



What Uncle Sam's shiver has to do with Indian IT?

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The bankruptcy suite of Lehman Brothers, one of the largest investment bankers, the incredible crash of Merrill Lynch and American International Group (AIG), one of the largest insurance firms, played havoc with the markets. And in no time its reflections became evident in the Indian market as well.

The real casualty is the recruitment segment for sure as many companies are saying a big no to recruitments, at least for the time being. However, everybody is hesitant to make any comment on the prevailing scenario.

"While there is obviously some concern about the recent Wall Street slump and its ripple effect on economies having some connection with these Wall Street majors, it is too early to comment on the immediate effects it will have on our Indian job market. But this depression will pass off gradually over the next 12-18 months," said Sudhakar Balakrishnan, CEO of Adecco India, one of the world's largest employment company.

"There will be a slow down but it is too early to assess the impact on FDIs at this juncture. We can get a clearer picture in say another 4-8 weeks". The Indian government has assured us that the FDI target of \$40 billion is likely to be met," he further added.

Companies are cutting down non-productive employees and now will pursue with the performers only. According to Eminence Consulting, a HR consulting firm, HP is planning to cut around 7.5 per cent employees worldwide. Some of the Indian major groups had already given the signals to cut the employees with up to 15 per cent.

Owing to the US slowdown, most of the companies are not hiring new talent and managing with their current staff. Moreover, they are preferring internal hiring instead of any consultant or hiring companies.

"With American firms cutting their IT budgets, Indian outsourcers are forced to bring down operational costs by utilising existing resources to the maximum and trimming bench strength. In fact, during the last few months, bench strength of most IT firms has gone down to about 5-6 per cent as against over 12 per cent one year ago," according to Sudhakar.

He also said that as the Indian market is not completely protected from the global crisis, there will be job losses in some pockets. Compensations and bonuses may also be impaired in sectors which are most affected like banking and financial sector (mid and lower level), IT and export-oriented sectors.

"Most of the companies are managing with the current staff instead of going for new hiring. They are giving the more responsibilities to the current staff to handle," said a senior official of Eminence.

However, when contacted IT major Infosys Technologies preferred maintain silence over the entire issue. "We are in our silent period and would not be able to comment anything on this," said the Pr department of the company.

But the overall scene in the IT industry is not that 'silent'.

In order to balance the loss due to this slowdown, companies are avoiding extra facilities like cabs, uses of stationery, etc; they are not depending on a single country for exports and imports of services; and temping and outsourcing which will take care of both manpower requirements and costs, say industry sources.

Still we are looking at the silver lines than the clouds. And the hope of the sunny days ahead is the driving fore for the IT industry.