

At 7.7%, IT sector to grow slower in FY2020: Nasscom

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Mumbai, February 12

The \$191-billion Indian IT industry is slated to grow slower in 2020 fiscal at 7.7 per cent compared to the 8.1 per cent growth in the previous year. While the sector added two lakh jobs, the industry is cautiously optimistic about the future due to global macroeconomic uncertainties.

The job additions at two lakh have been higher compared to the 1.8 lakh people added last year and comes at a time when many companies have been laying off employees.

"I think any sector growing 7+ per cent is commendable," said Nasscom President Debjani Ghosh. The onus is now on reskilling and upskilling, added Nasscom Chairman Keshav Murugesh.

Higher tech spend

The growth for the sector continues to come from digital initiatives by clients from developed markets, coupled with higher tech spending. "For this, we are aligning our talent base in the changed scenario," said Pravin Rao, COO, Infosys.

IT companies have been facing a double whammy. On the one hand, their old business models based on body-shopping has come under stress due to the US government's clampdown on visa issuance. And, on the other, the demand for newer skills such as Artificial Intelligence, data science, cloud computing has seen a huge increase in the requirement of techies for developed markets, but for which there is a lack of talent.



Debjani Ghosh, President, Nasscom

"In many ways, Indian companies need to show to their clients that we are capable of building an iPhone-like experience and maintain the nuts and bolts of the iPhone," said a senior executive from an outsourcing firm. Companies spent \$1-1.5 billion on skilling in 2020 fiscal, which is roughly 1 per cent of the total industry revenues.

So far their effort seem to be yielding results. The export sector generated over \$147 billion in revenues in FY2020, growing at 8.1 per cent over the previous year. IT services sector posted revenues of \$97 billion (growth of 6.7 per cent), followed by e-commerce at \$54 billion (25.6 per cent growth).

While Nasscom did not give growth projections for 2021, a survey of CEOs indicates that half of them (57 per cent) expect business performance to be similar.

Tech spending, a key metric, is expected to continue, indicating that companies are getting comfortable with the new kind of outsourcing. "Trust factor between clients and outsourcing companies has improved," said Murugesh, who is also Group CEO, WNS.