Indian IT services sector to see 4.5 lakh gross employee addition in H2

The rise in industry attrition is largely driven by the supply-side challenges which are transient and are expected to normalise from FY23

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Indian IT services sector is expected to see a gross employee addition of about 4.5 lakh in the second half of the fiscal ended March 2022, according to a report by market intelligence firm UnearthInsight.

With higher attrition in the second half of around 17 to 19 per cent, the industry is expected to have a net employee addition of about 1.75 lakh in H2 FY22, the 'IT Industry Q2 Insights & FY22 Forecast' report said.

"Our H2FY22 report unveils insightful findings, and it further brings out the fact that the IT industry's perceived 'War on Talent' is real and it's getting intense with attrition is a rising concern for the industry. It's crucial for the industry to focus on Employee Value Proposition (EVP) even more aggressively to keep attrition in check," UnearthInsight founder and CEO Gaurav Vasu said.

Vasu added that one of the highlights of first half is the way top IT firms have delivered upskilling programmes in completely digital format and have developed robust infrastructure to support such initiatives.

"On the hiring side, the industry is expected to see a sharp momentum with addition of around 12 per cent more employees than H1 in the second half of the year," Vasu said.

UnearthInsight expects that H2 FY22 attrition to trend higher at 17 per cent to 19 per cent LTM (last 12 months), while FY23 likely to be around at 16 per cent to 18 per cent, and the fresher addition across the next two quarters is likely to help IT services firms control overall attrition in the industry.

The rise in industry attrition is largely driven by the supply-side challenges which are transient and are expected to normalise from FY23, it added.

In H2FY22, the industry is expected to have an increase attrition of 17 per cent to 19 per cent and the rising trend is likely to remain the same for the next two quarters, while FY23 is expected to close at 16 per cent to 18 per cent.

Unearthinsight estimates USD 80 billion to USD 100 billion in Cloud services revenue for IT services industry by 2030. Cloud itself is coming up with newer tools, newer opportunities, newer ways of connecting, newer methods of building algorithms.

On Software Product and Platform Business side, Unearthinsight estimates USD 15 billion to USD 20 billion revenues by 2030 from Software Product and Platform business for top tier IT services firms (Public and Private).