

# Latest Developments in Selected Indian Companies in Information Technology Industry

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## ARTICLE DETAILS

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## ABSTRACT

Indian Information Technology industry is one of the fastest growing industries in the country. The IT industry has built very valuable brand equity for itself in the global markets. The Indian IT Industry comprises of software industry and information technology enabled services (ITES), which even includes business process outsourcing (BPO) industry. Indian IT Industry is considered as a pioneer in software development and a favourite destination for IT-enabled services. In the year 1974, the origin of IT industry in India can be traced, when the mainframe manufacturer, Burroughs asked its India sales agent, Tata Consultancy Services (TCS) to export programmers for installing system software for a U.S. client. The Indian IT industry originated under very unfavorable conditions. During olden times local markets were absent and government policy toward private enterprise was hostile. The Indian IT Industry was begun by Bombay-based conglomerates that entered the business by supplying programmers to global IT firms located overseas. During 1970's the Indian economy was state-controlled and remained hostile to the software industry. Even the Import tariffs were high like 135% on hardware and 100% on software. Even the exporters were ineligible for bank finance. In 1984 Rajiv Gandhi became Prime Minister and the Government policy towards IT sector changed. The New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software which reduced to 60%.

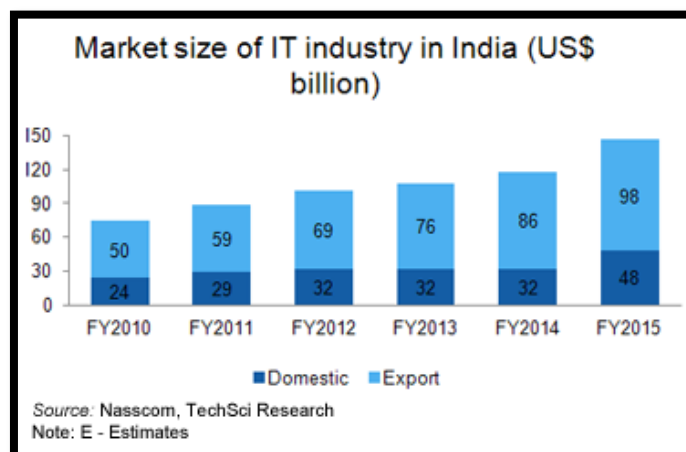
## 1. Brief Introduction

IT Industry in the country has played a major role in placing India on the international map. The Indian IT Industry mainly comprises of instance System Integration, Software experiments, Custom Application Development and Maintenance (CADM), network services and IT Solutions. According to the analysis done by the annual report 2009-10, prepared by the Department of Information Technology (DIT), the IT-BPO industry was expected to achieve a revenue aggregate of US\$ 73.1 billion in 2009-10 as compared to US\$ 69.4 billion in 2008-09, growing at a rate of over 5 %. The report even predicts that the Indian IT-BPO revenues may reach US\$ 225 billion in 2020.

According to Nasscom's analysis in the fiscal year 2009 Indian IT-BPO industry expanded by 12% and gained aggregate returns of US\$ 71.6 billion. Out of which the derived revenue US\$ 59.6 billion was earned by only the software and services division. Further, the industry witnessed an increase of around US\$ 7 million in FY 2008-09.

Today in India the data centre services market is forecasted to grow at a compound annual growth rate (CAGR) of 22.7 % between 2009 and 2011, and to touch close to US\$ 2.2 billion by the end of 2011, according to research firm IDC India's report published in 2010. According to the report of Internet and Mobile Association of India (IAMI) and market research firm IMRB, the total number of Internet users in India reached 71 million in 2009. The active users were 52 million in September 2009 when compared to 42 million in September 2008, registering a growth of 19 % year-on-year,

Size of the Industry	5.9% of the country's GDP
Geographical distribution	Bangalore, Chennai, Hyderabad, Delhi, Kolkata, Pune
Output per annum	Compound annual growth rate (CAGR) of 22.7 % between 2009 and 2011
Market Capitalization	According to NASSCOM the revenue from information technology sector has risen from 1.2 % of the GDP in 1997-98 to 5.8 % of GDP in 2008-09.



## 2. Size of the industry

According to an article in the Times of India, India's liberalization was possible due to its IT industry. In the 1990s, the industry started off with an export of nearly \$100 million with around 5,000 employees. Now it is an industry that thrives globally and India's IT exports are now around \$70 billion with 2.8 million employees working in this sector. The article states

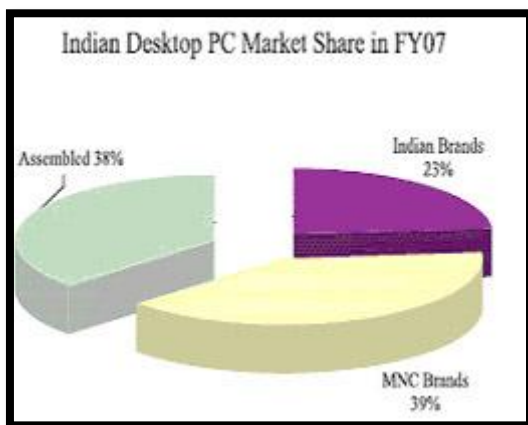
that the IT sector is one of the top two industries in the country today.

India's IT industry is expected to grow at a rate of 12 - 14% during 2016 - 2017 as per a report by India's software industry body National Association of Software and Services Companies (NASSCOM.) This clearly shows that information technology is a sector which will likely be one of the emerging markets in the days to come as India's economy requires more hardware, software and other IT services. In a NASSCOM-McKinsey report, India's position in the global offshore IT industry is based on five factors - abundant talent, creation of urban infrastructure, operational excellence, conducive business environment and finally, continued growth in the domestic IT sector.

### 3. I T Industry in India 2017

- IT BPM industry revenues (excluding hardware) for the Financial Year 2016-17 is estimated to be at US\$ 154 billion.
- IT sector contributed to India's GDP by 7.7% in the year 2016.
- In the Financial Year 2016, TCS stood as the market leader with about 10.4% contribution to India's IT and ITeS sector revenue.
- The IT market is quite competitive with the top 5 IT firms contributing over 25% to the total IT revenue.
- For the Financial Year 2017, the domestic revenue is estimated to be at US\$ 38 billion while the export revenue is estimated to be at US\$ 117 billion.

### 4. Domestic and Export Share



According to Department of Information Technology, the Indian software and services exports was expected to reach US\$ 49.7 billion in 2009-10 as compared to US\$ 47.1 billion in 2008-09, with an increase of 5.5% in dollar terms. Further, the Indian IT Industry's services exports is estimated to grow from US\$ 25.8 billion in 2008-09 to US\$ 27.3 billion in 2009-10, with a growth of 5.8%. In the year 2008-09, the domestic IT attained revenues worth US\$ 24.3 billion as compared to US\$ 23.1 billion in FY 2007-08, with a growth of 5.4%. The tremendous demand for IT services and goods by India Inc., has majorly strengthened with the expansion of the domestic market as agreements worth extraordinarily to US\$ 100 million. Till 2012, the domestic sector is estimated to expand to US\$ 1.7 billion

against the existing US\$ 1 billion. IT exports software and services of India are to nearly 95 countries around the world.

### 5. Top leading Companies

- Tata Consultancy Services
- Wipro Technologies
- Infosys Technologies
- HCL
- Intel
- GE
- IBM
- Dell
- Microsoft
- Cisco

### 6. Employment Opportunities

According to India's National Knowledge Commission, India would experience a knowledge revolution which can be seen by the dramatic revolution in the field of Information and Technology. Information Technology comprises of wide range of activities like Office Automation, Telecommunication and Computing, therefore provides job avenues for those who have acquired the right qualifications for it. In the beginning of this millennium, National Association of Software and Services Companies made estimation that India would require 10,00,000 trained software professionals for the coming years. The present availability of such skilled people is only 5% of the required amount. So we can understand that this sector is going to provide employment to a large number of such professionals. Specialized field of IT requires academic and technical skills accordingly. Many diploma and degrees courses are there for those who have an aptitude and flair for the subject. These are:

- Bachelor in Computer Applications (BCA)
- Bachelor in Science with Computers (B.Sc)
- Masters in Computer Applications (MCA)
- M.Sc in Computers
- Masters in System Management
- B.Tech and B.E
- M.Tech
- Certification Courses      Diploma in Computer Applications
- Post Graduate Diploma in Computer Applications

### 7. Latest developments in Information Technology Industry

- As per a Confederation of Indian Industry (CII) report, the Indian IT industry is growing at an annual rate of 35%.
- **National e-Governance Plan (NeGP):** The Government of India plans to give high priority to improve the quality to the citizens by providing basic services at their doorstep for which it has formulated a NeGP covering 27 mission mode projects.
- **State Wide Area Networks (SWANs):** The Government has started a scheme for establishing SWANs across the country in 29 states with a total

estimation of US\$ 682.27 million over a period of five years.

- **State Data Centres (SDCs):** SDCs have been identified important for the core infrastructure of supporting e-Governance initiatives under NeGP.
- **Common Service Centres (CSCs):** The main objective of CSCs is to develop a platform that can enable Government, private and social sector organizations to cater their social and commercial goals for the benefit of the rural population in the country with a combination of IT-based as well as non-IT-based services.
- **Community Information Centres (CIC):** Government has initiated the CIC's in the hilly and far-flung rural areas of the country with main objective to bring the benefits of ICT to the people for the purpose of socio-economic development.
- **Nanotechnology:** Department of Information Technology started nanotechnology development programme during the 10th plan with the aim of creating infrastructure for research in nanoelectronics and nanometrology at the national level.
- The IT industry is heavily influenced by factors like the global **market and sustenance of its rate of growth**. The recession in the United States also impacted the IT community in India negatively.
- This segment is promising and has vast potential, but there are concerns regarding the **demand-supply gap**, which is widening.
- One of the biggest benefits that the computer and IT industry provides in India is the employment it can generate. Other benefits are export and Foreign Direct Investments (FDI).
- New markets have opened up in the Middle East, Africa, Eastern Europe, and South and South East Asia. India is now a major destination for IT outsourcing.
- There is no dearth of IT job opportunities in India. In fact, India is expected to overtake the US to have the most number of software developers in 2018 (52 lakh developers in India against America's 42 lakhs).
- These are now key players which contribute to the growth of the Indian economy through telecommunication, software development, design, mobile commerce, e-commerce, BPO and knowledge process outsourcing (KPO).
- The IT industry is one which is not limited to software development alone. Technology can be applied in libraries, hospitals, banks, shops, prisons, hotels, airports, train stations and many other places through database management systems, or through custom-made software as seen fit.
- Among other sectors, the IT sector in India has been driving growth for the last decade and more, and has the potential to continue doing so for the next couple of years if shortcomings are met and challenges are faced.
- The top IT companies in India that offer job opportunities in this field are Tata Consultancy Services (TCS), Wipro Technologies, Cognizant, Yahoo!, Google, Tech Mahindra, Infosys Technologies, HP ,Capgemini, iGATE Patni, Accenture, L&T, EY, Convergys, Mphasis, Genpact, HCL Technologies and Godrej Infotech. Cities like Bengaluru, Delhi, Noida, Gurgaon, Hyderabad, Chennai, Bombay and Cochin are some of the places which have developed into potential IT hubs of the country, thanks to the presence of these top IT companies.

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