Background:

The Indian IT industry employs around 10million Indians and continues to contribute to the economic transformation of the country. The Indian IT and ITeS industry is divided into four major segments – IT services, business process management (BPM), software products and engineering services, and hardware.

Current Scenario:

The principle of net neutrality that ensures non discriminatory access to all internet users and is core to the proposed idea of Digital India, has been in the news lately. The pertaining debate over allowing internet service providers to charge content creator and consumers extra money to deliver content at higher speed and hence controlling internet traffic has been of significant interest for TRAI. TRAI has recently initiated a consultation paper on whether over-the-top services or apps that are delivered over the network of mobile phone operators should be licensed or regulated. It has asked stakeholders to send in suggestions by April 24, while counter-arguments need to be submitted by May 8. TRAI may then come out with its recommendations on the subject. TRAI has already been flooded with over 8 lakh petitions against any attempt to kill the concept of 'net neutrality'.

Effects of Net neutrality: Move towards Net neutrality would hinder the NDA Government's vision of Digital India through restricted internet access. An option to charge websites for either access or speed would also kill NDA government's Make in India vision, whereby many young people have startups or small businesses via websites.

For the last few years the export destination of the Indian IT stock market, US and European economies, were not doing well due to which the IT stocks suffered a lot. However, four years after the Great Recession, even though the European and US economies have both shown signs of life several IT companies have shifted base from these to developing markets like Africa, Latin America and West Asia which has been proved beneficial.

Due to increased demand from the US and Europe, Indian IT exports grew 13-15% in 2014-2015 to reach $97-99 billion. The overall Indian software and BPO industry added revenues of $13-14 billion to the existing revenues of $118 billion. Domestic revenues will grow at 9-12% and reach Rs.1250-1280 billion during this year. It is expected that within 2015 the IT stock market is expected to give good returns and the stock market index Nifty will touch the 10000 mark.

Future Trend:

The adoption of technologies across segments to stimulate the 'Digital India initiative' is expected to help boost India's gross domestic product (GDP) by US$ 550 billion to US$ 1 trillion by 2025.

The IT-BPM sector in India grew at a compound annual growth rate (CAGR) of 25 per cent over 2000-2013, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5 per cent to US$ 300 billion by 2020.

India is the fourth largest base for young businesses housing around 3000 tech start ups. It is expected to increase its base to 11500 tech start ups by 2020. India's internet economy is expected to touch Rs 10 trillion (US$ 161.26 billion) by 2018, accounting for 5 per cent of the country's GDP. The US$ 12 billion plus rising Indian e-commerce business market is witnessing a rush of hiring and may need 100,000 people over the next six months.

Public cloud services revenue (where a service provider makes resources such as applications and storage available to the general public over the internet either for free or pay per usage basis) in India is expected to reach US$ 838 million in 2015, growing by 33 per

cent year-on-year. The public cloud market alone in the country is estimated to treble to US$ 1.9 billion by 2018 from US$ 638 million in 2014. The increased internet penetration and rise of e-commerce are the main reasons for continued growth of hosting market in India.

The Indian IoT industry is expected be worth US$ 15 billion and to connect 28 billion devices to the internet by 2020.

Policy Announcements:

Union Budget of 2015-2016 allocated INR 21.6 billion (US$349million) to develop smart cities which rely on technology to run their transport, utilities, housing, health care, safety and other municipal services. India signed deals to build 8 such cities- 3 with Germany, 3 with USA and 1 each with Spain and Singapore. The sum allocated this year is lower than the allocated sum of INR 70.16 billion (1.2 billion) in 2014-2015 out of which INR 9.3 billion was spent.

Budget for the digital India dipped to INR 8.4 billion (US$136 million) this year from INR 9.2 billion (US$ 149million) last year. Out of the allocated money, INR 4 billion (US$65 million) will go towards delivering online services, INR 1.15 billion (US$19 million) towards cyber security activities, on which the government spent INR 460 million (US$7.4 million) last year and INR 1.35 billion (US$22 million) towards national knowledge network connecting 1500 educational institutes.

The internet of things (IOT) (which is a network of physical devices embedded with sensors and connectivity that collect useful data with the help of various existing technologies and then autonomously flow the data between other devices) has been gaining popularity in India. The government is planning to set up Incubation centers (National Centers of Excellence – CosE) under the PPP mode, with NASSCOM and other industry associations for supporting the IoT industry. This will comprise of a team of people who will promote collaboration and best practices of IOT to promote business and customer valued services.

EU and India forged a digital partnership on 15th April, 2015 in Brussels and discussed the potential of collaboration in fields of technology and innovation besides cooperation in creating smart cities. India has the potential of being more than an off shoring market and hence an innovation co-creation partner for EU.