

# Indian IT revenues to touch \$225 bn by 2020: Nasscom

*Believes growth will come from currently untapped verticals like public sector, healthcare and places like China and Japan*

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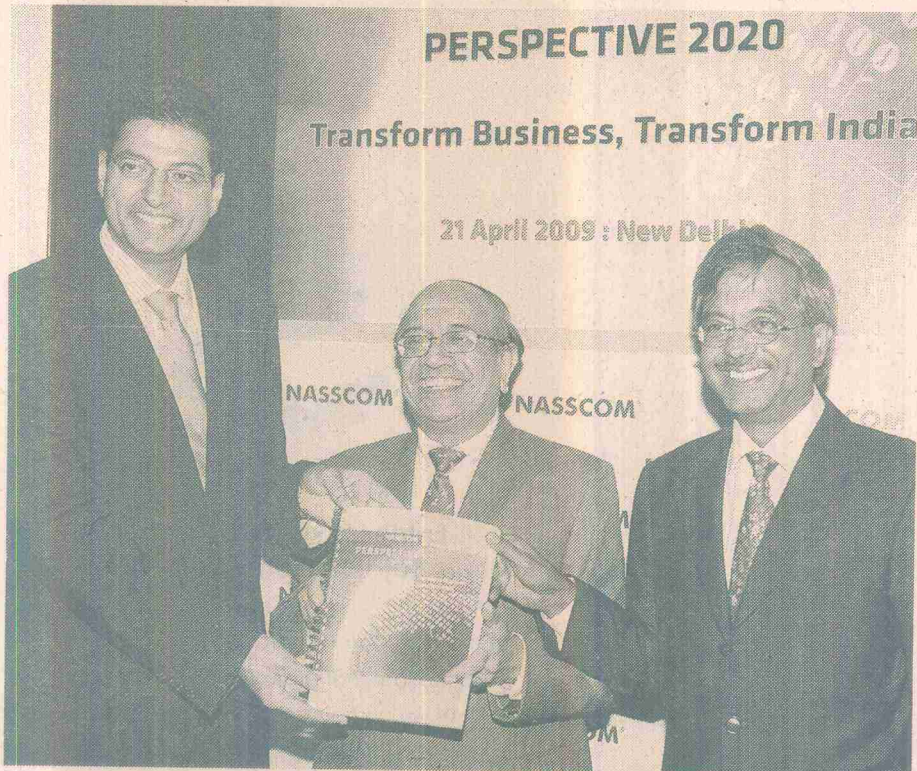
Revenue from India's information technology services sector has the potential to touch \$225 billion (exports and domestic) by 2020, indicates a new report by Nasscom, the industry association, and consulting firm McKinsey & Co.

Around 80 per cent of the industry's incremental growth and 50 per cent of the total opportunity will come from currently untapped verticals like public sector, healthcare, media and utilities and places such as the Gulf, China, Japan, Russia and Brazil. "Most of the incremental revenue growth by 2020 will be driven by opportunities outside of the current core markets, verticals and customer segments, and the industry needs to re-define its value proposition to capture these," said Som Mittal, President, Nasscom.

The report, called 'Perspective 2020', also says India can emerge as one of the top three global IT Innovation hubs, driven by opportunities arising in the new areas of climate change, clinical research and mobile applications, by uplifting 30 million citizens each year.

These new opportunities could result in export revenues of \$175 bn by 2020. Indian domestic industry will also experience significant growth and record a four-fold increase in revenues from \$12 bn in 2008 to \$50 bn by 2020.

However, a major bottleneck is the low employability of existing talent. With only 10-15 per cent employable graduates in business services and 26 per cent of employable engineers in technology services, the industry needs to harness the potential of ICT in healthcare, education, public and financial



NASSCOM President Som Mittal (centre), flanked by Pramod Bhasin (R), chairman, Nasscom, and Noshir F Kaka, company director, Mckinsey, releases the 'NASSCOM Perspective 2020' report in New Delhi on Tuesday

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## FY10 may see single-digit growth

Declining transaction volumes, pricing pressures and cuts in IT budgets, could result in the Indian IT industry posting a single-digit growth rate in fi-

nanacial year 2009-10. "It's a possibility, because of the uncertain economic environment. Also, transaction volumes in the BPO segment are down," said Som Mit-

tal, President, Nasscom.

However, the software body expects a turnaround in the fiscal's third quarter. Recently, Nasscom had revised its growth

targets downwards and said IT-BPO exports are expected to grow at 16-17 per cent (against the earlier 25-30 per cent estimate) to clock \$47 billion in FY09.

services to drive more inclusive growth.

Said Noshir Kaka, Director, McKinsey & Company, "While the industry has the potential to

generate revenues of \$225 bn in 2020, a portion of this opportunity is at risk if continuing problems are not tackled soon. Around 40 per cent of previous

priority initiatives, especially structural changes like tertiary education reform, have not been implemented yet and employability remains low as a result.