employment has increased since 2017-18

Women have shifted to agriculture, whereas men have moved from agriculture to construction, trade, and hospitality

Percentage Distribution	Male			Female			Persons		
	2017-18	2023-24	Δ	2017-18	2023-24	Δ	2017-18	2023-24	Δ
Agriculture	40.2	36.3	-3.9	57.0	64.4	7.4	44.1	46.1	2.0
Mining & Quarrying	0.5	0.3	-0.2	0.2	0.1	-0.1	0.4	0.2	-0.2
Manufacturing	12.0	11.4	-0.6	12.5	11.6	-0.9	12.1	11.4	-0.7
Electricity, Water, etc.	0.7	0.7	-	0.2	0.2	-	0.6	0.5	-0.1
Construction	13.7	16.4	2.7	5.0	3.7	-1.3	11.7	12.0	0.3
Trade, Hotel & Restaurant	13.7	15.5	1.8	6.3	6.1	-0.2	12.0	12.2	0.2
Transport, Storage & Comm.	7.4	8.1	0.7	1.1	1.1	-	5.9	5.6	-0.3
Other Services	11.7	11.3	-0.4	17.8	13.0	-4.8	13.2	11.9	-1.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>

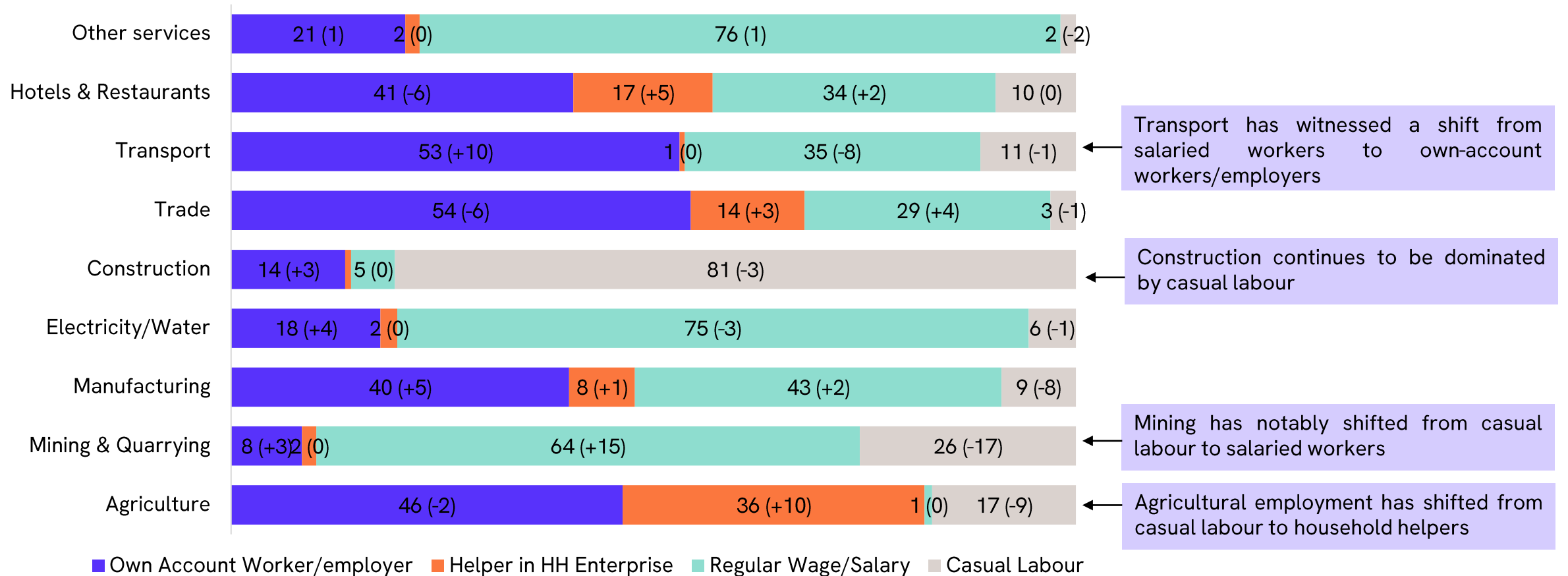
The share of agriculture in total employment has increased as more women have participated in agricultural activities, even though men have moved out of agriculture

Men have primarily shifted to construction, followed by trade, hotels, and transport

# Casual labour employment has declined across sectors

Agricultural employment has shifted towards household helpers, while mining has transitioned to salaried workers

**Distribution of Workforce By Employment Status 2023-24**  
Figures in parentheses indicate the change from 2017-18



Source: PLFS, 360 ONE Asset Research

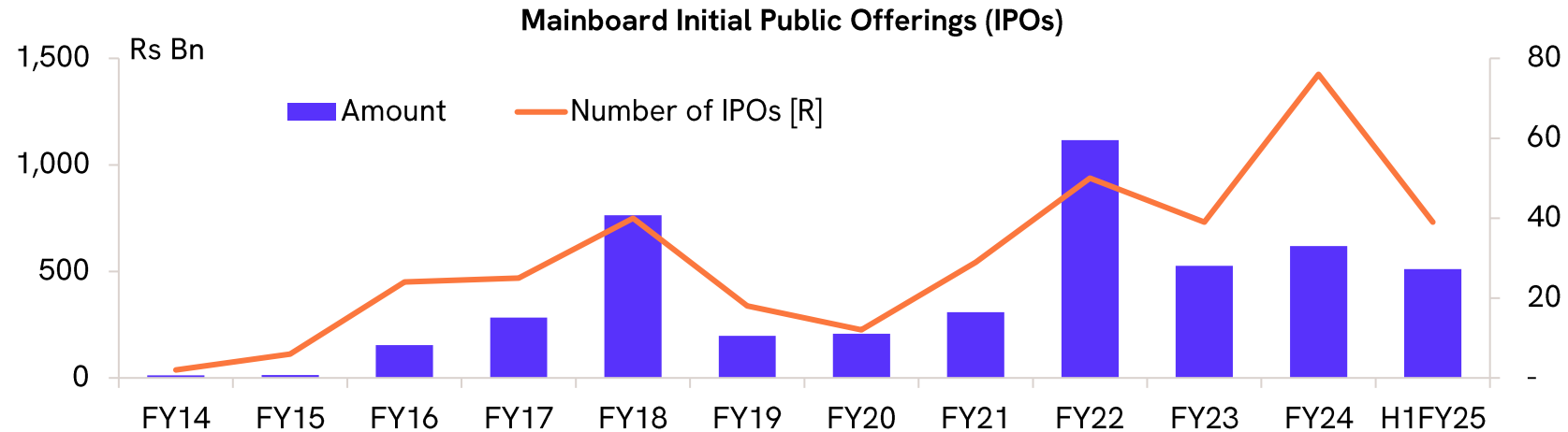


# Primary Markets, Valuations & More

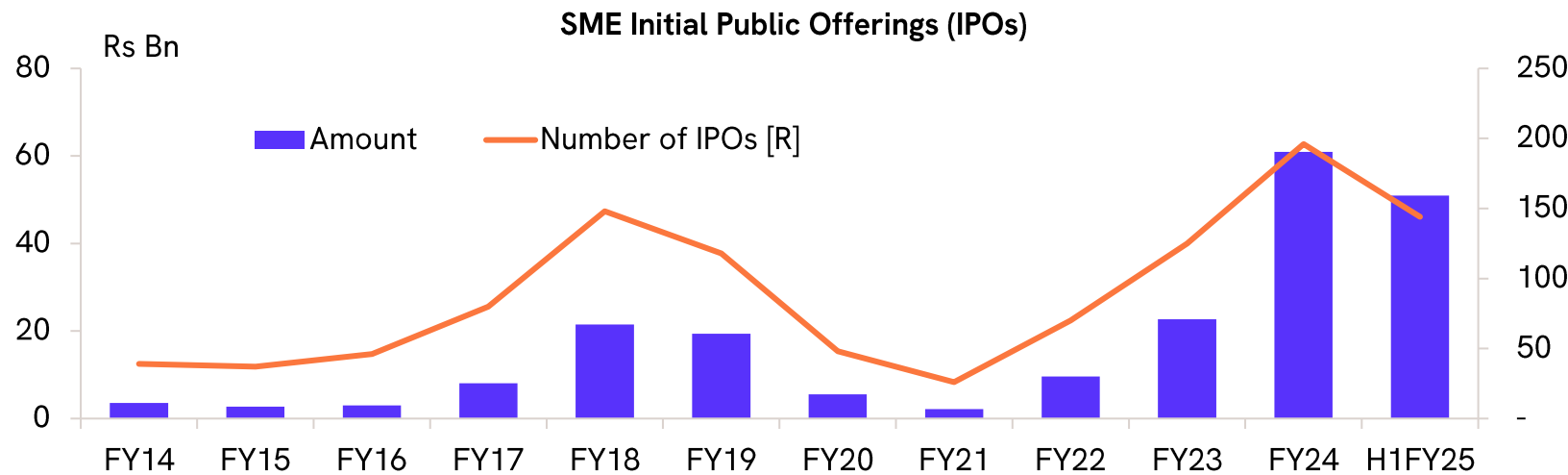


# India witnesses surge in IPOs as markets offer rich valuations

SME IPOs raised a record amount of capital in FY24 and have garnered approximately 80% of that total in H1FY25



Mainboard IPOs have raised Rs 510 billion in H1FY25, approximately 80% of the total amount raised in FY24



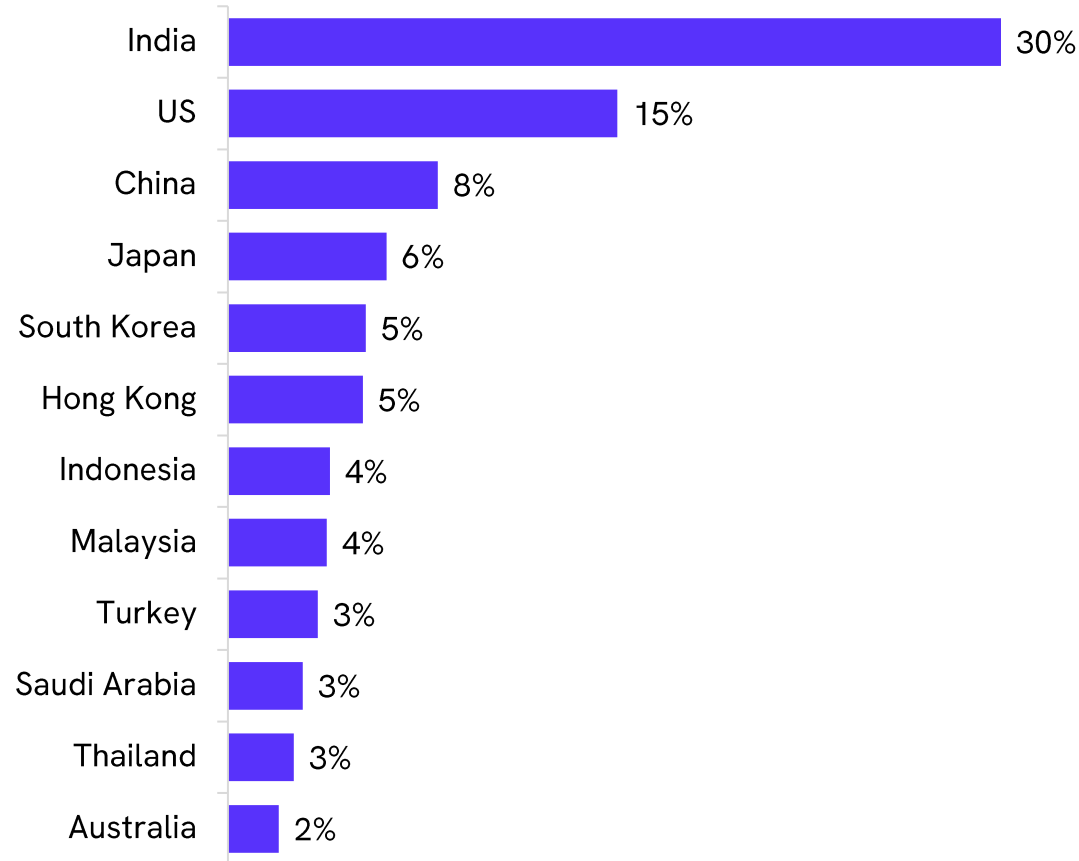
Similarly, small and medium enterprises (SME) IPOs have raised Rs 50 billion, approximately 80% of the total amount raised in FY24

Source: SEBI, 360 ONE Asset Research

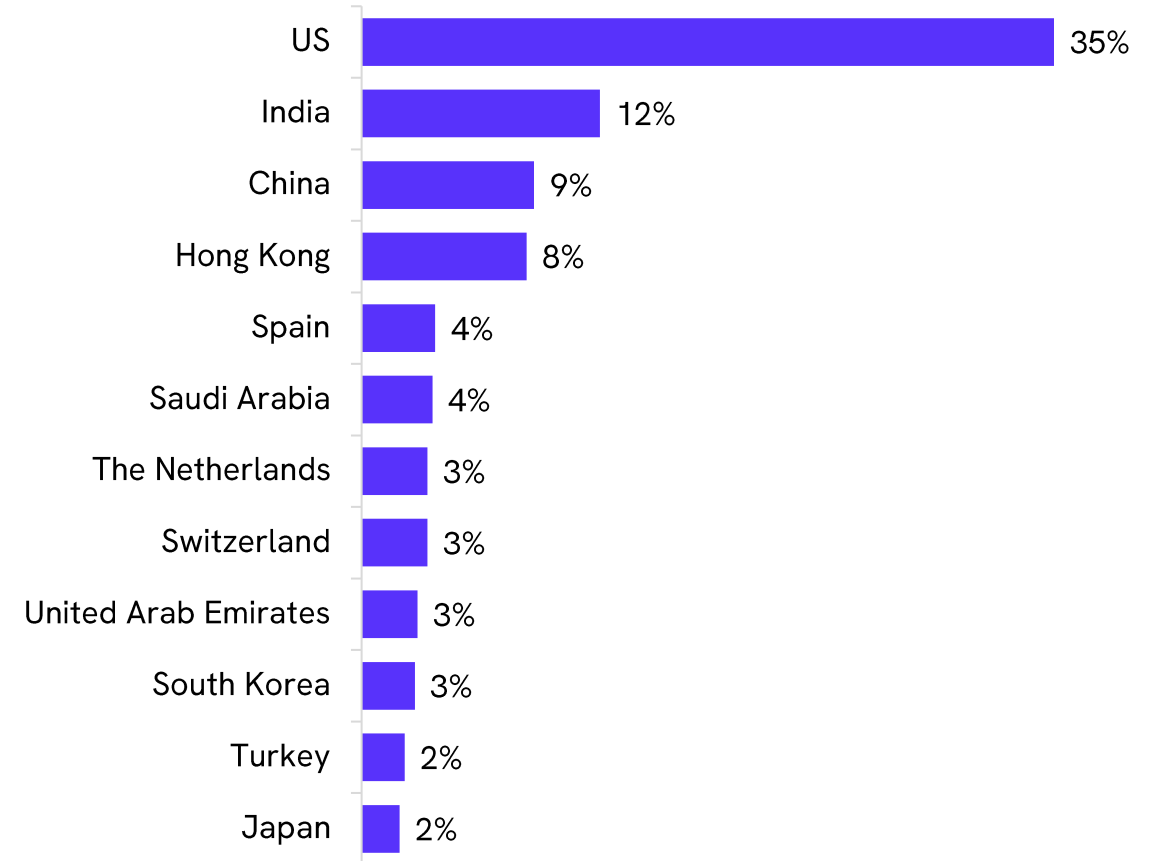
# India recorded the highest number of IPOs globally during Jan-Sep'24

India ranked second in the world for funds raised through IPOs

Share in Global IPOs – Number (Q1-Q3 2024)



Share in Global IPOs – Proceeds (Q1-Q3 2024)

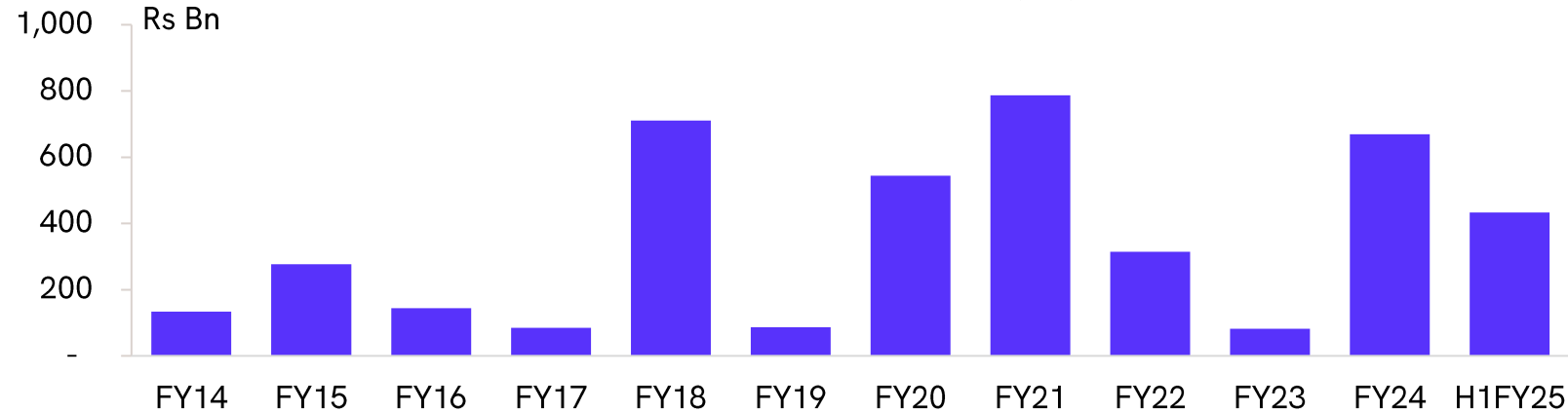


Source: EY Global IPO Trends Q3 2024, 360 ONE Asset Research

# Qualified Institutional Placements (QIP) also witness a surge in H1FY25

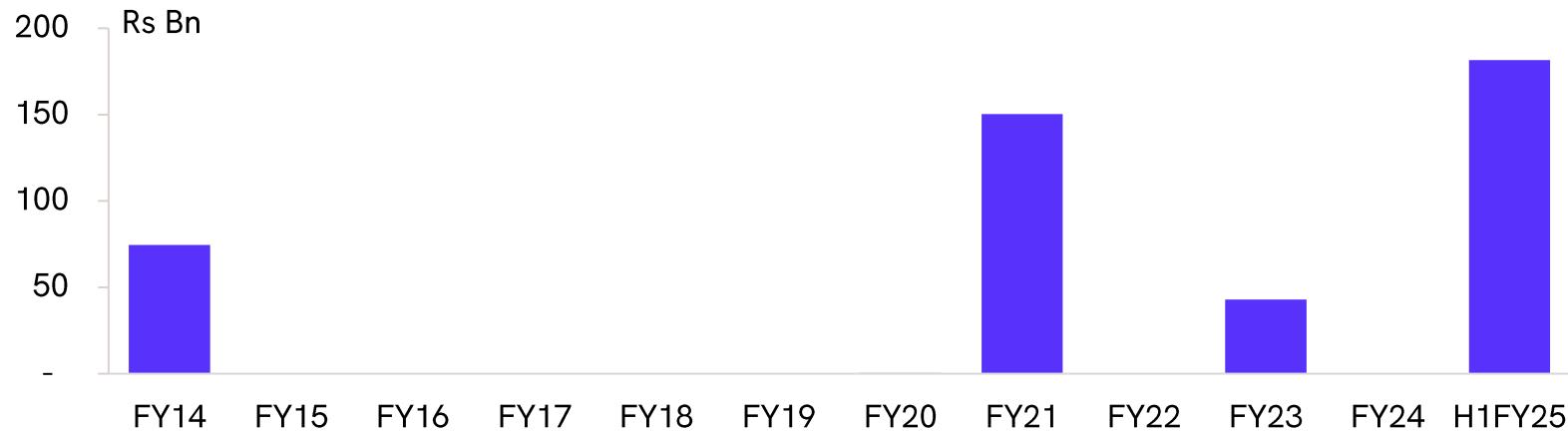
Amount raised through Follow-on Public Offers (FPOs) in H1FY25 driven by a large issuance from a telecom company

### Qualified Institutional Placements (QIP)



In H1FY25, Rs 433 billion was raised through qualified institutional placements (QIPs), representing about 65% of the total raised in FY24

### Follow-on Public Offers

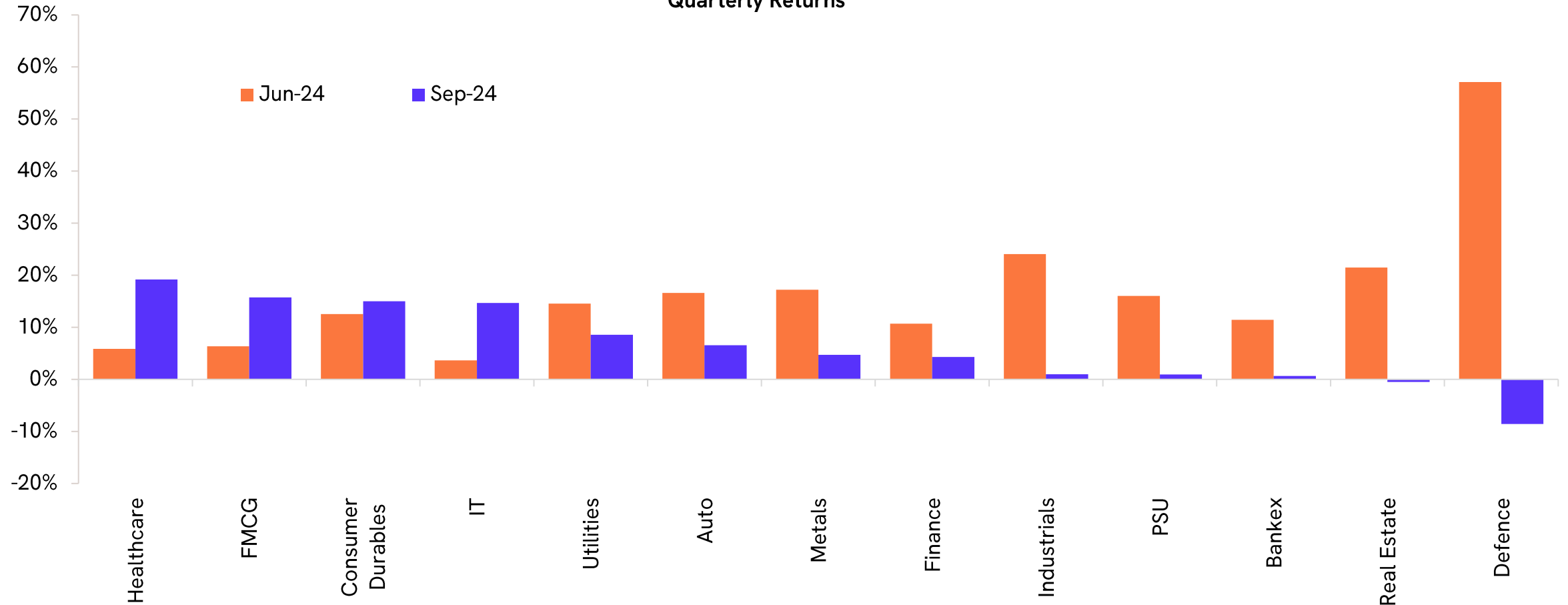


Amount raised through FPOs in H1FY25 was largely driven by a Rs 180 billion issuance from a telecom company

# Markets have turned decisively defensive in the September quarter

Defensive sectors like healthcare, IT, and FMCG have outperformed cyclical sectors such as defence, real estate, and industrials

Quarterly Returns

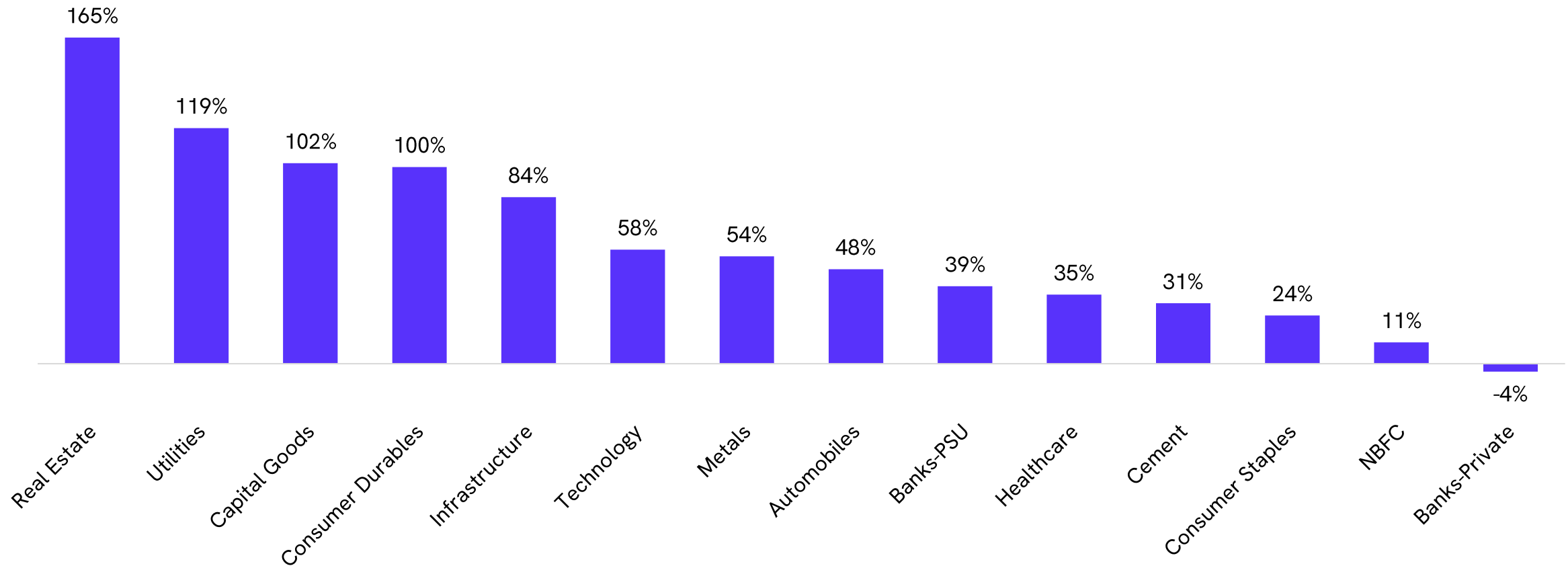


Source: CMIE, BSE, 360 ONE Asset Research

# Rich valuations have driven the markets towards defensive positions

Defensive stocks are less exposed to domestic cyclicalty and are available at comparatively better valuations

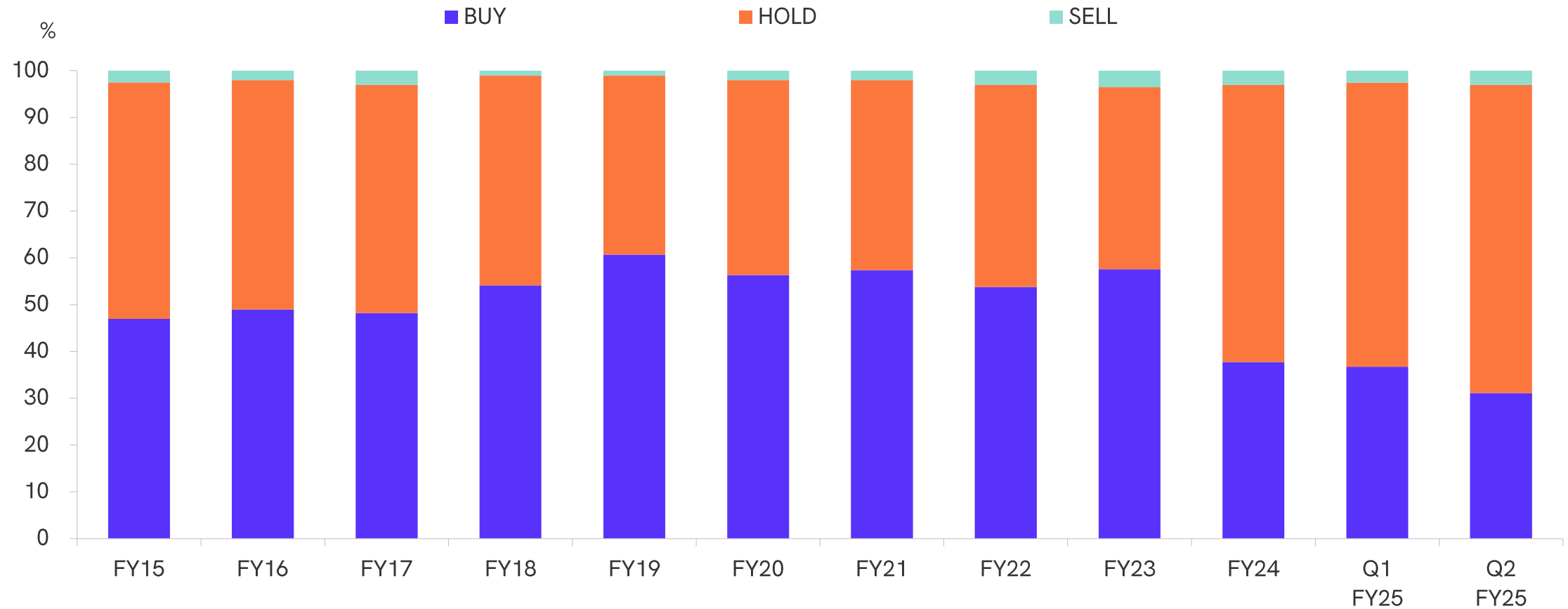
12M Fwd Price-to-Book Discount/Premium  
over 10 Year Average



# Analysts have reduced 'buy' calls on account of premium valuations

The number of stocks in the NIFTY 200 index with a consensus 'buy' rating is the lowest in at least a decade

Consensus Rating for Stocks in Nifty 200 Index

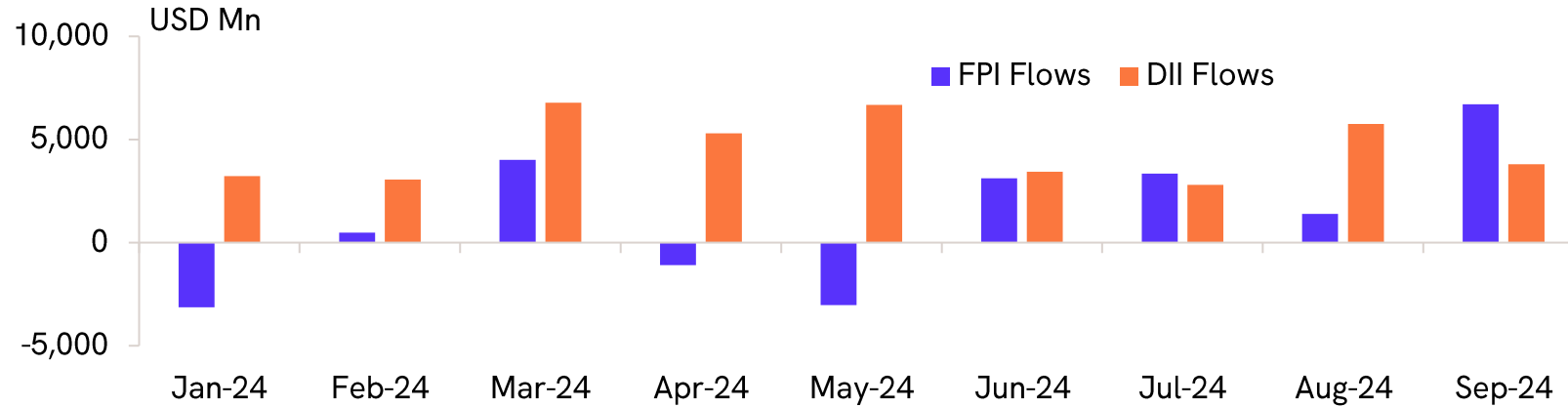


Source: Bloomberg, Yes Securities, 360 ONE Asset Research

# India witnesses heavy FPI outflows following China's stimulus measures

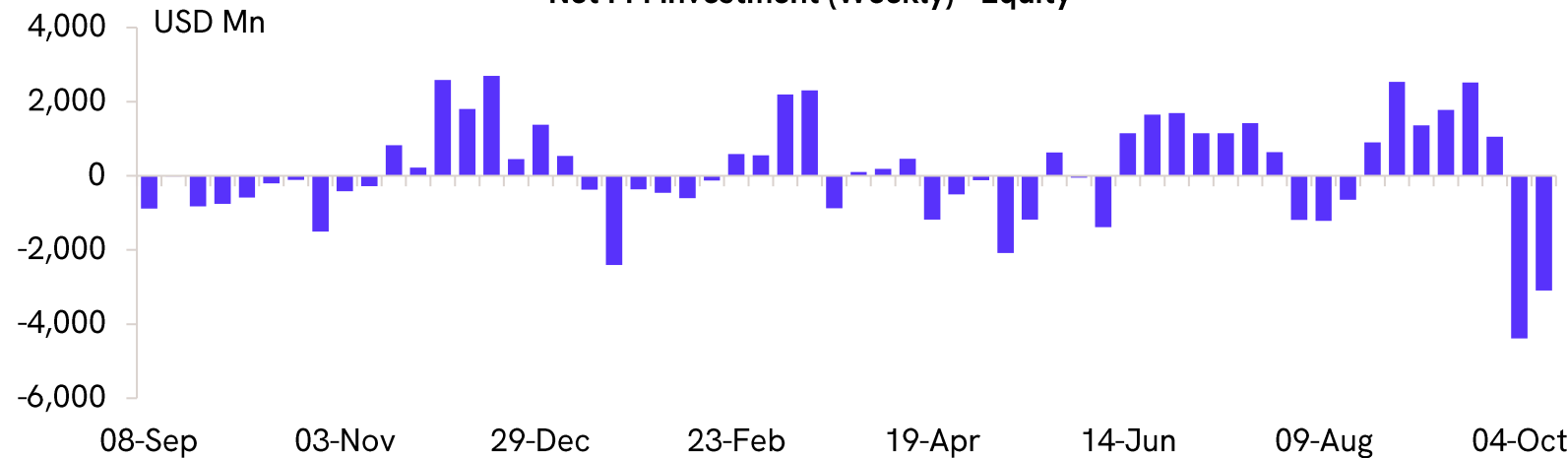
Domestic Institutional Investors (DIIs) continue to support the market as FPI flows stay volatile

Equity Institutional Flow



Strong Foreign Portfolio Investment (FPI) flows were witnessed in the September quarter

Net FPI Investment (Weekly) - Equity



However, sudden outflows were witnessed after China announced a stimulus to support its domestic economy, as FPIs shifted to China

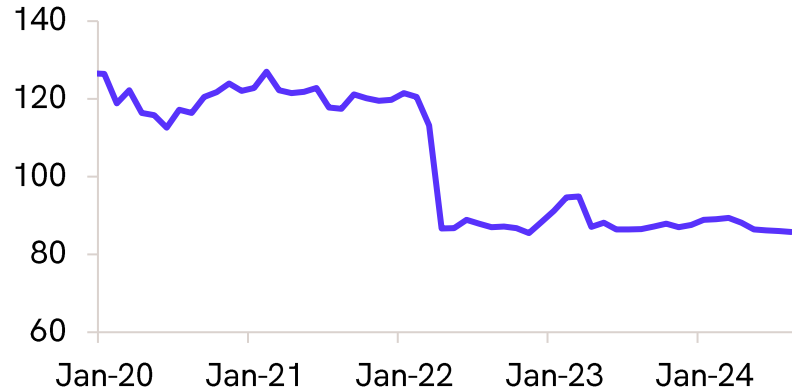
Source: Kotak Institutional Equities, CMIE, 360 ONE Asset Research



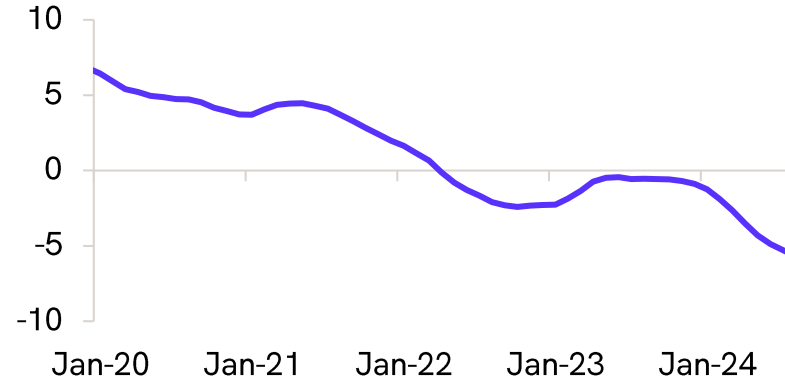
# China's stimulus aimed at reviving the animal spirits of the economy

China may be a tactical opportunity, but it is not suitable for long-term investment, as structural issues remain

China Consumer Confidence Index

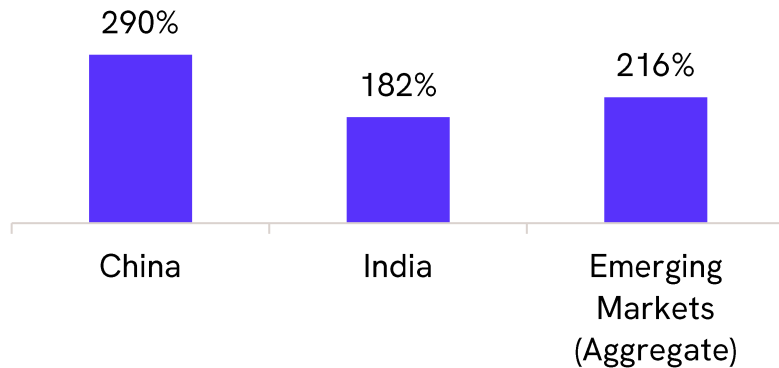


China New Built Commercial Residential Buildings Prices (Average YoY%)

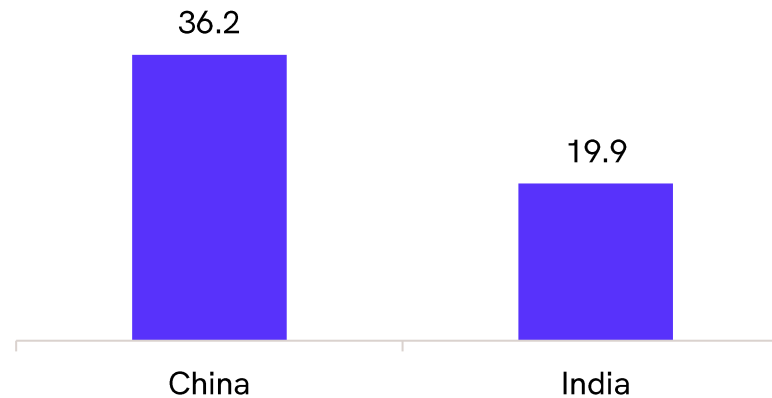


China's stimulus aimed to boost economic growth, enhance consumer confidence, and halt the decline in real estate prices

Non-Financial Sector Debt % of GDP



% of Population >50 Yrs



However, structural issues such as high debt, a rapidly ageing population, a low fertility rate, and an active regulatory environment remain unaddressed

Hence, China may be a tactical opportunity, but it may not be suitable for long-term investment

Source: BIS, UN Population Division, Bloomberg, 360 ONE Asset Research

Note: Non-Financial Sector Debt % of GDP as of March 2024, % of Population > 50 yrs as of 2023

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