

# IT sector hiring seen in the slow lane in 2023

SHUBHRA TANDON  
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**LOOMING GLOBAL RECESSION-ARY** fears may keep hiring in the information technology (IT) sector muted in 2023. Hiring is expected to grow by about 10%, which is almost half of the 15-20% rise witnessed in 2022 versus 2021. However, the sectors driven by domestic demand like FMCG, retail, real estate, construction, automobiles, hospitality, among others, could see a good growth of 15-20%.

Consultants in the HR space told *FE* that there will be a moderation in hiring in the IT space, but will not see a decline as replacement hirings will continue with attrition remaining high. "Attrition will continue in the range of 15-20% for IT companies. We may not see expansion hirings but we will clearly see replacement hirings," said Kamal Karanth, co-founder, Xpheno — a Bengaluru-based specialist staffing firm.

"The hiring frenzy, witnessed in tech, fintech, startups and new-age companies in the first six months of 2022, has moderated. Hiring in 2023 will be for specific roles and domains, while the overall hiring in the startup and new-age sectors will remain muted," said Roopank Chaudhary, partner and chief commercial officer, India and South Asia at Aon.

However, barring IT, the more domestically-driven sectors like FMCG, manufacturing, life sciences, pharmaceuticals and retail are expected to see more robust levels of hiring driven by their own growth and the need to fuel the domestic consumption. "While the start of 2023 would have a mixed bag of opportunities. Sectors like retail, BFSI and automotive sectors are expected to see 20% growth," said Sekhar Garisa, CEO, foundit (previously Monster APAC & ME).

This will also drive the growth in salaries for these sectors, versus IT. "Manufacturing, real estate, infrastructure, hospitality, retail, FMCG are expected to give a higher increment than previous year by 0.5-1%, while sectors that are aligned to global markets — largely in financial services, professional services, IT and ITes — may see 1-1.5% lower increment," said Chaudhary.

The HR firm's projected increment number for 2023 was 10.4%, but Chaudhary said that it may be 50 basis points lower at 10% or slightly lower than 10%. "A lot of it will be driven by demand and supply. Attrition is still quite high. It is not as crazy as first six months and that will put pressure on increments," he said.

Meanwhile, the IT sector, which boasts of a workforce of nearly six million as of 2022, and is the largest employer of human resources, will add another about 10% to it with 5-6 lakh workers, said Karanth. Most of the hiring will be for freshers, as weak intake of fresh talent by IT ser-

## JOB OUTLOOK

**6 million**

No. of IT sector staff as of 2022



■ IT sector hiring may **grow by about 10%** — almost half of **15-20% rise** seen in 2022 versus 2021



■ FMCG, retail, realty, construction, automobiles, hospitality could see a good growth of 15-20%

■ Most IT hiring seen freshers as weak intake of fresh talent in 2018 and 2019 came around to bite them severely

vices companies in 2018 and 2019 came around to bite them severely, as companies were forced to hire experienced talent at sky high salaries because of a sudden spurt in demand for digitalisation across sectors in the Covid period.

The hiring of freshers is being seen as a preparation for 2024 and beyond, when the recessionary headwinds are likely to start waning.

Apart from IT services companies, the second biggest employer of IT talent — the global capability centres (GCCs) will also hire. "In the first 11 months of 2022, 54 GCCs came to India and they intend to scale up in the coming year. Also, of the 1,500 GCCs that were already in India, 40 of them have brownfield expansions planned, which is besides the incremental growth of 10-15% that every GCC has. So, almost 94 GCCs have scale-up plans in India. While they may not be in thousands, with each one moving from their base, will see movement in the technology hiring space," said Karanth.

However, despite the muted outlook on hiring from IT services companies, digital and tech roles will remain in demand which can amplify the digital journeys of organisations, said Chaudhary.

Cloud, cybersecurity, Java, Python, devops are major skills in demand for the IT-hardware and software, data analytics, digital marketing and process engineering will be needed in FMCG, AI/ML, data management, SAP and analytical skills in health-care, pharma and allied sectors, while sustainability, microcontroller, embedded programming, CATIA kind of roles are in demand in automotive and related sectors. Artificial intelligence, process automation, IoT, PaaS are in high demand in production and manufacturing, Garisa said.