# Sector segmentation - India

<table>
<thead>
<tr>
<th>IT services</th>
<th>Business Process Management (BPM)</th>
<th>Software products and engineering services</th>
<th>Hardware</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market size</strong></td>
<td>• Market Size: US$ 80.08 billion during FY17E.</td>
<td>• Market size: US$ 29.26 billion during FY17E.</td>
<td>• Market size: US$ 14 billion in FY17E.</td>
</tr>
<tr>
<td><strong>Sector Share</strong></td>
<td>• IT services had 52 per cent share in total Indian IT sector revenues in 2017.</td>
<td>• BPM segment had 19 per cent share in Indian IT sector revenues in 2017.</td>
<td>• The segment had 9 per cent share in Indian IT sector revenues in 2017.</td>
</tr>
<tr>
<td><strong>Share of exports</strong></td>
<td>• Over 81 per cent of revenue comes from the export market.</td>
<td>• Around 87 per cent of revenue comes from the export market.</td>
<td>• The domestic market accounts for a significant share.</td>
</tr>
<tr>
<td><strong>Key Trends</strong></td>
<td>• BFSI continues to be the major vertical of the IT sector.</td>
<td>• Market size of BPM industry to reach US$ 54 billion by FY25.</td>
<td>• Total exports from the IT-BPM sector (including hardware) were estimated to have been US$ 117 billion during FY17; rose at a CAGR of 12.84 % during FY09–17.</td>
</tr>
</tbody>
</table>

Source: NASSCOM; Ministry of Electronics and Information Technology, Govt. of India; DIPP
India Scenario
Growing IT Market Size

Sector expected to grow at a ~8 percent to $167 billion in FY18 from $154 billion in FY17 and further expected to reach $350 billion by 2025

Market size of IT industry ($ billion)

- FY14: $86 (32 Domestic, 48 Exports)
- FY15: $98.5 (48 Domestic, 50 Exports)
- FY16: $108 (35 Domestic, 73 Exports)
- FY17: $117 (37 Domestic, 80 Exports)
- FY18E: $126 (41 Domestic, 85 Exports)

CAGR 10.71%

Sector among the leading employment generators with 3.97 million people in FY17, 105,000 added in FY18

India is the world's top sourcing destination in 2017-18 with a share of ~55 percent

India has 1000+ global delivery centres in 80 countries

7.7% share in GDP in 2016-17

37% share in FDI inflow into India between April 2000 and December 2017

US$ 29.825 bn

Source: NASSCOM; Ministry of Electronics and Information Technology, Govt. of India; DIPP
Growing IT Market Size

### Growth in Exports Revenues ($ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>IT Services</th>
<th>ITeS</th>
<th>Software products &amp; engineering services</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>14.1</td>
<td>17.8</td>
<td>43.9</td>
</tr>
<tr>
<td>FY14</td>
<td>14</td>
<td>20</td>
<td>52</td>
</tr>
<tr>
<td>FY15</td>
<td>20</td>
<td>23</td>
<td>55.5</td>
</tr>
<tr>
<td>FY16</td>
<td>22.4</td>
<td>24.4</td>
<td>61</td>
</tr>
<tr>
<td>FY17</td>
<td>25</td>
<td>26</td>
<td>66</td>
</tr>
</tbody>
</table>

CAGR 12.84%

### Share of IT/ITeS exports across geographies (FY17)

- USA, 62%
- EU (ex. UK), 11%
- UK, 17%
- Asia, 8%
- RoW, 2%

### Growth in Domestic Revenues ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>IT Services</th>
<th>ITeS</th>
<th>Software products &amp; engineering services</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>3.46</td>
<td>2.98</td>
<td>11.18</td>
</tr>
<tr>
<td>FY14</td>
<td>3.97</td>
<td>3.31</td>
<td>12.55</td>
</tr>
<tr>
<td>FY15</td>
<td>4.20</td>
<td>3.60</td>
<td>13.78</td>
</tr>
<tr>
<td>FY16</td>
<td>4.85</td>
<td>4.03</td>
<td>15.85</td>
</tr>
<tr>
<td>FY17</td>
<td>5.65</td>
<td>4.51</td>
<td>16.31</td>
</tr>
</tbody>
</table>

CAGR 10.68%

### Direct Employment in IT/ITeS (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>3.26</td>
<td>3.48</td>
<td>3.68</td>
<td>3.86</td>
<td>3.97</td>
</tr>
</tbody>
</table>

Source: NASSCOM, Ministry of Electronics and Information Technology, Govt. of India
## Digital India initiative

The initiative of the Government of India envisions transforming India into a digitally empowered society and knowledge economy.

### Impact of Digital India by 2019

- Broadband in 250,000 villages, universal phone connectivity
- Net Zero Imports by 2020
- 400,000 Public Internet Access Points
- Wi-Fi in 250,000 schools, all universities; Public Wi-Fi hotspots for citizens
- Digital Inclusion: 17 million trained for IT, Telecom and Electronics Jobs
- Job creation: Direct 17 million & Indirect at least 85 million
- e-Governance & e-Services: Across government
- Digitally empowered citizens – public cloud, internet access

### India BPO Promotion Scheme (IBPS) for employment generation & balanced growth of IT/ITeS in each state

- Direct Employment to more than 140,000 people
- Capital Support up to 50% of One – Time Expenditure incurred on admissible items subject to upper ceiling of INR 1 lakh per seat
- 48,300 seats in BPO Operations across the country
Gujarat Scenario
Overview

- **$1.1 billion**: Size of ICT industry in Gujarat in FY2015-16
- **$5.4 billion**: Investments attracted by IT sector in Gujarat in FY2015-16, according to a release by ASSOCHAM
- **$30 billion**: Estimated total outstanding investments in IT sector in Gujarat by FY2020-21: ASSOCHAM
- **$7 million**: Computer hardware and peripherals exports from Gujarat in 2016

**1500+ companies registered with Gujarat Electronics & Software Industries Association (GESIA)**

**IT units in Gujarat are spreading their markets from the US to other regions like Europe, Middle East and Africa**

**IT Exports from Gujarat ($ million)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>74.8</td>
<td>121.5</td>
<td>184.6</td>
<td>276.9</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: Department of Science & Technology, Government of Gujarat

1 USD = 65 INR
GIFT city, with its World Class infrastructure, offers an excellent platform for setting up of export oriented IT/ ITeS units.

Infrastructures also developed at Garima Park - Gandhinagar, Astron IT Tech Park – Ahmedabad and L&T Technology Park in Vadodara.

Gujarat has a Software Technology Park in Gandhinagar with a sub–center in Surat. Services offered:

• Connectivity solutions from 64kbps to n*64Kbps capacity and above
• OSS Solutions with complete SLA
• End to End link monitoring backed by a strong Network Management Center
• Web Hosting Service and FTP Facility
• Space for Startups, R&D, MSMEs, and Incubation
Gujarat International Finance Tech City - GIFT City

- Globally benchmarked International Finance Services Centre (IFSC)
- Strategically located with state-of-the-art infrastructure
- Targeting IT/ITeS sector
- Offers an excellent platform for setting up of export oriented IT/ITeS units
- First of its kind development in scale, scope & quality

GIFT ICT advantage

- High speed IP-based network
- Infinite bandwidth
- Robust data centre with disaster recovery sites
- Intelligent building services
- Shared market infrastructure
### Special Economic Zones

6 SEZs are fully operational

#### Operational IT/ITeS SEZs in Gujarat as on 1st Dec 2017

<table>
<thead>
<tr>
<th>Name of SEZ</th>
<th>Total Area (Ha)</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ganesh Infrastructure Private Limited</td>
<td>32.71</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>Aqualine Properties Private Limited</td>
<td>27.83</td>
<td>Gandhinagar</td>
</tr>
<tr>
<td>GIDC Electronic Park SEZ</td>
<td>28</td>
<td>Gandhinagar</td>
</tr>
<tr>
<td>Larsen &amp; Toubro Ltd.</td>
<td>5.11</td>
<td>Vadodara</td>
</tr>
<tr>
<td>Tata Consultancy Services Limited</td>
<td>10.32</td>
<td>Gandhinagar</td>
</tr>
<tr>
<td>GIFT SEZ Limited</td>
<td>105.44</td>
<td>Gandhinagar</td>
</tr>
</tbody>
</table>

Source: sezindia.nic.in
Educational facilities

The stretch between Ahmedabad and Gandhinagar is being developed as a knowledge corridor with several Centres of Excellence (CoE) taking shape.

<table>
<thead>
<tr>
<th>Type of Institutes</th>
<th>Computer Engineering</th>
<th>Information Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>840</td>
<td>570</td>
</tr>
<tr>
<td>Grant-In Aid</td>
<td>165</td>
<td>0</td>
</tr>
<tr>
<td>Self-Financed Institutes affiliated with Gujarat Technical University</td>
<td>7026</td>
<td>2814</td>
</tr>
<tr>
<td>Self-Financed Institutes affiliated with Private University</td>
<td>2925</td>
<td>1734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10956</strong></td>
<td><strong>5118</strong></td>
</tr>
</tbody>
</table>

Comparison of intake in 2014-15 and 2018-19

- **Computer Engineering**
  - 2014-15: 7500
  - 2018-19 (Provisional): 10956

- **Information Technology**
  - 2014-15: 3915
  - 2018-19 (Provisional): 5118

Source: Info Booklet-2018, Admission Committee for Professional Courses (ACPC), Directorate of Technical Education
IT/ITeS Policy (2016-2021)

Incentives for IT/ITeS Units
1. Reimbursement on EPF for a period of 5 years
2. VAT/CST/GST Incentive for a period of 8 years
3. Capital Subsidy @25% up to a ceiling of Rs. 1 Crore
4. Incentives on Power Tariff and Electricity Duty for 5 years
5. Lease Rental Subsidy @Rs. 8/Sqft to Rs. 3/Sqft for 5 years
6. Interest Subsidy @ Rs. 25 to 50 Lakhs/Year for 5 years
7. 100% Reimbursement on Stamp Duty and Registration Fee
8. Skill Enhancement @Rs.1 Lakh/year/unit
9. Quality Certification @Rs. 6 Lakhs in 5 years
10. Patent Assistance up to Rs. 10-25 lakhs in 5 years

Incentives for Vertical & Horizontal IT/ITeS Parks
1. Capital Subsidy up to Rs. 25 Crore
2. Reimbursement of stamp Duty and Registration fee
3. Incentives on Power Tariff and Electricity Duty

Incentives for R&D Institutions
1. To setup - Assistance up to 60% of the project cost, excluding land, ceiling of Rs 50 lakhs.
2. For Contract/Sponsored research work - Assistance for 50% of the project cost, ceiling of Rs 50 lakhs.
## Incentives for Incubators

1. Capital Assistance up to Rs. 50 Lakh
2. Operating Assistance up to Rs. 1 Crore per annum
3. Assistance for procurement of software up to Rs. 1 crore per annum
4. 100% Reimbursement on Stamp Duty and Registration Fee
5. Mentoring assistance of Rs. 5 lakhs per annum
6. Power Tariff subsidy at the rate of Rs. 1 per unit in the billed amount
7. 100% reimbursement on electricity duty paid for 5 years

## Incentives for Startups

1. 100% Reimbursement on Stamp Duty and Registration Fee
2. Lease Rental Subsidy @Rs. 15/Sqft/month
3. Interest Subsidy @ 9% p.a. up to Rs. 2 lakhs/year
4. Patent Assistance @75% of cost up to Rs. 2 lakhs/patent for domestic & Rs. 5 lakhs/patent for international patent
5. Bandwidth subsidy @70% of annual bandwidth charges up to Rs. 20000 for 2 years
6. Marketing assistance @ Rs. 1 lakh per startup
7. Matching Equity support from GVFL up to Rs. 5 Crore

In all e-Governance Project undertaken by Government of Gujarat, part of work of value range between 5% and 10% will be outsourced to startups and student of Technical colleges in Gujarat.
Electronics Policy (2016-21)

Incentives for Electronics Manufacturing Clusters (EMCs)

1. Capital Assistance up to Rs. 100 Crore
2. 100% Reimbursement on Stamp Duty and Registration Fee
3. Uninterrupted availability of power and power tariff subsidy for 5 years
4. Assistance to EMCs up to Rs. 5 Crore for setting up feeder and sub-stations

Incentives for Electronic System Design Manufacturing Units (ESDMs)

1. Capital subsidy up to ceiling of Rs. 100 crore
2. Interest subsidy for up to Rs. 10 crore/annum for a period of 5 years
3. 100% Reimbursement on Stamp Duty and Registration Fee
4. VAT/CST/GST Incentive for a period of 10 years
5. Reimbursement on EPF for a period of 5 years
6. Patent assistance up to Rs. 10-25 lakhs in 5 years
7. Support to R&D institutions and Quality certifications
### Prominent Players

- The leading IT services, consulting and business solutions firm, has a 10,000-seat campus, Garima Park, in Gandhinagar
- The campus, in an approved SEZ, serves global customers
- Led to the expansion of the IT industry in Gujarat

- The company operates its Technology services business from its campus at the L&T Knowledge City at Vadodara

- Commenced operations at its new product development centre (PDC) at GIFT City in Gandhinagar with 120 professionals

- Started Cisco START, a product portfolio specifically designed to help SMBs in Gujarat build their digital foundation and become globally competitive
- Signed 2 MoUs - establishing an IoT Innovation hub to develop and customize digital technologies and solutions with iCreate and a Smart City project in GIFT City
Other key players

- Capgemini
- Cignex Datamatics
- Atos
- Tech Mahindra
- Vodafone
- Siemens
- IBM
- Arrow
- Gipl
- Silver Touch
- MasterCard
- Dev
Investment Opportunities

- IT Hardware and Chip Manufacturing
- e-Governance & m-Governance services
- State-of-the-art Data centres
- Blockchain, AI, IoT based applications, Data Analytics, BPO/KPO services
- Social, Mobility, Analytics & Cloud (SMAC)
- Animation, 3D, Gaming & Digital Entertainment
- e-Commerce
### Details of Nodal Department / Agencies

<table>
<thead>
<tr>
<th>Department of Science &amp; Technology</th>
<th><a href="https://dst.gujarat.gov.in/">https://dst.gujarat.gov.in/</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat Informatics Limited</td>
<td><a href="https://gil.gujarat.gov.in/">https://gil.gujarat.gov.in/</a></td>
</tr>
</tbody>
</table>
Thank you