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Economy and Politics **RSS** Posted: Sun, Sep 25 2011. 6:07 PM IST

Job growth to slow down in non-IT sectors

Companies in the telecom, financial services, construction and auto sectors are going slow with their hiring plans, primarily due to spiralling costs, interest rates and inflationary pressures, experts said

PTI



New Delhi: Growing economic uncertainty may slow down hiring activities in a host of sectors, but the IT space is likely to remain unaffected and NRIs returning home due to the gloom in western markets might emerge as an attractive talent pool, experts believe.

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Companies in the telecom, financial services, construction and auto sectors are going slow with their hiring plans, primarily due to spiralling costs, interest rates and inflationary pressures, experts said.

At the same time, the hiring outlook for the IT industry is steady and human resource providers say that feedback indicates the companies are already geared up for the challenges arising out of economic uncertainties, especially in the western world, which serve as key customers of Indian technology firms.

Some experts also believe that an increasing number of NRI professionals were moving back to India in search of greener pastures, faced with declining salaries and job cuts abroad.

This could give Indian companies a chance to target this attractive resource pool, they said.

According to a study by MyHiringClub.com, a recruitment tendering platform, hiring of non-resident Indians (NRIs) will account for 19% of total recruitment activity during October-December this year, compared to 11% in the year-ago period, representing a growth of 8%.

Hiring of NRIs accounted for 21% of total recruitment activity during April-June, 2011.

"The high economic growth in India, with many good opportunities, has fuelled the NRI thought process to head back. In addition to that, many Indian companies are shutting their offices in the west," MyHiringClub.com CEO Rajesh Kumar said.

Looking ahead, he said, "An increasing number of high value NRI professional recruitment is likely to take place in the coming quarter, as wage gaps have declined sharply. An increasing number of people are now returning because now the advantages of returning back to India outweigh the disadvantages by far."

A survey by HeadHonchos.com, a job search portal for senior management professionals, also said that as many as 62.9% of the respondents do not expect the global economic scenario to impact the hiring plans of Indian IT firms.

Nearly 92% of the respondents believe that the impact will be limited to the next six months and only 8.1% expect any long-term fall-out, the survey said.

However, the picture is not that rosy for a host of non-IT sectors.

Leading job portal Naukri.com said the employment market was seeing a slowdown, with sluggish hiring activity in the telecom, insurance and realty sectors amid economic uncertainty and rising inflationary pressures.

"Hiring has definitely slowed down in telecom, insurance, construction and financial services," Naukri.com managing director and CEO Hitesh Oberoi said.

"Rising inflation and consequently higher interest rates have resulted in slower growth in sectors like real estate and automobiles. This will impact job creation in these sectors," Oberoi noted.

Headline inflation, which has been ruling above the 9% mark since December, 2010, touched a 13-month high of 9.78% in August.

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The Reserve Bank of India (RBI) has hiked key policy rates as many as 12 times since March last year to tame inflation. With rising rates, corporates have also expressed concerns about expensive credit hurting their expansion plans.

Grappling with global economic uncertainties, especially the escalating European debt turmoil, many companies worldwide are cautious about their business prospects, resulting in slower hiring activities.

"If the European debt crisis worsens in the coming months, this could have an adverse impact on overall job market, especially for exporters," Oberoi said.

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