

IT/ITeS industry to grow at CAGR of 13.9% in 5 years

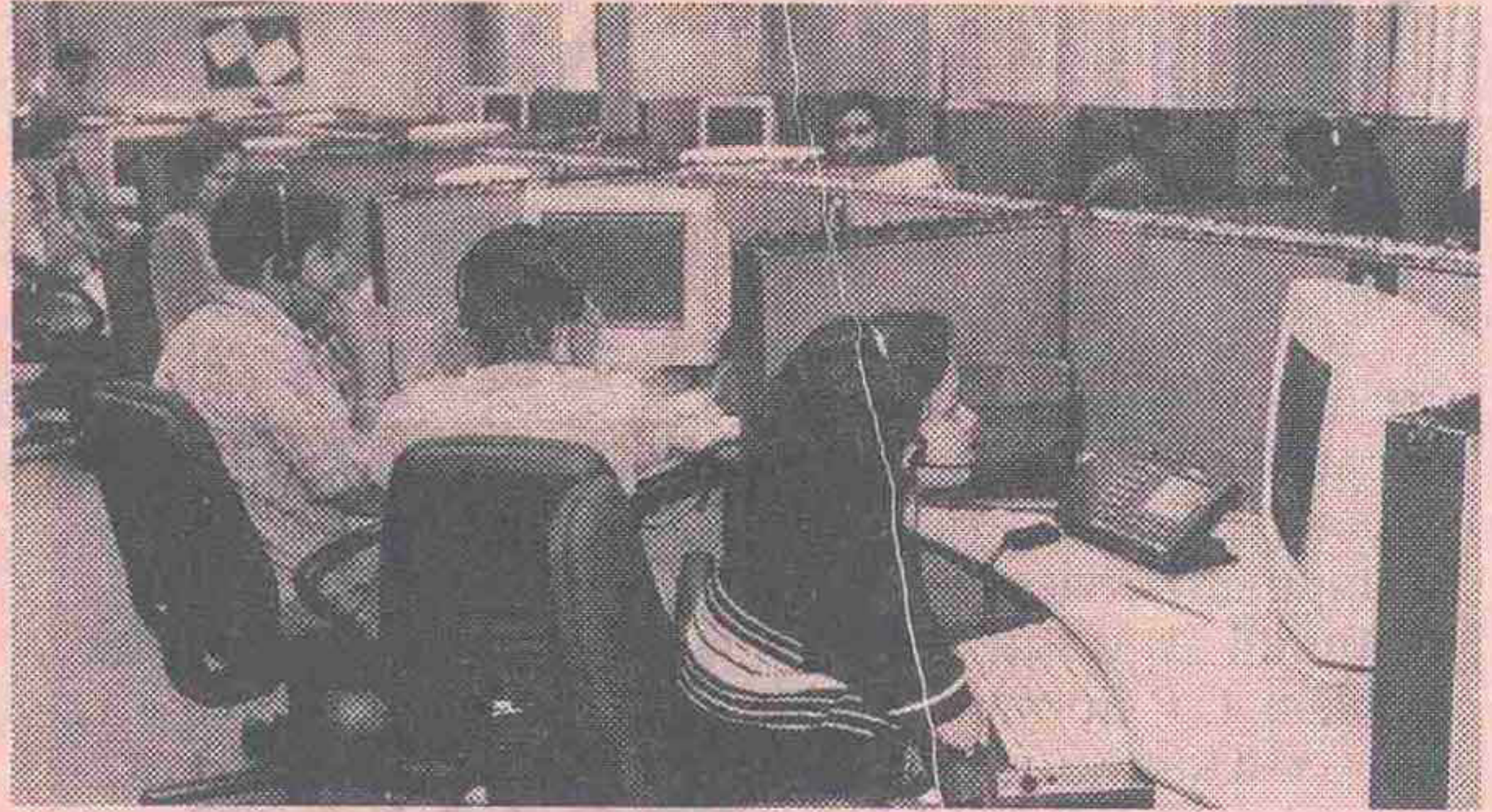
BS REPORTER

Bangalore, 22 June

After growing at a compounded annual growth rate (CAGR) of over 30 per cent for the last five years, the Indian IT and ITeS industry seems set for a more realistic growth. The second phase or growth phase 2.0 of the industry which has been plagued by the global economic slowdown, will see a moderate CAGR of 13.9 per cent in the next five years (2008-13), analyst firm IDC India said in a report.

The domestic IT/ITeS market will however grow at slightly higher rate, at a CAGR of 15.8 per cent in the next five years. During 2003-08, the domestic market grew at an average CAGR of 25 per cent.

In 2009, the Indian IT and ITeS industry is expected to grow at 10.8 per cent, the lowest in the last five years, to touch Rs 3,09,573 crore (over \$64 billion). The domestic market is expected to grow at 10.2 per cent to touch Rs 1,09,406 crore (over \$22 bil-



lion) in 2009. The exports are expected to grow at 11.2 per cent to cross Rs 2,00,000 crore (over \$ 41 billion).

“Though there are certain signs of a revival in the domestic arena, the spending may not begin to rise just yet. IT spending behaviour would remain conservative through 2009 due to the uncertainty in the economic environment,” IDC India country manager Kapil Dev Singh said in a statement.

The hardware market will remain under pressure through the year, while the software and IT services markets

will also be affected, though to a comparatively lesser extent, he added.

According to IDC India report, the share of the IT services and ITeS in the Indian domestic market is expected to rise from 31.7 per cent in 2008 to 41.9 per cent in 2013, signalling the increasing focus of enterprises to leverage the built up capacities. The new phase of growth will see IT vendors helping enterprises design and deliver ‘new age’ services to their customers by leveraging the existing IT infrastructure.