**NOW IT SECTOR CONDITION IN BOOM OR RECESSION**

**INTRODUCTION**

The Global South nation, India, plays an important role in the world economy. The Indian IT sector is a significant contributor to the global economy, generating billions of dollars annually. However, just like any other industry, it is affected by global economic downturns. In the ever-evolving realm of Information Technology (IT), the landscape is in a constant state of flux, influenced by global economic trends, technological advancements, and socio-political factors. As we stand at the crossroads of progress, the burning question that looms large is whether the IT sector is experiencing a resounding boom or grappling with the challenges of a recession.

**RECESSION 2023 : IMPACT ON IT SECTOR**

An profitable downturn, generally known as a recession. The Recession 2023 in Indian IT sector is very likely given the growing difficulties and uncertainty. The IT sector has already been severely impacted by the present slump, which was brought on by global issues like the COVID-19 pandemic, trade tensions, and geopolitical dangers, with diminishing growth, muted demand, and cost pressures. With approximately 4 million direct jobs, 8% of the GDP, 50% of services exports, and other significant contributions, the Indian IT sector is a major driver of the nation’s economic growth and export revenues. However, there have been a number of challenges for this important sector in recent years, which have gotten worse in the wake of the global pandemic and its aftermath.

(1) Recession in India :

(i) Recession impact: India’s IT sector has been significantly impacted by the global recession, as numerous of its crucial requests, similar as the US and Europe, have cut back on their spending. This has led to dropped demand and lower profit for Indian IT companies, performing in layoffs and payment cuts. The sector has also seen a shift towards newer technologies similar as pall computing and artificial intelligence, leading to job losses for workers with traditional IT chops. Still, long- term growth prospects for the sector remain strong, as companies continue to digitize and borrow new technologies. Other impacts includes:

* Increase in unemployment
* Lower investments
* Decline in IT exports

(ii) Challenges: Various and complex issues, both internal and foreign, may provide difficulties for the India’s IT business’s IT sector in 2023. Among the principal obstacles are:

* Digital disruption
* Talent scarcity
* Regulatory changes
* Evolving customer expectations.

(iii) Reasons of recession in India in 2023: Projections are inflation will remain high in 2023. The continued drag of the humanitarian crisis in the Russia-Ukraine war and the resurfacing of the Covid-19 outbreak in China in 2020 are the major reasons which played a considerable role in the slowdown of major economies including India.

(2) Recession in the world :

Many organizations, researchers reported global recession for this year such as:

REPORT-1: According to the Centre for Economics and Business Research (CEBR), a global recession will start in 2023. A global recession is predicted by other agencies as well to begin in 2023.

REPORT-2: According to the British consultancy’s annual World Economic League Table, the global economy topped $100 trillion for the first time in 2022 but will halt in 2023 as governments continue to struggle against growing costs.

REPORT-3: According to Bloomberg, this organization warned in October that more than a third of the world’s economies will collapse and that there is a 25% possibility that in 2023, global GDP will expand by less than 2%, which it characterizes as a worldwide recession.

REPORT-4: The data from the IMF’s World Economic Outlook and an internal model serve as the foundation for the Centre for Economics and Business Research’s estimates of growth, inflation, and currency rates.

REPORT-5: The United Nations Conference on Trade and Development (UNCTAD) — that brought out this annual report — has termed this growth as “stalled speed”. A global recession is defined as when the growth rate hits 2.5 per cent and below. It is a global recession with economic growth among lowest in four decades. Inequalities, lack of uniform growth among countries making global economic recovery difficult, shows UN’s Trade and Development Report 2023.

**WAS 2023 A FRUITFUL YEAR FOR THE IT SECTOR?**

The economic data can be considered merely as predictions, events like the pandemic have always been a surprise factor when it comes to changes in the economy. The economy might take forward steadily, but the hiring numbers are still set to see a downfall leading to multiple consequences.

IN THE WORLD: The past year has been a rollercoaster ride for the IT industry, with stock prices shedding as a consequence of the impact of the recession on the US and eventually all over the globe. Leading corporations like Amazon, Apple, and Microsoft have laid off thousands of employees.

INDIAN SCENERIO: The Indian IT sector has been dominated by companies from the US and other nations. With a high rate of recession beaming over the world, these companies have started layoffs. While the numbers still grow, many Indian conglomerates like Tata and HCL have remained steady in their economic growth despite the hardships. However, the ups and downs happen to different companies for different reasons, and relating them to a mere nation would not be the only factor.

1. According to the Hindu Business Line, The Ministry of Corporate Affairs' filings say that revenues of firms such as Apple, Microsoft, and Meta in India grew at a faster pace in FY23 as compared to the growth in earnings globally.
2. Apple achieved a record revenue of $5.9 billion in India in FY23, reporting a 48% annual growth. Meta India experienced a 13% growth in gross ad revenue for FY23, but rising inflation slashed ad revenues, leading to a 4% growth in the three months ending March 2023. Microsoft India’s revenue saw a significant jump of 39% in FY23, outpacing the global 7% year-on-year growth for the company in the same period.

Responsible factors influencing Boom:

According to a report by EY, India is emerging as the world’s technology and services hub. India is one of the largest exporters of IT and BPO services globally, with direct employment in the IT and BPO segment estimated at 5.1 million in FY 2021-2022 and indirect job creation estimated at over 12 million 3.

The factors which are helping to push India forward as the world’s next great economic power & booming it’s IT sector condition are:

* Demand in the form of a consumer boom
* Context appropriate innovation
* Green transition
* Supply in the form of a demographic dividend
* Access to finance
* Major infrastructure upgrades.

**CONSEQUENCES**

(1) Recession:

1. Recessions can have far-reaching consequences on both national and global levels like Unemployment, Social and Economic Inequality, Impact on Mental Health, Policy Responses.
2. Consequences of a recession on the economy: Unemployment, Reduced Consumer Spending, Business Closures, Decline in Investments, Government Revenue Challenges, Credit Crunch.
3. Consequences of a recession on people: Employment and Income, Financial Strain, Health and Well-being, Education and Career Opportunities, Retirement Planning.

(2) Boom:

The consequences of a boom in the IT sector can have widespread and significant impacts on people, the economy, and the global landscape. Here are some key consequences associated with the IT sector boom:

1. Job Opportunities and Career Growth
2. Economic Growth
3. Innovation and Technological Advancements
4. Investments and Market Expansion
5. Improved Quality of Life
6. Increased Connectivity and Globalization
7. Infrastructure Development
8. Cyber security Challenges
9. Educational, Skill Development and overall health development.

**SKILLS TO BE HONED TO SUCCEED IN IT WORLD**

Certain skills continue to be highly relevant and in demand in the IT sector. However, keep in mind that the technology landscape evolves rapidly, and emerging trends may influence skill requirements. But the skills to hone in 2023 & 2024 to procure a job in the IT sector includes:

1. Big Data
2. Data Science
3. AI and Machine Learning
4. Cyber Security
5. Data Analysis
6. Soft Skills development

As of 2023, the industry continues to evolve rapidly, and candidates need to showcase a combination of technical expertise, soft skills, and a proactive attitude toward learning.

**INTERNATIONAL STEPS TAKEN TO FOSTER IT SECTOR**

1. The ASEAN leaders have also come together to advance digital transformation in the region, with the goal of becoming a leading digital community and economic bloc.
2. The 18th G20 Summit of 2023 was held in India, and the New Delhi Declaration was unanimously agreed upon by all members¹. The declaration focused on several key areas, including digital public infrastructure, financial inclusion, and technology-driven progress in sectors such as agriculture and education.
3. President Biden and Prime Minister Modi announced the U.S.-India initiative on Critical and Emerging Technology (iCET) in May 2022 to elevate and expand our strategic technology partnership and defense industrial cooperation between the governments, businesses, and academic institutions of our two countries, reported The White House reports.
4. According to a report by Hiroki Habuka published on CSIS website, Japan’s approach to AI regulation and its impact on the 2023 G7 Presidency is expected to be discussed during the 2023 G7 summit in Japan. The emphasis is on a risk-based, agile, and multistakeholder process, rather than a one-size-fits-all obligation or prohibition. Japan’s approach provides important insights into global trends on AI regulation and improving it’s condition in the businesses & IT direction.
5. World Bank And Department Of Economic Affairs Introduce PPP Beginner’s E-Course To Foster Public-Private Collaboration In Infrastructure Development.

**INDIAN GOVERNMENT’S INITIATIVES**

1. The bilateral trade between the two countries has reached a new record. The Indian government is taking a lot of steps to facilitate fast fast-tracking of American companies establishing manufacturing units in India and increasing their footprints.
2. Addressing a Lakhpati Didi conference in Jaisalmer, Murmu highlighted the contribution of women in Rajasthan to their families and economic progress, and said the Union government has an ambitious target of creating over 11 lakh “Lakhpati Didis” in the state, Prime Minister Narendra Modi announced the “Lakhpati Didi” scheme in his Independence Day speech this year. It involves skill development training for two crore women to encourage them to start micro-enterprises.
3. The startup ecosystem in India has witnessed remarkable growth in the past decade, while several factors contribute to this success, including a young and dynamic workforce, access to capital, and technological advancements, the role of government policies cannot be overlooked. The significance of government policies in shaping India's startup landscape :
   * 1. Creating a favourable regulatory environment
     2. Access to funding and incentives
     3. Promoting research and development
     4. Supporting skill development and entrepreneurial education.

**CALLING OUT THE FUTURE: 2024**

The Indian IT sector is a vital contributor to the country’s economy, with a share of 7.4% in the GDP of India in FY 2022 1. The revenue of the IT and BPM industries is estimated at US$ 245 billion in FY 2023 . The domestic revenue of the IT industry is estimated at $51 billion, and export revenue is estimated at $194 billion in FY 2023. As per a report by ICRA, the revenue growth of the IT services sector is expected to slow down to 3-5% in FY24, lower than around 9.2% YoY growth in FY23 owing to persistent uncertainty in the key markets, resulting in pauses and deferral of non-critical projects and slowdown in discretionary IT spends by key sectors like banking financial services and insurance (BFSI), retail, technology and communication. Therefore, it can be inferred that the Indian IT sector is currently profitable, but the growth rate is expected to slow down in the coming years.

The story for worldwide growth is quite same as that of the Indian condition.

**CONCLUSION**

As we navigate the intricate landscape of the IT sector, the signs of either a boom or a recession are contingent on a myriad of factors. The interplay of global economic conditions, technological innovation, and geopolitical stability determines the trajectory of this critical industry. Stakeholders, from IT professionals to business leaders and investors, must vigilantly monitor these indicators to adapt strategies and navigate the sector's current state successfully. In the coming months, the ever-evolving narrative of the IT sector will continue to unfold, shaping the future of technology and its profound impact on our interconnected world. The 2024 outlook , reports have suggested that it is going to be pretty positive.