

IT Industry To Hit \$350 Billion Mark By 2026, Contribute 10% To GDP: Report

Investment commitment for data centre construction more than doubled to Rs 92,400 crore in 2022-23 from Rs 43,400 crore.

India's information technology (IT) industry is likely to hit \$350 billion mark by 2026 and contribute 10 per cent towards the country's gross domestic product (GDP), credit ratings agency Infomerics Ratings said in a report.

"India is acknowledged as a prominent international centre for IT services and has emerged as the third-largest startup ecosystem globally with a remarkable count of over 100 unicorns. Till FY 2016-17, approximately one unicorn was being added every year. Over the past four years (since FY 2017-18), this number has been increasing at a rapid pace, with a whopping 66 per cent year-on-year (YoY) growth in the number of additional unicorns being added every year," Infomerics Ratings said.

The report mentioned that India's IT industry is second largest in the world after the United States and employs 4 million IT professionals and the IT industry in India expected to contribute 10 per cent to India's GDP by 2025, the report said.

The IT industry in India is a major source of foreign exchange earnings for India. Computer Software industry experienced robust growth of 22.4 per cent and 19.2 per cent in 2021-22 and 2022-23 respectively, but slower growth is anticipated in 2023-24.

Investment in data centres grows rapidly

Investment commitment for data centre construction more than doubled to Rs 92,400 crore in 2022-23 from Rs 43,400 crore.

Uttar Pradesh plans to establish new software technology parks in Agra, Bareilly, Gorakhpur, and Varanasi with a total construction cost of Rs 80 crore.

IT industry's rapid expansion

The IT industry stands as a rapidly expanding domain within the Indian economy. In the year 2022, this industry business process management (IT-BPM) made a significant contribution of 7.4 per cent to India's GDP, according to IT industry body NASSCOM. P

"Projections indicate that the sector is poised to experience robust growth, with a compound annual growth rate (CAGR) estimated between 11 per cent and 14 per cent over the upcoming five years. This trajectory is expected to propel the industry to a substantial value of \$350 billion by the year 2026," Infomerics said.

The industry's revenue, encompassing hardware, is estimated to surpass \$245 billion, representing an impressive year-on-year growth of 8.4 per cent. This substantial increase amounts to an additional \$19 billion compared to the previous year.

In terms of exports, the report highlights that they are expected to reach \$194 billion, with growth rates of 9.4 per cent in reported currency terms and 11.4 per cent in constant currency terms.