

TECH INDUSTRY REVENUE SET TO REACH \$245 BN IN FY2023E

Indian tech industry adding \$19 bn in revenue addition and around 290,000 jobs in FY2023E; Records double-digit growth in constant currency

New Delhi, March 01, 2022: Over the past year, India has shown resilience and continues to be the fastest-growing large economy in the world. Similarly, the country's technology industry has also exhibited continued revenue growth and is expected to grow double digits in constant currency terms in FY2023E. To further deep-dive into the technology industry's performance, **nasscom** today presented the **Strategic Review 2023 – Priming for a 'No Normal' Future**, on the sidelines of NTLF 2023. The report showcases the key trends that defined 2022 and the tech industry trends for 2023.

FY23- Year of Steady Growth

Despite the global headwinds, the technology industry in India is set to witness steady growth in FY2023E. **nasscom** estimates that the Indian tech industry **revenue to grow by \$245bn**, in reported currency with a cross-currency impact of 2%. This reflects an incremental **net revenue addition estimated at \$19 billion** during the year. The growth has been across segments of IT services, BPM, Software products, ER&D and Domestic market. Mirroring the trend, the Indian service **export revenue is expected to touch \$194 bn** in reported currency, a growth of 9.4% compared to FY2022.

Growth in exports is seen across all the major markets. The USA growing at 10.4% and APAC at 10.1%, each continues to be the major market. FY2023E recorded growth across core sectors - BFSI, Manufacturing, and Telecom/ HiTech, emphasizing the industry's resilience narrative.

Sharing his views, **Krishnan Ramanujam, Chairperson, nasscom** said, *"FY 2023 has been another growth year for the industry creating impact for the country and all our stakeholders. Despite global headwinds and some moderation in demand, the industry value proposition of resilience, agility and a transformation partner for global enterprises, enabled the industry to strengthen its leadership in core and emerging areas."*

India's massive digital infrastructure also played a key role in driving India's domestic tech adoption. With continued investments by the government and enterprises in emerging technologies, India's domestic sector emerged as the great propeller. **Domestic revenue is growing 13% from FY22** in rupee terms, with a significant uptick in digital spending amongst Indian enterprises.

India as a global talent hub

The industry **continues to be the net employer with over 5.4 million workforce, creating 290,000 new jobs in FY2023**. With a 36% digitally skilled workforce, the industry remains on the top in terms of AI skills penetration, the 2nd largest in terms of AI/ML BDA talent pool, globally and 3rd globally, in terms of installed supply of Cloud professionals.

With a total of **2mn women employees**, the industry showcases a deep focus on bringing diversity to the workplace reporting a **net addition of over 140k women employees** during the year.

Sharing her views, **Debjani Ghosh, President, nasscom**, said, *"In a no-normal environment that we are living in today, the industry focus continues to be on investing for growth. Propelled by forward-looking policies, strong governance, talent and digital trust to ensure accessibility, privacy, security, and reliability, the Tech Industry in India is on track to accelerate growth to \$500 bn by 2030."*

Growth Drivers for the IT industry

In recent years, India has emerged as a global powerhouse for deeptech innovation capabilities & R&D and is steadfastly committed to ushering future growth and innovation for global enterprises. Global Capability Centres (GCCs) have had a huge impact in making India a destination of choice for Engineering R&D. 40% of global GCCs are present in the country today which demonstrates a tremendous opportunity for the country to scale up. India added 65+ new GCCs in the year taking the total to 1570+. Sub-sectors such as ER&D also witnessed an accelerated double growth at 11.1%

The proportion of digital tech in the overall technology services revenue has been increasing year after year. From only around 26-28% in FY2020, to leapfrogging to over 32-34% in FY2023, there has been increasing penetration of digital tech in the industry. Within this, Analytics, Cloud, and Cybersecurity are emerging as the fastest growing segments wherein the share of Cloud deals was reportedly 4X of pre-pandemic levels.

Interestingly, since 2010, 60% of the total 266K tech patents filed in India are within emerging technologies; emerging tech patents accounted for 73% of all tech patents in 2022.

Emerging Startup landscape

Rising above the uncertainties, the Indian tech startups in FY2023E focused on strengthening business fundamentals & governance. India added 1,300+ new start-ups and 23 new unicorns in 2022. The country has also emerged as a hotbed for DeepTech startups in India, reaching a total of 3,000+ in FY23 wherein 485+ inventive DeepTech Start-up are developing innovative solutions.

FY2024 – Insights from CIO conversations

Despite global headwinds, the industry is expected to showcase strength and resilience. According to McKinsey CIO survey, 75% of CIOs expect spending on digital to continue with evolving priorities as per changing macroeconomic environment. With evolving buyer preferences, tech service providers are increasingly pivoting to being transformational partners over vendors with a focus on bringing domain specialization and impact-based commercial arrangements.

The industry priorities in this 'no normal' environment will need to focus on scenario planning that tracks all the different parameters, shift from provider to digital transformation partner, investment in digital capabilities and emerging tech, enhance focus on learning and upskilling and build the value enablers of trust, inclusion and sustainability.

About nasscom

Nasscom is the premier trade body and chamber of commerce of the Tech industry in India and comprises over 3000-member companies. Our membership spans across the entire spectrum of the industry from startups to multinationals and from products to services, Global Capability Centres to Engineering firms. Guided by India's vision to become a leading digital economy globally, nasscom focuses on accelerating the pace of transformation of the industry to emerge as the preferred enabler for global digital transformation. Our strategic imperatives are to reskill and upskill India's IT workforce to ensure that talent is future-ready in terms of new-age skills, strengthen the innovation quotient across industry verticals, create new market opportunities - both international and domestic, drive policy advocacy to advance innovation and ease of doing business, and build the industry narrative with focus on Talent, Trust and Innovation. And, in everything we do, we will continue to champion the need for diversity and equal opportunity.

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