



## IT AND BPM

---

### SUMMARY

---

Global Technology spending stood at USD 3.65 tn during 2018-19.<sup>1</sup>

The IT-BPM industry in India accounts for 55% of the total global outsourcing market. In India, it accounts for more than 45% share, which is the largest, in total services export.

The IT-BPM industry in India constitutes 8% of India's GDP. The industry is the largest employer within the private sector, employing 3.9 mn people.

Indian IT & BPM industry is expected to grow to USD 310 Bn by 2020.<sup>3</sup>

---

### REASONS TO INVEST

---

As of 2018-19, the expenditure on global Technology stood at USD 3.65 Tn.

India in 2018-19 witnessed 1,70,000 net new hires in the industry - a total of 6,00,000 digitally skilled human resources, and a 20-25% increase in learning and development budget of IT-BPM companies.<sup>4</sup>

India's IT-BPM industry amounts to 55% of the global outsourcing market size.

Favorable government policies and incentives facilitate investments in IT industry.

There is a presence of skilled manpower, as India is home to 4.14 mn IT-BPM professionals.<sup>5</sup>

Rapidly growing urban infrastructure has fostered several IT centers in the country.

The National Broadband Mission of the Government of India is focussed to fulfil the vision of 'Broadband for All' of the National Digital Communications Policy 2018. Under the mission, following deliverables and outcomes are planned:<sup>6</sup>

Provide broadband access to all villages by 2022

Availability of high broadband speeds

Increase present route length of 22 lakh km the Optical Fiber Cable (OFC) to 50 lakh km

Enhance connectivity and improve Quality of Service by increasing tower density

Increase fiberization of telecom towers from 30% to at least 70%

Create a Geographic Information System (GIS) based tool and set up a National Fiber Grid to keep a mapping of entire OFC network in the country

Facilitate rollout of 5G network and strengthening of 4G network

Promote Make in India by promoting domestic manufacturing and incentivizing homegrown broadband products

[Explore more about infrastructure availability in IT and BPM sector >](#)

---

### RECENT ANNOUNCEMENTS

---

**16th December 2020:** Hon'ble PM Shri Narendra Modi, has approved a proposal of the Department of Telecommunications to conduct spectrum auction through which spectrum will be assigned to the successful bidders for providing commercial mobile services.

[Read More](#)

**15th December 2020:** Department of Posts (DoP) and India Post Payments Bank (IPPB) unveiled a new digital payment app 'DakPay' as part of its ongoing efforts to provide Digital Financial inclusion at the last mile across India.

[Read More](#)

**10th December 2020:** BSNL, in partnership with Skylo, to introduce worlds' first, satellite-based narrowband-IoT network in India.

[Read More](#)

**09th December 2020:** Cabinet approves Provision of Submarine Optical Fibre Cable connectivity between Mainland (Kochi) and Lakshadweep Islands (KLI Project).

[Read More](#)

**09th December 2020:** Prime Minister, Shri Narendra Modi has given its approval for the proposal of Securities & Exchange Board of India (SEBI) to sign a bilateral Memorandum of Understanding (MOU) between Securities and Exchange Board of India and Financial and Commission de Surveillance du Secteur Financier (CSSF), Luxembourg.

[Read More](#)

---

### STATISTICS

---

The IT-BPM industry revenue (excluding hardware) is estimated to be USD 177 Bn for 2018-19. <sup>7</sup>

The industry has more than 17,000 firms; 8 of which 1000+ are large firms with over 50 delivery locations in India.

The IT-BPM industry is the largest private sector employer – delivering around 4.14 mn jobs. The industry accounts for more than 45% share in total services export from India. <sup>8</sup>

India is the 2nd largest <sup>9</sup> start-up ecosystem in the world with 18,000+ start-ups recognized by the government till May 2019. <sup>10</sup>

---

## GROWTH DRIVERS

---

Emerging geographies and verticals, non-linear growth due to platforms, products and automation.

Revival in demand for IT services from the US and Europe.

Increasing adoption of technology and telecom by consumers and focused government initiatives – leading to increased information and communication technology adoption.

Use of IT in emerging verticals (retail, healthcare, utilities) are driving growth in the Indian IT industry.

India is creating a future-ready digital workforce, with more than 6,00,000 digitally skilled human resources. India's IT-BPM firms witnessed a 20-25% increase in Learning & Development budget in 2018-19. <sup>11</sup>

About USD 1.6 Bn is spent annually on training workforce and growing R&D expenditure.

On 21st December 2020, an agreement for US\$ 5 mn was issued for Indian Grant Assistance for Army Software Park at National Telecommunications University to facilitate setting up of IT infrastructure at the Army Software Park with the provision of training and services in the field of software applications.

Bharat Net project aims to connect at least 5 Wi-Fi access points in all 2,50,000 gram-panchayats (village councils) in the country. <sup>12</sup>

The government's Digital India Campaign envisages a USD 20 Bn investment covering mobile connectivity throughout the country, re-engineering of government process via technology and enabling e-delivery of citizen services.

---

## FDI POLICY

---

The government of India has allowed up to 100% Foreign Direct Investment (FDI) under the automatic route in the IT & BPM sector.

Hon'ble PM Shri Narendra Modi has approved the FDI proposal of INR 2480.92 cr in M/s. ATC Telecom Infrastructure Private Limited by M/s. ATC Asia Pacific Pte. Ltd. <sup>18</sup>

[Read more about Foreign Direct Investment Policy in India >](#)

---

## SECTOR POLICY

---

Hon'ble Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in IT and BPM Sector through the Department of Telecom of with an financial outlay of INR 12195 cr over a five-year period for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

---

## FINANCIAL SUPPORT

---

### PROVISIONS OF UNION BUDGET - 2018-19, 2019-20 AND 2020-21

Allocation of Digital India doubled to USD 472 Mn in 2018-19. <sup>13</sup>

Interim Budget 2019-20 announced that 1,00,000 villages to be made Digital Villages by 2023-24. <sup>14</sup> It is proposed to provide USD 845 Mn to Bharatnet programme in 2020-21. <sup>15</sup>

It is proposed to provide an outlay of USD 1.13 Bn over a period five years for the National Mission on Quantum Technologies and Applications.

### NATIONAL POLICY ON SOFTWARE PRODUCTS (2019)

A dedicated Software Product Development Fund (SPDF) with a corpus of USD 145.65 Mn will be created in the form of Fund of Funds. <sup>16</sup>

### SOFTWARE TECHNOLOGY PARK SCHEME

Custom duty exemption

Excise duty exemption

Central Sales Tax reimbursement

Corporate tax exemption on 90% export turnover

Sales in Domestic Tariff Area (DTA) up to 50% of the Freight On Board (FOB) value of exports permissible. <sup>17</sup>

[Explore Government policies/schemes in IT and BPM sector >](#)

---

## INVESTMENT OPPORTUNITIES

---

The setting up of IT services, BPM, software product companies, shared service centres.

Fast-growing sectors within the BPM domain – knowledge services, data analytics, legal services, Business Process as a Service (BPaaS), cloud-based services.

IT Services and fast-growing sectors within it such as solutions and services around SMAC (Social, Mobile, Analytics, Cloud), IT consulting, software testing.

Engineering and R&D within which the fastest growing sectors are – telecom and semiconductors.

[Explore projects to invest in IT and BPM sector >](#)

---

## FOREIGN INVESTORS

---

Accenture (Ireland)  
Cognizant (USA)  
HP (USA)  
Capgemini (France)  
IBM (USA)  
Atos (France)  
Microsoft (USA)  
CDNS (USA)  
Intel (USA)  
Dell International (USA)  
Agilent Technologies (USA)  
Mentor Graphics (USA)  
Oracle Corporation (USA)  
Qualcomm (USA)  
Steria (France)  
Ricoh (Japan)  
SAP (Germany)  
TIBCO (USA)  
Philips (Netherlands)

---

## AGENCIES

---

Department of Electronics & Information Technology, Ministry of Communications & Information Technology, Government of India  
National Association of Software and Services Companies  
Indian Software Product Industry Round Table  
Other Service Providers Association of India  
Data Security Council of India

---

## KEY ACHIEVEMENTS

---

Hon'ble PM Shri Narendra Modi signed bilateral Memorandum of Cooperation (MoC) between India and Japan in the field of Information and Communication Technologies (ICTs). This MoC will boost opportunities for India to get into the global standardization process. This will further enhance human capacity building and development of the startup ecosystem which will contribute in realizing the objectives of Atmanirbhar Bharat.<sup>17</sup>

Asian Development Bank (ADB) and the Government of India signed USD 50 mn loan to boost West Bengal's digital platforms for public finance reforms.<sup>19</sup>

---

## SOURCES

---

1. "Industry Performance: 2018-19 and what lies ahead," NASSCOM, [https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead\\_0.pdf](https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead_0.pdf)
2. "Catalyzing the Ecosystem for A Trillion Dollar Digital Economy," NASSCOM, <https://www.nasscom.in/sites/default/files/NASSCOM-annual-guidance-fy-2018.pdf>
3. "Industry Performance: 2018-19 and what lies ahead," NASSCOM, [https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead\\_0.pdf](https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead_0.pdf)
4. "Strategic Review: IT-BPM Sector In India 2019: Decoding Digital," NASSCOM, <https://www.nasscom.in/knowledge-center/publications/strategic-review-it-bpm-sector-india-2019-decoding-digital>
5. "National Broadband Mission," Department of Telecommunications, [https://dot.gov.in/sites/default/files/National%20Broadband%20Mission%20-%20Booklet\\_0.pdf?download=1](https://dot.gov.in/sites/default/files/National%20Broadband%20Mission%20-%20Booklet_0.pdf?download=1)
6. "India's Share in World's Commercial Services Exports Rise to 3.5 Per Cent in 2018: Economic Survey 2019-20", PIB, <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1601248>
7. "The IT-BPM Sector in India 2018 amplify digital," NASSCOM, <https://community.nasscom.in/download.php?file=wp-content/uploads/attachment/nasscom-itsr--executive-summary-2018.pdf>
8. "Budget 2019-2020," India Budget, <https://www.indiabudget.gov.in/budget2019-20/index.php>
9. "Home Page," Startup India, <https://www.startupindia.gov.in/>
10. "Industry Performance: 2018-19 and what lies ahead," NASSCOM, [https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead\\_0.pdf](https://www.nasscom.in/sites/default/files/Industry-Performance2018-19-and-what-lies-ahead_0.pdf)
11. "BharatNet Usage Status as on 20-05-2019," BBNL, <http://www.bbnl.nic.in/BharatNet.pdf>
12. "Summary of Budget 2018-19," Ministry of Finance, PIB, <http://pibarchive.nic.in/newsite/PrintRelease.aspx?relid=176062>
13. "Highlights Of Interim Budget 2019-20," Ministry of Finance, PIB, <http://pibarchive.nic.in/newsite/PrintRelease.aspx?relid=187934>
14. "Summary of Union Budget 2020-21", PIB, <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1601475>
15. "National Policy on Software Products (2019)," MeitY, [https://meity.gov.in/writereaddata/files/national\\_policy\\_on\\_software\\_products-2019.pdf](https://meity.gov.in/writereaddata/files/national_policy_on_software_products-2019.pdf)
16. "Software Technology Park of India," Invest India, <https://static.investindia.gov.in/Software%20Technology%20Parks%20%28STP%29%20Scheme.pdf>
17. PIB, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1668396>
18. PIB, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1675607>
19. PIB Release, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1677688>

**MAKE IN INDIA**