

Entry-level IT salaries soar as firms step up hiring of fresh graduates

Romita Majumdar
romita.m@livemint.com
MUMBAI

Salaries of entry-level employees in India's information technology companies have risen faster than that of mid-level executives in the past three years as recruiters continued to focus more on hiring fresh graduates.

Salaries of entry-level employees grew nearly 15% between 2017 and 2019, compared with the mid-level salary base that increased 11% during the same period, according to data compiled by recruitment services firm Teamlease. Those with 7-15 years of experience are considered mid-level.

The difference was starker when companies hired temporary workers where salaries of freshers grew 26%, outpacing a 19% increase in mid-level sal-

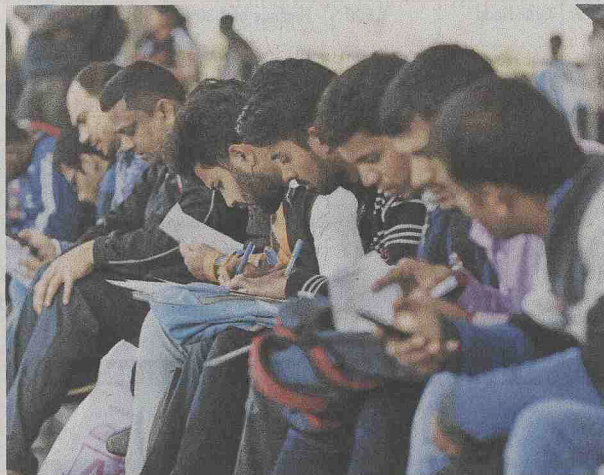
aries in the same period. Temporary employees, or subcontractors, have been a significant area of expenditure for Indian IT companies, especially in north America, as they race to capture demand ahead of their competitors.

IT companies continue to indicate a greater focus on fresher hiring in CY20/FY21, building on the pick-up seen in CY19/FY20, according to brokerage firm Emkay Global.

"We believe that this trend is driven by the need to focus on broadening the employee pyramid as companies see increased offshore shift in delivery. TCS and Cognizant plan to step up fresher salary by around 30% and HCL Technologies will nearly double its fresher intake in FY21," said the report.

The brokerage forecast salaries of freshers to rise at a steep pace after several years.

The December quarter



Not only are firms focusing more on hiring freshers, they are also offering higher incentives for this base to stick around. HT

results were muted for IT service providers with client spending concerns weighing heavily on the sector, requiring the companies to justify their employee pyramids further. Not only have the companies strengthened their hiring

of freshers, they are also offering higher incentives for this base to stick around. Some such as Infosys also aim to replace subcontractors with recruits to improve spending.

However, in the December quarter, net hiring by the top

five Indian software service providers fell to 10,137 workers from 37,129 in the previous quarter and 23,421 in Q3 FY19. These companies, Tata Consultancy Services (TCS), Infosys, HCL Technologies, Wipro, and Tech Mahindra reported that net employee addition during the December quarter dipped largely because of muted hiring by TCS and Tech Mahindra. Note that in previous quarters, the IT firms have already hired large number of workers.

Infosys hired 12,000 employees in the December quarter, including 7,000 freshers. Wipro hired about 5,800 freshers. Even HCL Technologies has indicated that it wants to double the campus recruit intake in FY21

to 15,000.

In Q3, TCS management said the company has offered jobs to 39,000 people at the entry level in FY20, up from 30,000 offers in FY19. TCS has not only doubled the entry level salary for bright recruits who qualify for additional digital tests, but also introduced

these tests for those who have joined since FY17.

These companies have been increasingly vocal about growing worker engagement and rewarding high performing employees to

arrest attrition and dependence on subcontractors.

According to Nirmal Bang, Wipro cut its subcontracting costs in Q3 to 14.7% from 16.7% of IT services revenues in Q2 FY19, (Infosys and TCS are in the 6%-8% band).

Between 2017 and 2019, entry-level salaries grew by 15%, compared with the mid-level salary base that saw an 11% rise