

Brexit to have moderate impact on IT exports revenue

A day after Infosys said it lost 300-m Euro deal with Royal Bank of Scotland, impacting about 3,000 jobs, as a fallout of Britain's decision to exit the European Council, India's software and services trade body Nasscom says the impact on overall IT exports is expected to be moderate. Nasscom is still sticking to its exports forecast of 10-12% growth for the current year, its president R Chandrashekhhar tells FE's R Jai Krishna. The Brexit decision came in June, which was the end of first quarter of the current fiscal, but if there is an impact at all it could reflect in the second-quarter earnings announcements, he said. Britain contributes 18% of the country's overall software and services revenue of about \$100 billion. Excerpts:

On Tuesday, Infosys said it lost a 300-m Euro because of Brexit.

How do you think the impact would be on larger industry?

In the short term we see this (Brexit) as negative impact. For the full fiscal, the impact of Brexit will be moderate. It is not right to take one example and extrapolate for the entire sector or industry. Any impact would not have reflected in the June quarter since it happened in June, and the impact is to be seen in the next quarter. When Brexit happened, we thought that there would be short-term negative impact.

Now that the impact has started showing initial signs, is Nasscom looking to review its 10-12% growth forecast for the year.

The guidance stated is comfortable. There is going to be a fair bit of turbulence. Investment decisions are getting postponed. Eventually it



is stable. When we did the forecast, we had factored in all issues. There will be short term impact because of uncertain times.

Britain is fairly a big market, especially with the financial services being run from the country. Do you see the impact spreading to European markets as well for IT companies.

On the financial services side, it has not been disappointing. There has been stress in the sector. There's no major change. We are seeing an upturn in Europe, and in telecom sector, which was a low performing sector earlier. It's premature to speculate on the impact. We had factored in the turbulence. There are no major changes.

What is the status of India's complaint at WTO on H1B Visas?

The WTO complaint is being pursued by the government and we are rendering our support. We believe that the US action, though not naming Indian companies, does affect

them directly, and it is a discriminatory action. What we need to see is the difference between rhetoric and action, and the US action is causing injury to Indian companies.

Now that GST is almost a reality, how do you see the impact on the Indian IT Industry?

GST is critical for the industry. But, there are serious concerns about multiplicity of regulations, especially with regard to internal transactions which will be liable to tax. In software industry, most of the transactions are intangible and transferred within the company, making it liable to tax is going to create confusion. It is essential to avoid litigations and introduce multiple regulations, as companies need to raise invoice for every regulator and get approvals from multiple authorities.