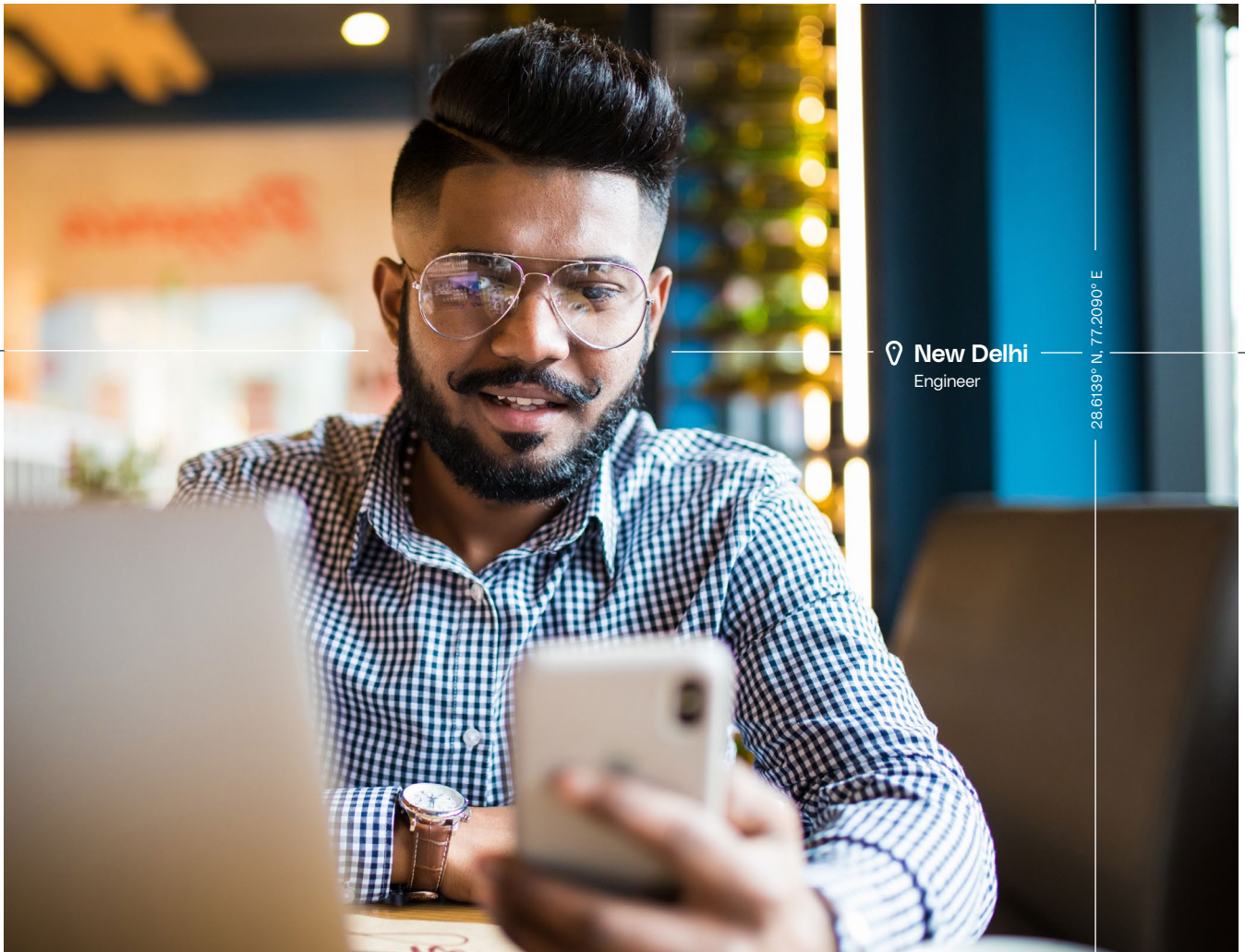





GP
Global Made Possible

Tech Talent Access: India

A Guide to Emerging Opportunities in a Premier Powerhouse Market



 **New Delhi**
Engineer

28.6139° N, 77.2090° E



Table of contents:

- 01** India's tech talent market at a glance – p. 3
- 02** India's tech hiring hubs – p. 4-5
- 03** Why tap into India's tech talent? – p.6
- 04** Compliance challenges in India – p.8
- 05** What our experts say – p. 11
- 06** Summary and conclusion – p. 12

India's tech talent market at a glance

India is home to what continues to be one of the fastest growing economies around the world, with its tremendous appetite for collaboration and success. Its vast population presents unique opportunities for commerce and labor to both domestic and international businesses. In fact, during FY 2021-2022, the country received its highest foreign direct investment (FDI) inflow of around USD 83.57 billion, which is only one of the many indications of soaring worldwide interest in the country's potential.

India's substantial growth is a result of an excellent combination of factors, such as enhanced government support for business, an increasingly educated and skilled workforce, a booming tech ecosystem, and concurrent slowdowns elsewhere in the world.

The country's labor force also offers virtues that are not necessarily reflected in the numbers. Its diverse and vibrant culture brings a wide range of possibilities for creative problem-solving and decision-making.

The workforce's youthful energy drives competition and progress, especially in the fast-paced global market.

India's tech talent pool is already highly sought after by global players like Apple, Amazon, Microsoft, IBM, and Accenture. Now, amid local talent shortages and economic shifts, it has become even more inviting for international companies looking to bolster their tech workforce.

But accessing the Indian labor pool presents its own set of unique challenges – from navigating different tax regimes, offering country-specific, robust salary packages, and knowing which city offers the best chance of finding developers, to designing a localized, jobseeker-centric hiring process.

After over a decade in the global employment industry, G-P understands these unique challenges and how to overcome them. That's why we've created this guide, to support international companies like yours as you begin building high-performing, specialized tech teams in India.

India's tech hiring hubs

India is a vast country with 30 different states. When considering hiring there, it is essential to first establish which types of tech talent an employer may be interested in and where exactly these professionals are located.

Delhi NCR

As one of the biggest metropolitan areas in a country known for its tech professionals, it is no surprise that Delhi NCR is a hotspot for talent. The area produces tens of thousands of ambitious software engineers, developers, and IT professionals every year. In fact, in 2022, more than 77,000 undergraduate and post-graduate students received degrees from the University of Delhi alone.

Additionally, in the last annual Joint Entrance Examination (JEE) Advanced test hosted by the Indian Institute of Technology (IIT), of the [156,089 test takers](#), the IIT Delhi zone produced the [greatest number of candidates](#) in the top 500, with 133. The exam is widely regarded as one of the toughest in the country – in fact, only the top 250,000 takers of the initial JEE Main test are eligible to take it. The exam gauges candidates' technical know-how and analytical prowess in subjects like physics, mathematics, and chemistry. Passing it also allows aspiring candidates entry into India's most prestigious universities.

Employees in Delhi are also well accustomed to and equipped for remote work. According to a survey conducted last year, [Delhi ranked among the top cities](#) in the world in terms of remote work success. The survey looked at remote infrastructure, salary costs, and ease of compliance.

Ahmedabad

Ahmedabad is not only India's first UNESCO World Heritage City, but it also [jumped 20 places to rank 3rd](#) in India's Ease of Living Index 2020. In 2022, the city was named one of [TIME Magazine's World's Greatest Places](#). Today, it is considered a [fast-emerging IT hub](#). This combination of heritage and continued innovation is reflected in the city's growing, dynamic labor force.

While Delhi is a well-established hub for tech talent in India, Ahmedabad is up-and-coming. This means companies have relatively less competition when looking for professionals to hire. The area's supply-demand ratio for tech talent is favorable towards employers, especially compared to areas like Bangalore, Bombay, and Delhi.

Although demand for tech professionals in the region is lower, Ahmedabad produces multitudes of software test engineers, full-stack engineers, and UX/UI engineers. The region boasts a supply of more than 22,000 backend engineers alone, with a relatively low average annual salary of around USD 10,400.

According to data by Gartner, Ahmedabad also [offers professionals with world-class skill sets](#) when it comes to services involving enterprise resource planning (ERP) systems, change monitoring, and KPI monitoring. These skills are in high demand in the fintech and accounting spheres. Because of this, the region is one of the world's top 10 for these services, alongside places like Mexico City, Johannesburg, and Rio de Janeiro.



Bengaluru

Bengaluru is often referred to as the technology capital of India. In 2021, it [ranked 5th](#) as a hub for tech venture capital investments, according to Dealroom for London & Partners. It also ranked 22nd in the most recent [global startup ecosystem index](#), the highest in the country.

In 2022, Bengaluru was identified as one of the [top technology hubs in the Asia-Pacific region](#), alongside Delhi, and second only to Beijing, China. The ranking was based on 14 criteria including the number of tech jobs created – of which the area stands tall with over 230,000 jobs in the 2021 fiscal year alone.

Employees in India recognize the region's opportunities as well. In fact, around four in 10 people in Bengaluru have moved into the region from other parts of the country. This makes it India's second-most popular migration destination, next only to Mumbai.

Bengaluru is also a top destination for e-retailers in the United States and Europe, with major companies such as Tesco, Target, and Lowes already set up in the region to capitalize on the availability of local tech talent.

Bengaluru is well placed in southern India, which also gives companies based there access to several other talent hubs nearby. For example, Chennai, a neighboring region, has seen increasing investment from Apple since 2017, when the tech giant first set up a [local factory to assemble iPhones](#).

IT professionals, ecommerce experts, DevOps engineers, and software engineers are among the most abundant specialists that international companies can hire in Bengaluru.



Why tap into India's tech talent?

There are several factors to consider when looking for a potential hiring hub. Global companies should assess tech qualifications, skills availability, relative proximity, language compatibility, market size, and other factors before hiring in a new country.

Companies will find that India offers an abundance of these advantages and skill sets, making the country a prime prospect for organizations around the world.

Advantageous population

In the beginning of 2023, India overtook China as the [most populous country in the world](#). Back in 2021, 900 million people were already estimated to be at working age, and that number is expected to [reach 1 billion](#) within the next decade.

The simultaneous rise of information and communication technologies and the growth of an emerging and eager workforce to wield it realizes the potential of [India's "demographic dividend"](#) – a period of economic growth brought on by a change in the age structure of a population. This period is expected to develop and peak well into the 2040s.

The continuous proliferation of hybrid work is also a key factor in the projected success of the demographic dividend since it opens several opportunities to the workforce.

Younger employees in the country are comfortable switching jobs if the position offers better terms as well. In fact, a survey found that



[38 percent of millennial workers](#) throughout India chose to switch companies for a better position.

The sheer volume of available talent, together with the need for prospects, pave the way for international companies coming into the market to easily fill roles.

Highly educated in tech

India produces 6.5 million graduates every year from higher education institutions (HEIs). Around 1.5 million of those graduates complete engineering programs. Next to engineering, computer science and business studies are the most popular choices for India's student population, especially for those part of the millennial and Gen Z generations.

According to recent figures released by India's [Union Ministry of Education](#), the country has also seen an increase of 7.5 percent in higher education enrollment from

2020-2021, compared to 2019-2020, which means that India will likely continue to produce more tech-trained graduates in the coming years.

India's [top five universities](#), are all inclined towards STEM programs:

1. **Indian Institute of Technology Bombay (IITB)**
2. **Indian Institute of Technology Delhi (IITD)**
3. **Indian Institute of Science**
4. **Indian Institute of Technology Madras (IITM)**
5. **Indian Institute of Technology Kanpur (IITK)**

India's tech qualifications are also showcased by the country's ability to produce the CEOs and CTOs of some of the biggest tech companies in the world such as Google's Sundar Pichai, Microsoft's Satya Nadella, Twitter's Parag Agrawal, Adobe's Shantanu Narayen, and IBM's Arvind Krishna.

High English language proficiency

English proficiency is a major factor for international companies looking to hire international teams. There is an inherent preference for English-speaking talent since English is the [most widely spoken language](#) in the world. Therefore, building teams with this skill set makes communication smoother and collaboration easier during global business operations. In this regard, India's talent market is also a prime choice.

India ranked 52nd out of 111 countries in EF Education First's [English Proficiency Index in 2022](#). As a point of reference, India outperformed countries like Mexico, Brazil, China, and Japan in the index. The country also outshined many of its neighbors throughout Asia, ranking 6th in the region.

Time zone benefits

India's location in South Asia not only makes it strategic for trade in locations throughout the Indian Ocean, but it also presents an advantageous time zone. The country operates on a uniform time zone throughout its vast land area at UTC+5:30, the second most populous time zone in the world.

When looking at normal office hours (8 a.m. to 5 p.m.), India overlaps with Europe, the Middle East, Africa, East Asia, Southeast Asia, and Australia. While this is not technically true for the Americas as well, the time zone adjustments required for collaboration in live meetings would still be within reason. For example, at 7 a.m. in India, it would be 5:30 p.m. in Los Angeles, and at 5:30 p.m. in India, it would be 7 a.m. in New York.

Collaborative workforce

The advantages mentioned above make India's talent market an excellent prospect for international companies looking to hire tech professionals. Its extensive, highly educated, tech-trained, English-speaking, and emerging workforce are on the lookout for professional opportunities. Meanwhile, its location and time zone promote easier collaboration across the globe. The local talent pool's value proposition also offers relative cost-efficiency.

The country's undeniably powerful combination of ambition, know-how, and desire to compete at the highest level is inviting for companies that are ready to take their global growth to the next level.



Compliance challenges in India

The promising prospects of India's talent pool can only be fully realized if companies adhere to local regulations. From hiring strategies to ongoing employee management, compliance plays an essential role in making sure operations are never interrupted, significant penalties and fines are avoided, and global hiring benefits are maximized.

To navigate India's complex employment laws and regulations, companies need a nuanced understanding and extensive expertise. For example, employers are expected to provide strong, detailed employment contracts and required holidays vary depending on the state.

There is also a statutory minimum number of paid vacation days as well as country-specific recommended probationary and termination timeframes. Let us explore the most notable complexities of India's employment regulations.

Drafting meticulous employment contracts

Contracts serve as a source of protection for both employers and employees from the beginning of employment and thereafter. Drafting contracts as detailed as possible will eliminate any ambiguity that may cause confusion and disputes down the road. The complexity of India's labor laws highlights the need for a robust and thorough written agreement between parties.

The most important clauses that should be present in employment contracts in India include the following:

- **Nature and description of the position**
- **Remuneration (in rupees) and benefits**
- **Term or duration of employment**
- **Termination requirements**
- **Paid leave credits and holidays**
- **Penalties and remedies**

It may also be in employers' best interest to include intellectual property rights as well as confidentiality, non-compete, and non-solicitation clauses in the contract.

Regardless of the nature of the work or the employment status, it is necessary to have a legally binding written agreement to clearly define the roles and obligations of both employers and employees. The following variations of employment contracts cater to the different types of employment in India:

- **Full-time or part-time**
- **Fixed-term**
- **Internships or apprenticeships**
- **Contractor agreement**



Refining comprehensive salary packages

Apart from the base salary, employees in India have certain expectations when it comes to compensation to maximize their take-home pay. During the negotiation portion of the hiring process, employers can anticipate several types of allowances to be included in the package. Previously, allowances could even exceed the basic pay. However, the government recently set a [minimum of 50 percent](#) for the base salary in the entire compensation package.

Competitive employee compensation packages should include the following:

- **Basic salary** – taxable and paid out every month.
- **House Rent Allowance (HRA)** – can be the full or partial amount of house rent per month. Can be tax-exempt depending on conditions.
- **Leave Travel Allowance of Concession (LTA/LTC)** – paid out once every other year, starting on the second year of employment. Designed to encourage vacations and, depending on conditions, can be tax-exempt.
- **Telephone/Mobile Allowance** – taxable and paid out monthly to maintain a cell phone or a landline.
- **Vehicle Allowance** – taxable and paid out monthly to maintain a vehicle assigned normally to executives and sales or marketing employees. Can be tax-exempt if processed as expenses.
- **Children Education Allowance** – tax-exempt and can amount to INR 100 per child, per month for up to two children.
- **Children Hostel Allowance** – tax-exempt and can amount to INR 300 per child, per month for up to two children.
- **Special Allowance** – taxable and paid out monthly to cover miscellaneous expenses not included thus far.
- **Incentives or bonuses** – taxable and paid out depending on employee performance.

India also has a social security system in place, administered by the Employees' Provident Fund Organization (EPFO). In this scheme, the employee pays 12 percent of their basic salary to the Employees' Pension Fund (EPF). This is matched by another 12 percent from the employer. However, just over 8 percent of the employer's 12 percent contribution up to a maximum of INR 1,250 is allocated towards the Employees' Pension Scheme (EPS), and not the EPF.

While the EPF and EPS schemes have differences, they are both initiatives by the government to help promote savings and financial security towards retirement.

Structuring a compensation package that will attract top employees in India can be challenging. Negotiating the total cost of compensation or the total Cost to Company (CTC) can be a viable alternative for employers.

However, you can leave complex processes like calculating the most tax-efficient structure to our experts at G-P, so you can focus on your new hires.

Ensuring suitable work hours

The standard workweek of an employee in [India](#) is 40 hours, or eight hours per day. While state governments are allowed to adjust the daily limit of work hours, they should not exceed nine hours. The period of work should also not be spread out in a way that leaves less than 10.5 hours of rest in between workdays.

Providing enough time off

India set the statutory minimum number of paid vacation days per employee per year at 15 days. While that is the minimum, employers can gain a competitive edge by offering more. At the same time, senior professionals may also request more vacation days.

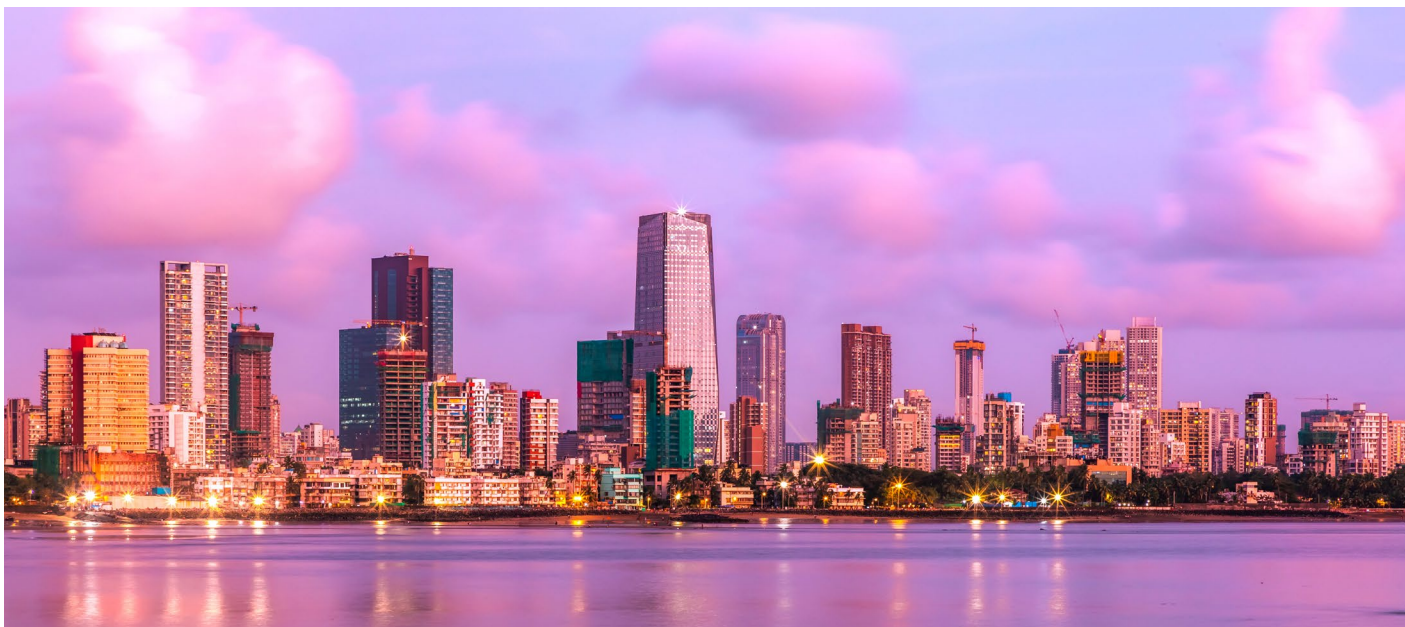
The minimum number of sick/casual leave credits in India is set at 12 days. Employers may choose to provide unpaid leave for long-term medical issues, but that is not required by law.

Female employees are entitled to 26 weeks of maternity leave for a period extending up to a maximum of eight weeks leading up to the expected delivery date. The rest can be used upon childbirth.

There is no statutory paternity leave outlined for male employees in the private sector.

Respecting local holidays

India's diverse population is comprised of people from many cultures, backgrounds, and religions who celebrate several different holidays a year. Employees annually receive 10 paid public holidays, which vary depending on local custom, religion, or state (the country has 30 different states). The national government does not stipulate what days are observed as holidays, which leaves the decision between the employee and employer.



Navigating two tax regimes

Recent changes to India's tax laws allow employees the choice between new and old tax regimes. The new model has lower tax rates, but employees will need to forgo around 70 types of tax deductions and exemptions that were previously included in the old model. Both systems are progressive, so employees will belong to a defined bracket depending on their income.

Offering supplementary benefits

While India does not have a list of statutory benefits that apply to all workers across different industries, there is legislation in certain sectors that requires employers to provide specific benefits. Employers of factory workers, for example, must follow the [Factories Act](#).

Health insurance is not a mandatory benefit in India, but many employers do offer private policies to supplement public benefits employees are generally entitled to.

Handling probation, termination, and severance

In India, probationary periods of employment are typically used. Depending on the state, industry, position, and company policy, the period can generally range anywhere from one month to six months. The employer can opt to extend the initial probationary period as long as it does not exceed one year.

Generally, contracts stipulate that termination of employment, whether by the employer or employee, should be given in writing and include a clear reason. During the probationary period, a 15-day notice must be allotted. Once probation is completed, the minimum notice period is 30 days. It is possible to provide payment in lieu of the notice period.

A worker who has been terminated for any reason besides disciplinary action, retirement, superannuation, continued ill-health, or the expiration or non-renewal of the term of an employment contract (often referred to as a retrenched worker) is typically entitled to 15 days' worth of wages for every completed year of service.

An employee who has been working for a company continuously for five years or more is generally entitled to a gratuity payment equal to their last drawn salary multiplied by 15/26 (15 out of 26 working days per month) and by the number of years of service.

Gratuity = Last Drawn Salary x 15/26 x no. of years in service

What our experts say

Learning about local regulations is only half the journey to a successful hiring strategy in India. Having a deeper understanding of the market based on firsthand experience will pave the rest of the way.

At G-P, our team of legal and HR specialists are on the ground in India and have nearly a decade of experience supporting companies as they navigate country-specific regulations, practices, and customs while hiring and managing local tech talent. We've gathered a few best practices to building tech teams in India to help get you started.

Invest in brand equity.

While there is an abundance of prospective hires in India, the competition remains fierce, especially in the tech sector. One major factor that can make or break an employer's ability to stand out is brand equity. Employees in India want to feel proud of where they work – they want to make sure they are giving their time and effort to a reputable company.

G-P's experts recommend building an inclusive and engaging employer brand that will pay dividends when looking to attract and retain tech talent in the country. At times, having a trusted employer name even outweighs offering the highest salaries in the market.

Establish an employer brand that resonates with top talent by:

- Promoting an employee-centric culture.
- Highlighting financial and organizational stability.
- Developing clear and efficient hiring, onboarding, and offboarding processes.

Pay according to market rate and expectations.

Employees in India are known for their expectations for year-on-year salary increases. In 2023, inflation and a tight labor market have challenged employers to meet this demand with even higher raises. According to a survey by Willis Towers Watson, tech, media, and finance companies are budgeting for around a [10 percent median increase](#) for payouts to salaried employees.

It's important to satisfy these expectations by offering reasonable pay hikes based on skills, position, and the market. Employers can also offer incremental title promotions to assure employees of progression in their career tracks. Additionally, investments in brand equity, especially those made to improve company culture, will help prevent turnaround.

Step up the hiring process.

Jobseekers often have simultaneous offers from potential employers. This is particularly true in today's employment market considering how intense the competition for tech talent in India is. It is not uncommon to have a prime candidate snatched up by a competitor firm while waiting for application results. They may even leverage these offers to get better ones elsewhere.

For this reason, faster turnaround times when it comes to the candidate selection process is key to securing ideal talent. A concise application process, together with frequent communication with the candidate, will set clear timelines and expectations. This should also extend to the onboarding and training processes.

Prioritize human touch.

Jobseekers and employees in India, particularly those in tech, finance, and sales, are used to working for and collaborating with international companies, especially now with the mass adoption of remote work. However, when interactions with their organizations are reduced to the use of digital platforms and apps, the employee experience can be demotivating. It is important for employees to know that there are still actual people behind the emails and memos. Without a human-centric company culture, businesses may start to see their top talent leave for companies that prioritize the human behind the hire.

In addition to company-wide efforts to ensure an inclusive culture, the presence of HR and legal specialists on the ground helps employees feel valued by their organization, and that support from actual human beings is always only a call away. It is also critical that employees can speak to experts who understand their local language, customs, and practices. Adding this human touch to a suite of digital interactions will ensure smoother collaborations and satisfied employees.

Hire from one of the fastest growing tech talent hubs in the world.

Many global companies are already capitalizing on the promise of India's large and dynamic tech talent pool. Aside from the country's incredible rate of production of tech professionals, the fast-growing economy also offers a vast market of countless possibilities.

The best way to make the most of India's favorable labor market is to work with a trusted guide that can simplify the process, reduce risks, and provide access to all these opportunities. Most of all, you need a partner who understands that behind every hire is a human being.

That's where G-P comes in. Our G-P Meridian Suite sets new industry standard by offering the most complete and customizable packages of global employment products ever. Streamline and automate the recruitment, hiring, and management processes of employees and contractors in 180+ countries – in minutes, not months.

Our experts have been helping companies expand internationally for nearly a decade, so we know that compliance stress can slow plans for global success. That's why we back our #1 end-to-end global employment solution with our robust legal and HR teams who are at your side throughout each stage of the employee lifecycle.

Reach out to us to realize boundless success in India's labor market and begin your global growth journey.

REQUEST A DEMO

Other Sources:

[India: The Importance Of Drafting Accurate Employment Contracts](#) by Mondaq

[India is set to become the world's most populous country. Can it create enough jobs?](#) By CNN

[The Global Economy Needs a New Powerhouse. India Is Stepping Up](#) by Bloomberg

[Why So Many Top Tech Companies Have Indian CEOs](#) by LinkedIn

[More Than Half Of Indian Workers See Job Changing An Opportunity To Learn New Skills](#) by Business World

[India: Foreign direct investment regulations](#) by GCR

[How India's Record-Breaking Population Will Shape the World](#) by Time

[Why do graduates struggle for jobs in India?](#) by The Hans India

[Talent Shortage Persists: Where To Find The Most In-Demand Tech Talent](#) by Taggd

[Which states produce India's engineering workforce?](#) by Business Standard

[Software Engineering Graduates in India: How Does Job Performance Stack up by State?](#) By SHL

[India to have world's largest app developers base by 2024](#) by Financial Express

[Delhi University to give 1.7 lakh degrees digitally at 98th convocation](#) by The Times of India

[Bengaluru goes from technology capital to talent hub as e-tailers hunt for IT skills](#) by The Economic Times



North America: info@g-p.com

Europe, Middle East, and Africa: info-emea@g-p.com

Asia-Pacific: info-apac@g-p.com

g-p.com