



Information Technology The Flagship Industry

Along with an increased presence of Indian IT companies across the globe, the Indian IT-ITES industry is broadly categorised into IT services and software, ITES-BPO, and hardware segment. According to a study, the main growth drivers in this sector are mobility, convergence, and IT management.

IT is one of the fastest growing sectors of the Indian industry. Its growth has been peaking steadily over the last several years, providing employment to a large workforce in the country.

As the software and service segments continue to show robust growth, India is sustaining leadership in this sector because of its strong fundamentals comprising a large and growing pool of qualified English-speaking manpower; focus on defining and adhering to global quality standards; demonstrated emphasis on information security; and strong government support on improving the basic infrastructure and developing conducive policies.

India's BPO industry has more than doubled its headcount. From 2, 20,000 in 2003-04 it increased to 4, 10,000 in 2005-06. In the meantime, revenue growth in this segment increased from US\$3.1 billion in 2003-04 to US\$6.3 billion in 2005-06. Acknowledging the importance of human resources as a vital capital in software and service industry, Indian IT has launched several skill assessment and certification programmes for early-level talent and executives to enhance the availability IT-ITES in the country.



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Emergence of India as a strong synergic IT country has further been strengthened due to its policy of international cooperation as a significant means of leveraging the effectiveness of bilateral and multilateral ties. In pursuit, the country has initiated a number of joint ventures and collaborative programmes internationally.

NASSCOM-McKinsey Report

With the expansion of market openings across four broad sectors—IT services, software products, IT enabled services, and e-businesses—revenue projections for India's IT industry

in 2008 will be US\$87 billion, according to a NASSCOM-McKinsey report. Other key findings of the report include:

- Software and services will contribute over 7.5 percent of overall GDP growth;
- IT exports will account for 35 percent of the total exports;
- Potential for 2.2 million jobs in IT by 2008;
- IT industry will attract FDI of US\$4-5 billion;
- Market capitalisation of IT share will be around US\$225 billion.

Projected Revenues-2008

	India-based	India-centric	Sub-total (International)	Domestic	Total	1998
IT Services	23	7*	30	8.5	38.5	2.1
Software Products	8	2	10	9.5**	19.5	0.6
IT-enabled Service	15	2	17	2	19	0.4
E-business	4	1	5	5	10	0.2
Total	50	12	62	25	87	3.3

* Legacy/client server, ERP and package work and Internet all have different proportions of work outside India where revenues are not export revenues.

(Figures are in US\$ billion)

** Resale of imported products included.



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