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IT hiring could fall by one-fourth due to US ratings downgrade

By PTI Aug 08 2011 , New Delhi
Tags: IT hiring, US ratings, Careers

Hiring activity in the Indian IT sector, one of the biggest employers in the country, could fall by about one-fourth due to the downgrade of the USA's credit rating and the deepening economic crisis, experts said. It might take at least 5-6 months for the recruitment activities of the IT sector to gain momentum, they said.

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"We are expecting overall almost 26 per cent dip in recruitment in IT industries from first quarter of FY12. It'll take at least 5-6 months to get momentum in hiring in IT industries," a job portal founder and CEO Rajesh Kumar said.

"Due to the economic crisis in the US, the Indian IT job market is also going to be affected badly. The major reason behind this is cost-cutting in Indian companies' US division. In the near future, Indian IT companies having offices in the US are going to face a surplus in their existing manpower strength," he added.

Echoing a similar view, Info Edge (India) Group President (Finance) and CFO Ambarish Raghuvanshi said, "Recruitment would be lagging in the IT space..."

The US accounts for almost 60 per cent of the revenues of the USD 60 billion Indian IT industry.

Experts believe that job activity in other industries would be negatively impacted as well.

"Apart from IT, hiring activity in other industries is also going to be impacted," Concord HR Works CEO Sekhar Ghotgalkar said.

The reaction comes after the US lost its 'AAA' credit rating for the first time in history, as ratings agency S&P was not convinced with the efforts being made to tackle the country's debt problems. This resulted in a bloodbath in the Indian markets.

Most Indian IT firms agreed that while there are fears of another recession in the US and a debt crisis in Europe, it is still too early to know what is coming.

However, the country's two largest software exporters, Infosys and TCS, remain confident of withstanding another downturn.

"It is too early to say. There are fears of another recession in the US and a debt crisis in Europe," Infosys CEO and MD Kris Gopalakrishnan said.

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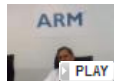
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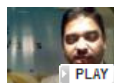
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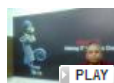
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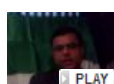
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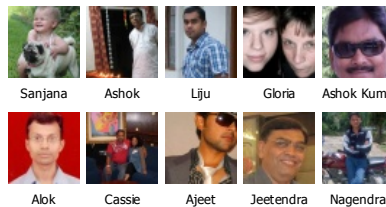
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