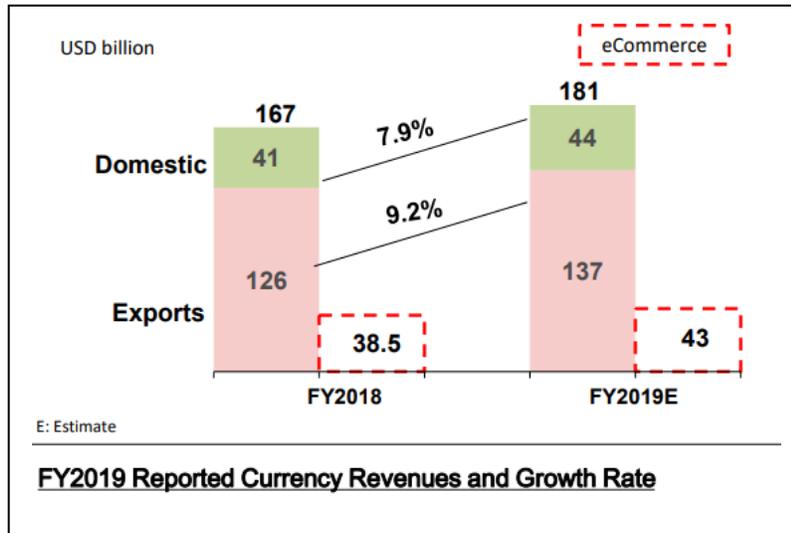


IT & ITeS Sector Note

Current Scenario:



Source-NASSCOM

India is the prime destination when it comes to global outsourcing. India occupies around 55% of the global market share in global services business and IT is one of the most prominent of them. India's IT and ITeS industry has grown to USD 181 billion in 2018-19 (E). While exports stood at USD 137 billion in FY19, domestic revenues stood at USD 44 billion in the same period. The main drivers in this regard are revival in demand for IT services from the U.S. and Europe, increased adoption of technology and

telecom by consumers, use of IT in emerging verticals such as retail, healthcare and utilities, increased mobile connectivity throughout the country, and re-engineering of government process via technology and enabling e-delivery of citizen services.

Being one of the most prominent segments within the services sector in India, IT generates significant employment in the country. As per a report in March 2019, 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.

However, data security is an issue that is of primary concern to the industry. As a result, India is considering a draft data protection bill that suggests critical personal data of Indian users that are held by digital and global firms to be stored and processed within the country only.

Future Scenario:

- ❖ When it comes to IT, India is one of the prime destinations for offshoring. The sector is expected to generate revenues from export worth USD135-137 billion by FY19. The industry is expected to grow to USD 350 billion by 2025.
- ❖ As stated in the interim budget 2019-20, GOI has plans to roll out an AI national programme. This will impact all prominent IT companies in India such as TCS, Infosys, Wipro, HCL Tech and other mid-cap and small-cap software firms. This programme's

focus area would be skill and infrastructure development. Thus the mammoth beneficiaries would be startups who lay special focus on AI.

Key Policy Initiatives:

- ❖ In the Interim Budget 2019-20, the Government of India announced plans to launch a national programme on AI and set up a national center for AI. It was also stated that nine priority areas will be identified for the AI hubs across India.
- ❖ The Government has also announced plans to establish 1 lakh digital villages in the next five years that will impact companies like Reliance Jio, Bharti Airtel, Vodafone Idea amongst telecom companies & IT services companies
- ❖ Union Ministry for Electronics and & IT has released a document 'Digital North East Vision 2022'. The aim is to utilize digital technologies to transform the lives of people of the northeast and instill a better livelihood for them.