

# Performance of IT and ITEs Industry in Indian Economy

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## ABSTRACT

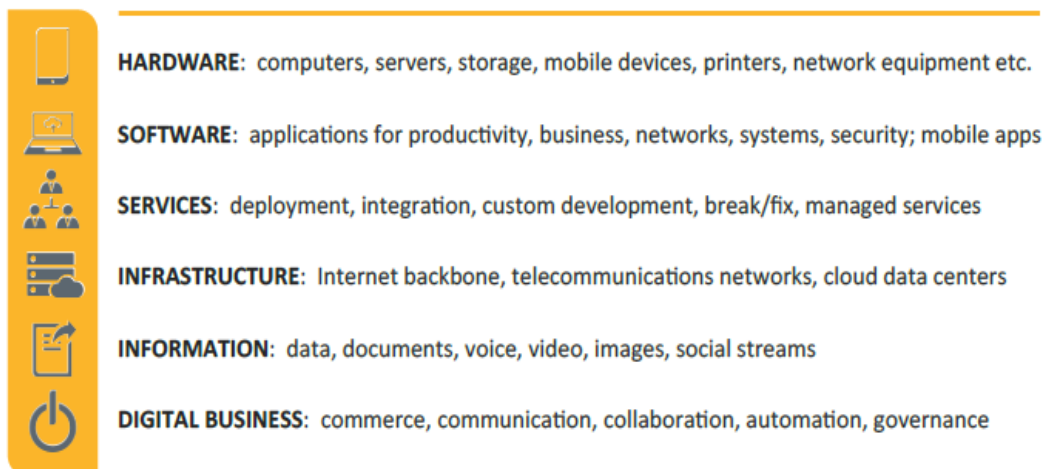
Today, among various sectors of the economy IT and ITEs sector is one whose services are needed for rapid growth of the economy and also for modernization of various connected sectors. This Paper is basically to study the performance and contribution of IT and ITEs Industry in Indian Economy. The Department of Electronics and Information Technology is taking steps to coordinate the strategic activities, to promote the programmes of skill development, to support for infrastructure and R&D activities to make a leadership position in IT sector of Indian Economy. A lot of newspapers, magazines, articles, research papers, dissertations and websites are gone through to gather knowledge regarding this field. The annual reports are analyzed to acknowledge ourselves about the different cumulative figures.

**Keywords:** IT, ITEs, BPO, Revenue etc.

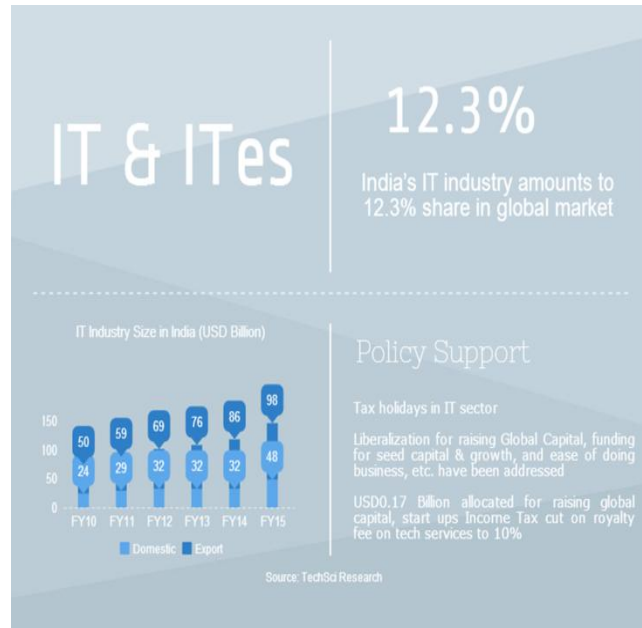
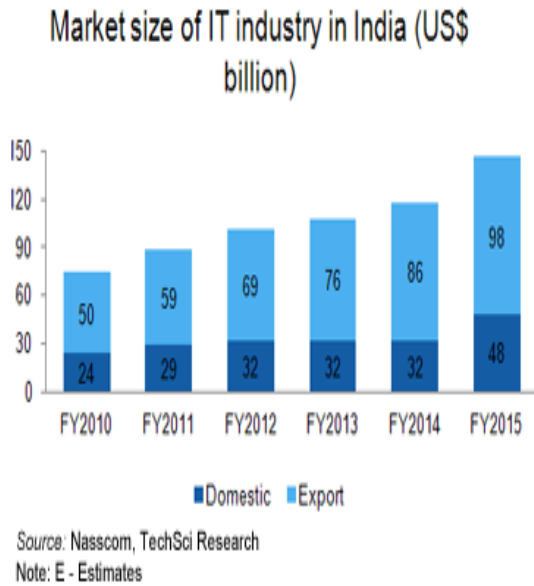
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## INTRODUCTION

IT means Information Technology and ITEs means IT Enables Services. ITEs services are the services which do require the aid of IT but not the hardcore IT. It includes soft skills like communication wherein we do make use of computer to feed in the responses. These services are mainly used in BPOs and KPOs wherein we feed the information of the customers in the database on computer. ITEs is form of Outsource services which has involvement of IT in different fields like Finance & banking, Insurance, telecommunication. IT includes:



India is the world's largest sourcing destination for the IT industry with US\$ 124-130 billion market i.e. approx 67%. The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science by employing 10 million workforces. 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. According to the reports of NASSCOM, the growth rate of IT sector is estimated at a rate of 12-14% for the year 2015-16 in constant currency terms and it is expected triple in the year 2025 with US\$ 350 billion.



## OBJECTIVES

1. To study Revenue Trends of IT and ITES Industry.
2. To study Segment wise export Revenue Trends of IT and ITES Industry.
3. To study Segment wise Domestic Revenue Trends of IT and ITES Industry.
4. To study Employment Status of IT and ITES Industry.

## RESEARCH METHODOLOGY

1. **Period of study:** For the purpose to study the Revenue Trends of IT and ITES Industry Data for the period from 2011 to 2016 (i.e for 5 years) have been taken.
2. **Source of Information :** Secondary data from various Reports from Department of Electronics and Information Technology has been taken to collect the required data for this study.

### ❖ Revenue Trends of IT and ITES Industry

As this is evident from the table that Revenue of IT and ITES industry is estimated about USD 129.5 billion in the year 2015-16 that is rose upto 9% as compared to last year which was USD 118.8 billion. The growth rate of last five years is given in this table.

### Revenue Trends (in USD billion)

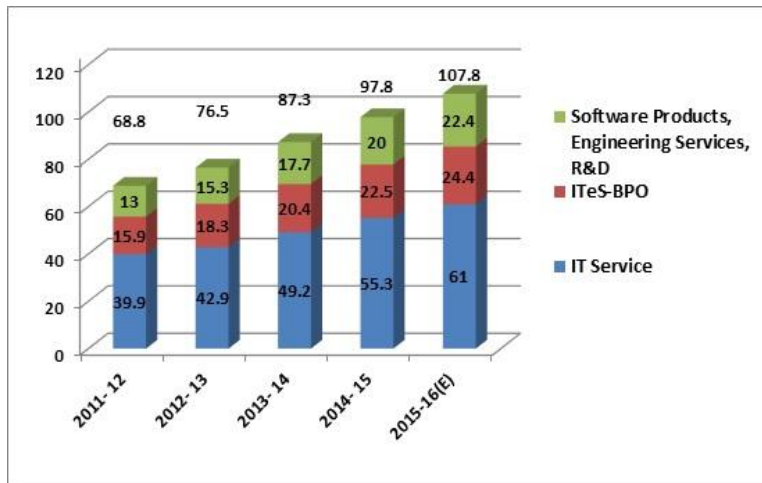
Year/ Description	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16(E)	CAGR % (2011-16)
Exports	68.8	76.5	87.3	97.8	107.8	12.81
Domestic	19.0	19.2	19.0	21.0	21.7	4.64
Total	87.8	95.7	106.3	118.8	129.5	11.16

❖ Segment wise export Revenue Trends of IT and ITES Industry Export Revenue Trends (In USD billion)

Year/ Segment	2011-12	2012-13	2013-14	2014-15	2015-16(E)	CAGR % (2011-16)
IT Service	39.9	42.9	49.2	55.3	61.0	12.73
ITeS-BPO	15.9	18.3	20.4	22.5	24.4	11.43
Software Products, Engineering Services, R&D	13.0	15.3	17.7	20.0	22.4	14.46
Total IT-ITeS	68.8	76.5	87.3	97.8	107.8	12.81

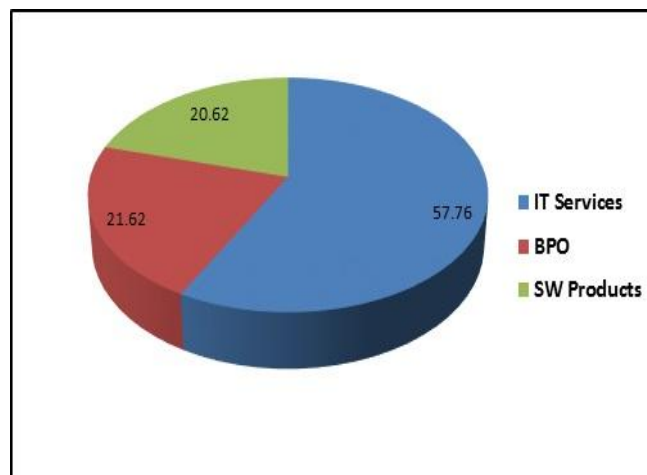
Source: Nasscom, E: Estimate

As this is evident from the table that Export of IT and ITes industry is estimated about USD 107.8 billion in the year 2015-16 that is rose upto 9% as compared to last year which was USD 97.8 billion. The growth rate of last five years is given in this table. There is an increasing trend with CAGR (12.81%) of last five years.



The given below figure show that the maximum contribution is of IT Services i.e. 57.76% followed by BPO and SW Products with a share of 21.62% and 20.62% respectively.

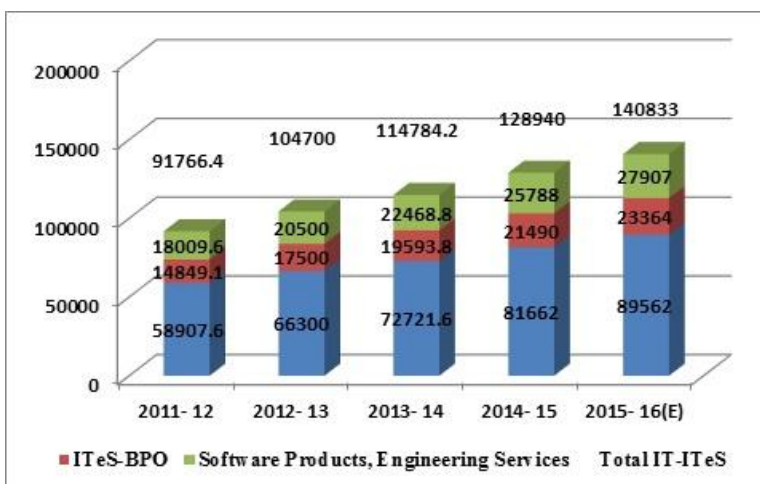
**IT-BPO Revenue Share (Year 2015-16)**



❖ **Segment wise Domestic Revenue Trends of IT and ITES Industry**

As this is evident from the table that Domestic Revenue of IT and ITES industry is estimated about INR 1408 billion in the year 2015-16 that is rose upto 9% as compared to last year which was INR 1289 billion. The growth rate of last five years is given in this table. There is an increasing trend with CAGR (12.35%) of last five years.

Segment wise Domestic Revenue Trends in IT – ITES Industry (in INR Crores)						
Year/ Segment	2011-12	2012-13	2013-14	2014-15	2015-16(E)	CAGR % (2011-16)
IT Service	58907.6	66300	72721.6	81662	89562	12.33
ITeS-BPO	14849.1	17500	19593.8	21490	23364	12.97
Software Products, Engineering Services	18009.6	20500	22468.8	25788	27907	11.91
Total IT-ITeS	91766.4	104700	114784.2	128940	140833	12.35



❖ **Employment Status of IT and ITES Industry**

The Employment Status of Indian Economy is comes to know from the following tables. IT Sector employes approx 10 lakh workforce in various sectors. Estimated employment for the year 2015-16 is to touch 3.688 million. The trends show that its share has increased over the last 5 years.

**Employment(in millions)**

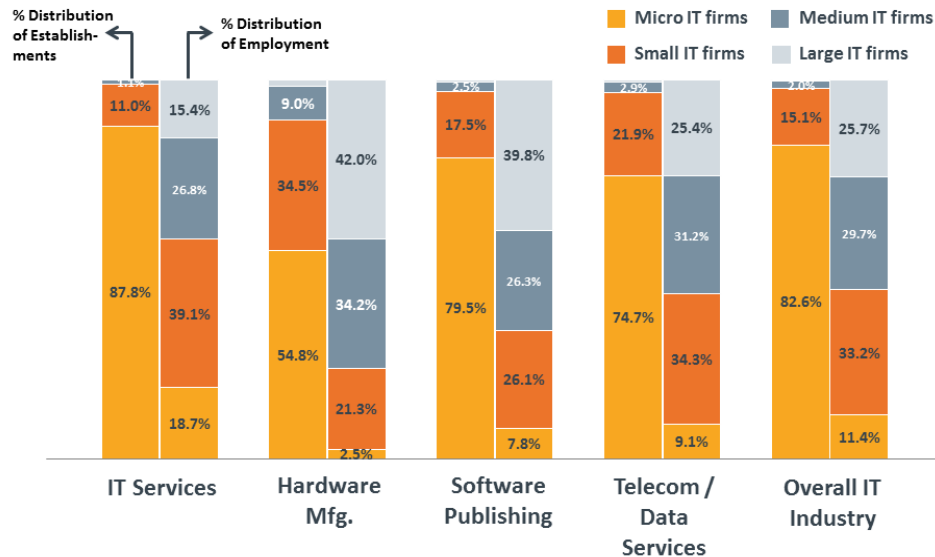
Year/ Segment	2011-12	2012-13	2013-14	2014-15	2015-16(E)
IT Services & Exports	1.15	1.29	1.6	1.74	1.844
BPO Exports	0.83	0.88	0.989	1.03	1.086
Domestic Market	0.56	0.60	0.699	0.745	0.758

Year/ Segment	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16(E)
Total Employment	2.775	2.966	3.267	3.485	3.688

Source: Nasscom, E: Estimated

### Establishment and Employment Distribution by Firm Size

Within the IT sector, the number of employer establishments skews heavily towards micro-size and small firms. However, the distribution of employment is more uniform. Overall, 55% of IT sector workers are employed by medium-size or large firms vs. 45% for micro-size or small firms.



CompTIA

Source: BLS | EMSI | CompTIA

The above figure shows the establishment and employment distribution of IT Services, Hardware Mfg., Software Publishing, Telecom/ Data Services etc. by firm size.

### CONCLUSION

In conclusion, it can be said that IT and ITES sector is one whose services are needed for rapid growth of the economy and also for modernization of various connected sectors. After study the data it comes to the point that Revenue of IT and ITES industry is estimated about USD 129.5 billion in the year 2015-16 on the basis of the last year's trend. Export of IT and ITES industry is estimated about USD 107.8 billion in the year 2015-16 that is rose upto 9% as compared to last year which was USD 97.8 billion. The growth rate of last five years is given in this table. There is an increasing trend with CAGR (12.81%) of last five years. Domestic Revenue of IT and ITES industry is estimated about INR 1408 billion in the year 2015-16. Estimated employment for the year 2015-16 is to touch 3.688 million.

### References

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