

IT industry may miss Nasscom's 11-14% growth forecast

Slowdown in US, Europe starting to bite; big firms may manage low double-digit growth

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Slowdown in key markets such as the US and Europe could mean that information technology services firms may not meet the projected 11-14 per cent growth this year. While industry body Nasscom insists that its growth forecast will be achieved, many IT honchos say that will be a tough call.

ECONOMIC SITUATION

"I don't think the Nasscom's growth projection will be met this year because of the economic situation beginning this year. I think it will be in high-single digit," Sandeep Aurora, Director (Marketing and Sales, South Asia) of Intel, said.

Market watchers say Infosys, which caused a flutter early this year with poor earnings numbers, could well still be the bell-

wether for the impending slowdown could upset the IT appalcart.

"Very unlikely we will achieve the lower end of the projections when the situation is so uncertain," said R. V. Ramanan, Executive Director and President (Global Delivery), Hexaware Technologies.

While the big IT firms including TCS, HCL, Cognizant and Mahindra Satyam could still outpace the Nasscom estimated growth levels, overall, the industry is expected to grow at a rate lower than that projected by Nasscom.

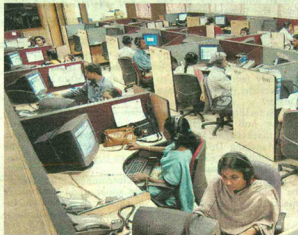
"Given the lack of major orders, the industry will only be able to grow 10-11 per cent," A. K. Prabhakar, Senior Vice-President (Equity Research), Anand Rathi, said.

In a recent interaction with *Business Line*, Phaneesh Murthy, President and Chief Exec-

utive Officer of iGATE, had said the market was still uncertain. "I think the industry will grow at single-digit rate this year and not as projected by Nasscom,"

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he said. On the other hand, B.V.R. Mohan Reddy, Executive Council member of Nasscom and Infotech Managing Director, feels that 11 per cent

growth is achievable. This is echoed by Datamatics Chairman Lalit S. Kanodia as well.

Analysts said that despite lower growth, the Indian IT in-

dustry is better off than most other markets.

STILL A POSITIVE

Sid Pai, partner in research and consulting firm Information Services Group, said that since the overall growth in the worldwide outsourcing industry is in single digit, even a low double-digit growth performance by the Indian industry will be a positive.

Harish HV, Partner at Grant Thornton, said that while tough macroeconomic conditions could make the Nasscom projections difficult to achieve, Indian IT firms may still scrape through if the situation in Europe improves.

(With inputs from T. E. Rajasimhan in Chennai, S. R. Ramesh in New Delhi, Rajesh Kurup in Mumbai, and Venkatesh Ganesh in Bangalore.)