

# ASIA

**ADVANCED STRATEGY & INTELLECTUAL ALLIANCES**

# THE CHANGING FUTURE OF IT EMPLOYMENT IN THE AGE OF AI

An Analysis of the Potential Impact on India's Economy, Youth and Politics

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# Report Methodology and Limitations

ASIA has prepared this report on the basis of available media reports, public industry data, official company statements, and public assessments by experts and industry analysts. The objective is to analyse changes in employment in the IT sector, the impact of artificial intelligence (AI), and the potential economic, social and political consequences for India.

The report was prepared by Ankit Pachauri and Pragya Sharma. Where figures from a company or institution are cited, the available source and its time context are identified. Conclusions about the future are presented as possibilities or risks, not as certain predictions.

Limitation: Microsoft has not publicly disclosed the exact number of employees in India eligible for this voluntary programme. Therefore, the figure of 60,000 refers to the potential eligible workforce globally, not to the number of employees who will leave their jobs in India. Similarly, the list of foreign companies' offices is illustrative and is not a comprehensive list of every foreign technology company operating in India or all its offices.

# 1. Executive Summary

Large technology companies around the world are no longer relying only on expanding their businesses by increasing employee headcount. AI, cloud computing, automation and data-driven systems allow companies to complete more work in less time. This shift is creating new opportunities, but it also raises the risk that demand may decline for some routine, repetitive and entry-level jobs.

On 26 October 2026, Microsoft announced a voluntary exit offer for approximately 60,000 employees at Level 70 or below in selected units in the United States, India, Canada and the United Kingdom. This represents an eligibility pool of around 27% of the company's total workforce of 223,000; it is not an order to lay off 60,000 people. Microsoft is reported to have around 23,000 employees in India, but the company has not disclosed how many of them are eligible for the programme or how many may accept the offer.

According to Nasscom's February 2026 estimate, revenue for India's technology industry in FY2025–26 was projected at approximately US$315 billion, with employment reaching around 5.95 million people. This indicates that the sector's overall size is growing, although employment growth may be comparatively slow. Revenue growth and job creation are no longer as directly linked as they once were.

ASIA had previously raised concerns that AI and automation could increase employment pressures in the IT sector. Microsoft's announcement is one signal of this broader change. Other companies may also adopt voluntary exits, reduce recruitment, restructure teams or cut selected roles. However, it would be incorrect to conclude from one company's decision alone that large-scale unemployment across the entire sector is inevitable.

## Key Findings

- India's IT sector is a major source of employment and foreign-exchange earnings; its stability is linked to national economic interests.
- AI's impact will not be limited to software engineers. Testing, customer support, back-office operations, content, recruitment and administrative work will also change.
- Early-career workers, recent graduates and employees dependent on traditional skills may face greater pressure.
- The impact on Indian technology professionals working abroad may affect remittances to India, family incomes and opportunities for skilled workers who return.
- The policy challenge is not to stop AI, but to ensure skills development, social protection and equal access to new jobs.

# 2. ASIA's Earlier Concern and Recent Developments

ASIA had earlier expressed concern that the expansion of AI-based systems, pressure on companies to reduce costs and changes in work practices could increase uncertainty in IT employment. This report revisits that

concern in light of current developments. The trend can be understood not only through layoff announcements, but also through slower recruitment, merged roles, automated tasks and higher productivity expectations.

Microsoft has described its voluntary exit offer as a way to give employees an option as business needs change. The programme does not apply to every employee, and it remains unclear how many employees in India will accept the offer. Nevertheless, offering voluntary exits to such a large potential group suggests that major companies are reassessing their workforce structures.

This trend could intensify, particularly in areas where AI tools can complete tasks at lower cost and in less time. Instead of immediate layoffs, companies may first freeze recruitment, leave vacancies unfilled, reduce contract work, offer voluntary exits or redeploy staff internally. The actual level of risk will depend on the company, type of work, customer demand and employees' skills.

## 3. Microsoft's Voluntary Exit Offer: What Has Happened?

Microsoft announced a Voluntary Exit Offer (VEO) on 26 October 2026. According to the company's official statement, the offer is for eligible employees at Level 70 or below in selected units in the United States, Canada, the United Kingdom and India. Media reports suggest that approximately 60,000 employees globally could fall within the eligibility pool.

- This is a voluntary programme; it is not an announced order to dismiss 60,000 employees.
- The teams or business units included will be determined according to different business needs.
- Microsoft has approximately 23,000 employees in India, but the number eligible for the offer has not been made public.
- According to reports, eligible employees have until 1 December 2026 to decide whether to accept the offer. The final terms depend on the offer sent to each employee.
- Microsoft had also introduced a voluntary retirement programme in 2026 and reduced positions in some teams.

The announcement is significant because Microsoft is investing heavily in AI infrastructure. The company's official statement presents the programme as a way to align its workforce with changing business needs. It would therefore be inaccurate to say that Microsoft has explicitly acknowledged that AI has replaced all these jobs. A more precise conclusion is that AI investment, cost management and organisational restructuring are occurring at the same time.

## 4. The Scale of India's IT Sector: Employment and Business

India's IT and IT-enabled services (IT-BPM) industry is one of the country's largest modern service sectors. It includes software services, business process management, engineering and R&D, software products, hardware and global capability centres (GCCs).

| Indicator | Figure | Reference |
|---|---|---|
| **Estimated total revenue, FY2025–26** | Approx. US$315 billion | Nasscom, February 2026 |
| **Estimated total employment, FY2025–26** | Approx. 5.95 million | Nasscom, February 2026 |
| **Estimated net employment growth, FY2025–26** | Approx. 135,000 | Nasscom, February 2026 |
| **Estimated IT exports, FY2025–26** | Approx. US$246.4 billion | IBEF/Nasscom-based update |
| **Estimated AI services revenue, FY2025–26** | Approx. US$10–12 billion | Nasscom industry estimate |

These figures indicate that the IT sector's business is growing, while the proportion of new jobs may remain limited compared with total employment. The US$315 billion figure for FY2025–26 should be understood as an industry estimate or projection at that time, not as the earnings of every company or revenue from software services alone. The industry definition also includes hardware and other technology activities.

IT exports are particularly important because they bring foreign exchange into India. If global companies continue to source services from India, exports may rise even as AI changes the volume and nature of work.

However, if clients begin to get the same work done by fewer employees and Indian companies remain dependent on older billing models, the gap between revenue and employment may widen.

## 5. Indian Citizens and the Indian Diaspora Abroad

According to country-wise data published by the Ministry of External Affairs in January 2025, the total community of people of Indian origin and Indian citizens living abroad exceeded approximately 35 million. This included around 16 million Non-Resident Indians (NRIs) and about 20 million people of Indian origin/individuals in the OCI category. These figures cover the entire Indian diaspora, not only IT employees. They should not be presented as the number of Indian IT professionals working abroad.

Indian technology professionals work in many markets, including the United States, Canada, the United Kingdom, Australia, Singapore, Germany and Gulf countries. The available sources did not provide a consolidated, regularly updated official global figure for the number of these people employed in IT. Rather than invent an estimate, this report keeps the total diaspora figures separate from IT employment figures.

Professionals affected by job losses or slower recruitment abroad may return to India. This could increase the availability of experienced workers in the domestic labour market, but it may also intensify competition among young people with similar skills. Remittances sent to families could be affected, although the actual impact will depend on how many people are affected and how long it takes them to find new jobs.

## 6. Major Foreign Technology Companies and Their Offices in India

Many multinational technology companies from the United States, Europe and other regions operate offices, research centres, customer service centres and global capability centres in India. The examples below are indicative and are based on public company location pages and broad industry presence. They are not intended to verify every office of every company.

| Company | Major Indian offices/centres (indicative) |
|---|---|
| **Microsoft (United States)** | Bengaluru, Hyderabad, Gurugram, Mumbai, Noida and other locations |
| **Google (United States)** | Bengaluru, Hyderabad, Gurugram, Mumbai, Pune |
| **Amazon (United States)** | Bengaluru, Hyderabad, Chennai, Pune, Mumbai, Delhi-NCR and other cities |
| **IBM (United States)** | Bengaluru, Hyderabad, Pune, Chennai, Gurugram and other delivery centres |
| **Oracle (United States)** | Bengaluru, Hyderabad, Chennai, Mumbai, Noida/Delhi-NCR |
| **Adobe (United States)** | Noida, Bengaluru |
| **Cisco (United States)** | Bengaluru, Pune, Mumbai, Chennai, Gurugram and other technology hubs |
| **Intel (United States)** | Bengaluru, Hyderabad |
| **Qualcomm (United States)** | Hyderabad, Bengaluru, Chennai, Noida and other engineering centres |
| **NVIDIA (United States)** | Presence/teams in Bengaluru, Hyderabad, Pune and other technology markets |
| **SAP (Germany)** | Bengaluru, Gurugram, Mumbai, Pune, Hyderabad |
| **Accenture (multinational, incorporated in Ireland)** | Bengaluru, Hyderabad, Chennai, Pune, Mumbai, Delhi-NCR and many other cities |
| **Salesforce (United States)** | Hyderabad, Bengaluru, Mumbai and other business/technology centres |
| **Dell Technologies (United States)** | Bengaluru, Hyderabad, Chennai, Gurugram, Noida and other cities |
| **HP (United States)** | Bengaluru, Chennai, Gurugram, Noida and other locations |

Bengaluru, Hyderabad, Pune, Chennai, Mumbai and Delhi-NCR have long been major IT employment hubs. Ahmedabad, Kochi, Coimbatore, Indore, Nagpur and Visakhapatnam are also developing opportunities for technology work and new centres. The presence of a company in a city does not mean every team or role there is covered by the exit programme.

# 7. AI, Automation and the Changing Nature of Employment

The employment impact of AI needs to be understood in two parts. First, some tasks will be completed faster or automated, reducing the need for workers in traditional roles. Second, new skills and jobs will be needed to develop AI models, secure them, manage data, integrate systems and apply them across industries.

## Areas Where Pressure May Increase

- Some repetitive tasks in software testing and quality assurance.
- Basic coding, documentation and standardised technical support.
- Call centres, customer support, data entry and back-office processes.
- Routine reporting, entry-level analysis and some administrative roles.
- Entry-level jobs and campus placements where tasks can be performed quickly using AI tools.

## Areas Where New Opportunities May Emerge

- AI engineering, machine learning, data engineering and cloud infrastructure.
- Cybersecurity, privacy, AI auditing, risk management and compliance.
- Testing AI systems, human oversight, local-language solutions and sector-specific applications.
- Roles applying technology in healthcare, agriculture, education, banking and public services.

The biggest risk is a mismatch between the skills required for new jobs and the existing skills of affected workers. If training is expensive, English-centric or limited to large cities, not all young people will benefit equally. Simply telling people to ‘learn new skills’ is not enough; training quality, affordability, links to jobs and financial support during training are also important.

# 8. Potential Impact on India’s Economy

## 8.1 Domestic Demand and Household Income

The income of IT professionals affects more than their own households. Their spending on housing, education, healthcare, vehicles, travel, food and local services supports jobs in other sectors. If a city experiences large-scale job losses or stalled wage growth, rental housing, small businesses and consumer spending may also be affected. The impact will vary according to the city, number of employees affected and time taken to find new jobs.

## 8.2 Exports and Foreign Exchange

IT services exports are a major part of India’s service exports and foreign-exchange earnings. Higher productivity through AI could make Indian companies more competitive and help them enter new markets. On the other hand, if foreign clients obtain the same work from fewer people, billing per project and demand for employees may come under pressure. India therefore needs to move beyond being a low-cost labour supplier and focus on high-value technology solutions, products and research.

## 8.3 Returning Professionals and Use of Skills

Experienced professionals returning from abroad could bring valuable skills to Indian start-ups, universities, research institutions and companies. However, if the domestic market does not create enough high-skilled jobs, their return could increase competition among jobseekers. Governments and industry should develop concrete pathways to use returning professionals’ expertise in innovation and training.

### 8.4 Inequality and Regional Differences

Large cities and highly skilled employees may access new AI opportunities first, while young people in smaller cities, areas with weak digital infrastructure and communities with fewer resources may face barriers. This could increase inequality in income and opportunity. At the same time, remote work, regional-language technology and capability centres in tier-2 and tier-3 cities could create new opportunities if investment in training and digital infrastructure is made.

## 9. Political and Social Implications

### 9.1 Employment as a Major Political Question

Employment, stable income and career security are important issues in India's political debate among young people. If recruitment in the IT sector slows, campus placements decline or trained young people remain unemployed for long periods, governments will face greater pressure to demonstrate results from employment and skills policies. Opposition parties may use these developments to question claims about job creation. This political impact is possible, but electoral outcomes are not automatic.

### 9.2 Accountability of Central and State Governments

IT investment and employment form part of the economic models of several states. Karnataka, Telangana, Tamil Nadu, Maharashtra, Uttar Pradesh and other states compete to attract investment. If companies begin producing more with fewer employees, investment announcements and the number of offices alone will not be sufficient measures of employment success. States should publish data on actual jobs created by new investments, wages, local recruitment and training.

### 9.3 Young Voters and Social Discontent

Employment uncertainty can affect education loans, home ownership, marriage, family responsibilities and future planning. If young people feel that they cannot secure stable employment even after earning degrees and completing training, discontent may rise. This could be reflected in electoral issues, student organisations, employee groups and online public debate. However, inflation, education, social security and local opportunities also shape political responses.

### 9.4 Labour Rights and Social Protection

A voluntary exit programme gives employees a choice, but questions remain about health insurance, provident fund, loan repayments and income until they find another job. As gig and contract-based work expands in India, the debate on social protection will become more important. Companies should provide clear terms, fair communication, career assistance and redeployment options. Governments should make skills training and employment assistance more accessible during unemployment.

### 9.5 India–US and Global Talent Relations

Decisions by foreign technology companies are linked to India's IT exports, investment and the global careers of professionals. Slower recruitment in the United States or other countries may affect Indian professionals working on visas. This could lead to more professionals returning to India, political debate over overseas employment rules and changes in Indian companies' recruitment strategies. India must preserve opportunities in the global talent market while developing high-quality jobs at home.

## 10. Recommendations for Youth, Government and Companies

### For Young People and Educational Institutions

- Develop skills such as working with AI tools, data literacy, cybersecurity and problem-solving instead of relying on a single technology.

- Focus not only on certificates but also on real projects, portfolios, internships and industry-linked experience.
- Update college curricula regularly and ensure students in smaller cities have access to high-quality training.
- Provide career guidance on both roles affected by AI and emerging opportunities.

### For Central and State Governments

- Develop regular, comparable and public data on recruitment, layoffs, wages and campus placements in the IT sector.
- Link skills training with actual jobs, apprenticeships and verified industry participation.
- Expand digital infrastructure, research centres and start-up support in smaller cities.
- Strengthen career counselling, reskilling and temporary social-protection options for workers who lose their jobs.
- Engage with companies adopting AI on employment-impact assessments and responsible restructuring.

### For Companies and Industry Associations

- Ensure that the terms of layoffs or voluntary exits are clear, timely and easy for employees to understand.
- Where possible, offer retraining and opportunities to transfer to internal roles before removing employees.
- Invest the productivity gains from AI not only in cost reduction but also in new products, markets and employee skills.
- Develop joint industry initiatives to preserve entry-level jobs and paid training for new graduates.

## 11. Conclusion

Microsoft's voluntary exit offer is a warning signal for India's IT employment market, but it would be wrong to interpret it as a definite layoff of 60,000 people. The actual number will depend on how many employees are eligible and how many accept the offer. Nevertheless, the announcement comes at a time when AI investment is increasing rapidly and companies are reassessing productivity, costs and workforce structures.

For India, the main question is not whether AI will arrive; it is already changing how work is done. The questions are whether India can prepare its young people for changing work, whether new technology will create high-quality jobs, and whether the transition can be made safer for affected employees. If governments, industry and educational institutions take accountable steps in time, AI could become a source of productivity and new opportunities. If skills, social protection and employment policy fall behind, job insecurity and political discontent could rise alongside economic growth.

ASIA's Assessment: The possibility of increasing employment pressure in the IT sector should be taken seriously. Policy should focus not only on attracting investment but also on ensuring that the benefits of technological change reach India's young people and workers.

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*Editorial note: The city-wise list of foreign companies' offices is indicative and may change over time. Before using a claim about a specific company or city in publication, confirm it again through the company's official location page.*