

Nasscom lowers FY17 IT growth forecast to 8-10%

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'IT spending to grow 7% in 2017'

Bengaluru: IT industry body Nasscom has lowered the growth forecast for the \$160-billion Indian IT industry to 8%-10% (in constant currency) for 2016-17, from 10%-12% that it provided at the beginning of the financial year.

Bengaluru: IT spending in India is expected to touch \$72.4 billion in 2017, up 6.9% compared to this year, helped by growth in software and IT services revenue, according to research firm Gartner. The performance will be significantly better than in 2016, when the spend is estimated to drop by 1.6%. The key verticals driving this growth will include communications, media and services, banking and securities & manufacturing, which will push the spend up from \$67.7 billion in 2016. TNN

The move was widely expected, given that company after company was reporting lower than expected revenue growth in the past two quarters. Infosys lowered its revenue guidance for the year twice. Cognizant, which follows the calendar year, lowered its revenue guidance for the year in each of the past three quarters. TCS's growth rate is sharply down from that of last year. And Wipro's growth has been extremely modest.

Nasscom president R Chandrashekhara said the unex-

pected outcomes in the Brexit vote and the US presidential election had created a lot of uncertainty, resulting in delayed decision-making and deferment of IT spends. "The softness in the BFSI (banking, financial services & insurance) space on account of US interest rates not hardening as expected added to the uncertainty."

Chandrashekhara said the industry's shift to digital — areas like cloud, mobility, data analytics, machine learning and in-

ternet-of-things — had also served to slow business as Indian IT services companies make the necessary changes in their technology and business models. "With digital, it's not just a matter of investing in and adopting the new technology. It's also changing many other things."

Chandrashekhara said there's a lot of uncertainty around the policies US president-elect Donald Trump will follow. He said greater clarity is expected by the middle of next year.