IT & ITES INDUSTRY

INTRODUCTION

The IT Services and ITeS-BPO segments have been responsible for impacts on the growth of Indian economy. The Indian IT / ITeS industry has made one of the great success stories on modern India putting the country on the global map as the leader in the Information Technology (IT) and Business Process Outsourcing (BPO).

The Indian Information Technology (IT) and Information Technology Enabled Services (ITeS) sectors go hand-in-hand, in every aspect. The industry has not only transformed India’s image on the global scenario, but also fuelled economic growth and has contributed a lot to social transformation in the country.

The IT sector has created 8.73 lakhs new jobs over the last five years. Particularly, with the emergence and growth in technology based startups, there has been a huge growth in the IT & BPM sector.

India is the leading sourcing destination across the world, accounting for approximately 55 per cent market share of the US$ 185-190 billion global services sourcing business in 2017-18. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US$ 37.23 billion between April 2000 and March 2019 and ranks second in inflow of FDI, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

Indian IT & ITeS companies have set up over 1,000 global delivery centres in about 80 countries across the world. India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country.

INDUSTRY STRUCTURE

IT services include client, server and web based services

ITES services include Customer-interaction services including call-centers, back-office services, revenue accounting, data entry and data conversion, HR services, transcription and translation services, content development and animation, remote education, data search, GIS, market research and network consultancy.

KEY PLAYERS

TCS – Tata Consultancy Services, Infosys, Wipro, HCL Technologies, Tech Mahindra, Oracle Financial Services and Mindtree are some of the largest players in the Indian IT & ITES sector.

MARKET SIZE

India’s IT & ITeS industry grew to US$ 181 billion in 2018-19. Exports from the industry increased to US$ 137 billion in FY19 while domestic revenues (including hardware) advanced to US$ 44 billion.

RECENT DEVELOPMENTS

Nasscom has launched an online platform, futureskills.nasscom.in, which is aimed at up-skilling over 2 million technology professionals and skilling another 2 million potential employees and students.

In 2018, HCL Technologies acquired select IBM software products for US$1.78 billion.

Venture Capital (VC) investments in the IT & ITeS sector stood at US$ 53.0 million during Q4 2018. In 2017, Wipro acquired InfoSERVER for US$8.7 million.

GOVERNMENT INITIATIVES

As a part of Union Budget 2018-19, NITI Aayog is going to set up a national level program that will enable efforts in AI and will help in leveraging AI technology for development works in the country.

In the Interim Budget 2019-20, the Government of India announced plans to launch a national program on AI and setting up of a National AI portal. National Policy on Software Products-2019 was passed by the Union Cabinet to develop India as a software product nation.

The government of India is implementing BharatNet, a project to provide broadband services at 100 Mbps to around 2.5 lakh gram panchayats of the country. It aims to provide around 2 to 20 Mbps broadband connectivity to all the households of India especially in rural areas. The project started in 2011 and by 2018, around 2,60,695 kilometers of optical fibre cable has been laid and around 1,01,936 gram panchayats are service ready. Wi-Fi hotspots are providing internet services in these gram panchayats.

INDUSTRY DRIVERS

Strong growth in demand for exports from new verticals.

Low cost advantage of the industry as compared to the US IT & ITES industry.

ROAD AHEAD

Emerging technologies now offer an entire new gamut of opportunities for top IT firms in India.

Export revenue of the industry is expected to grow 7-9 per cent year-on-year to US$ 135-137 billion in FY19.

The industry is expected to grow to US$ 350 billion by 2025 and BPM is expected to account for US$ 50-55 billion out of the total revenue.

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