

## Tata Consultancy Services to Reduce Workforce by 12,000 Amidst Tech Shifts



Tata Consultancy Services (TCS), India's largest Information Technology (IT) services provider, announced its plan to reduce its global workforce by approximately 12,000 employees over the next year. The move, representing about two percent of its total workforce, is primarily aimed at middle and senior-level management. This strategic realignment comes as the company navigates a rapidly evolving technological landscape, driven by the increasing adoption of Artificial Intelligence (AI) and evolving client demands.

TCS Chief Executive K. Krithivasan indicated that the workforce reduction is a part of the company's broader strategy to become "more agile and future-ready." While not directly attributing the layoffs to AI, Krithivasan emphasized that the company is deploying AI at scale and continuously evaluating the skills necessary for future growth. As of June 2025, TCS employed over 613,000 individuals globally. This decision follows a period where other major technology firms have also undergone similar workforce adjustments, signaling a potential industry-wide trend driven by automation and a re-evaluation of operational structures.

Industry experts note that while IT companies have traditionally focused on headcount growth, the current environment necessitates a shift toward a more skilled and efficient workforce. The ongoing economic uncertainties and the disruptive influence of AI technologies are impacting business demands, compelling companies like TCS to rebalance their talent pools to maintain profit margins and competitive pricing. As Phil Fersht, CEO of HFS Research, was quoted by

Reuters, AI is "diminishing the labor-intensive service delivery approach," thereby forcing large service providers to adapt.

For the affected employees, TCS has committed to providing notice period compensation, severance benefits, extended insurance coverage, and career transition assistance. Despite these planned reductions, TCS saw a net increase in headcount during the April-June 2025 quarter, adding over 5,000 employees. This suggests that the layoffs are a targeted effort to realign skills within the organization rather than a general hiring freeze. The coming months will reveal how this significant restructuring impacts TCS's operational efficiency and sets a precedent for the broader Indian IT sector.