

IT's 'extremely hot' with opportunities

Firms see spike in attrition rates with shift to digital services, says a senior executive

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Amidst increasing digital transformation deals and demand for talent, attrition rates at top IT companies in India continue to surge. At companies such as Infosys, Wipro and L&T Infotech attrition was at 14-15 per cent at the end of the first quarter of FY 2022.

Jyoti Roy, DVP-Equity Strategist, Angel Broking told *BusinessLine* that a major cause for this trend is the contraction of traditional services as demand for digital services increase. Though the companies are trying to re-skill employees, the demand will continue to be higher than supply of talent.

"The Indian IT sector is in a multiyear growth phase given accelerated adoption

of digital technologies for digital services due to the Covid 19 pandemic. Due to this phenomenon, there is a demand-supply mismatch in digital skills with demand far outstripping the available pool of talent. As a result there has been an increase in attrition rates," Roy said.

Attrition rate at Wipro has increased to 15.5 per cent from 11 per cent in September 2021, at Infosys is up to 13.9 per cent from 7.8 per cent and at L&T Infotech it is up at 15.2 per cent from 13.5 per cent. TCS has however managed to bring the attrition rate marginally to 8.6 per cent from 8.9 per cent.

Sanjay Jalona, CEO & MD, LTI told *BusinessLine*, "The market is extremely hot with opportunities, attrition rate of everyone in the industry



is high. Our attrition rate for Q1FY22 is 15.2 per cent. It has gone up marginally and it will continue to go up in the next two-three quarters because demand will remain high."

While Tata Consultancy Services crossed an overall headcount of 500,000 globally this quarter, adding 20,409 employees in this quarter alone, its attrition rate still went up from 7.2 per cent in Q4FY21 to 8.6 per cent in Q1FY22.

Vahishta Unwalla, Lead Analyst- Industry Research, Care Ratings calls it a "usual way of functioning in the IT industry" as many early

Attrition rates

	Jun '21	Sep '21	Dec '21	Mar '22	Jun '22
LTI	15.2	13.5	12.4	12.3	15.2
Infosys	11.7	7.8	10.0	15.2	13.9
TCS	11.1	8.9	7.6	7.2	8.6
Wipro (IT Services excl. DOP)	13.0	11.0	11.0	12.1	15.5

entrants quit jobs around this period to go for higher studies. "The attrition in first quarter usually spikes because junior level employees leave companies for further studies. During last year same quarter, attrition in IT sector was low as the pandemic has just started and individuals feared job losses," she said.

Hiring Spree

All the companies have announced ambitious hiring plans for the FY22. Infosys will be adding 35,000 freshers this fiscal while Wipro will be hiring 9,000 from campuses. Wipro also plans

to roll out 30,000 offer letters for campus hiring, who will be joining in FY23.

TCS had added 40,000 last year, and said that it will add more than that this year.

LTI added 2,300 employees in Q1FY22 alone and has committed to add 4,500 freshers this year. Last year they had added 3,000 freshers in total.

"We have a lot of confidence when we commit to these numbers because our entire assets are our employees. We will continue to be in the leaders' quadrant of growth given our exit velocity and deals pipeline," Jalona said.