Now IT sector condition in bomb or recession

**Abstract - Cyber security and quality management are crucial areas of worry given the rapid expansion of the IT business and the brisk pace at which information is shared. Numerous BPO firms in India have begun using international quality standards like ISO 9001 for Quality Management and ISO 27000 for information security to prevent such malpractices.**

**Keywords -** IT sector's

**IT Industry in India**

India's thriving IT industry is one of the key elements that has contributed to the country's global rise. The Indian economy has been steadily expanding as a result of the IT sector's contributions to the GDP of the nation. India's IT sector is considered as a global powerhouse of innovators offering top-notch technological solutions. Here in India, several foreign companies like Google, Accenture, and others have opened operations. It has aided in transforming India's economy from one centered on agriculture to one that is knowledge-driven.

The local economy has become more integrated with the global economy thanks to the IT industry. It has had a profound effect on several people's life. Additionally, technology has made it easier for residents in remote regions to stay connected to the outside world. It has given rise to e-governance practices, as a consequence of which individuals may easily access different governmental services through e-health, e-education, e-ticketing, etc.

Nowadays, practically anything can be done online, including purchasing goods, purchasing tickets, and submitting taxes, for example. Despite the difficulties and uncertainties that surrounded 2014 and 2020, the IT sector managed to grow by double digits and bring in USD 108 billion in revenue for the fiscal year. The sector contributed 8% of India's GDP and would have 138,000 additional employees by 2020.

The industry's growth was maintained during the coronavirus pandemics because to its prompt transfer to remote working conditions. By 2025, it is expected that the Indian software product market would be worth $100 billion, or 10% of the country's GDP.

**Expansion in the IT industry**

* Low operating costs and tax benefits
* Favorable governmental actions
* Availability of a workforce with technological expertise
* Rapid adoption of IT technology in important industries like telecom and BFSI.
* Utilization of modern technologies like cloud computing and strong development in export demand
* Governmentally created SEZs

**Government initiatives**

Following the introduction of state and federal economic reforms, the government offered a number of incentives for a better emergence of the IT sector, including the liberalization of international trade, the removal of import taxes on IT products, the establishment of export-oriented units (EOU), the establishment of software technical parks (STP), and others.

A National Task Force on IT and Software Development has also been established by the Indian government to look at ways to boost the nation's economy.

**Future Aspects**

According to Gartner forecasts, IT expenditure in India is anticipated to increase to US$ 98.5 billion in 2022, from US$ 93 billion in 2021 (7.3% YoY growth). According to the National Association of Software and Service Companies, it employed 44.7 lakh individuals in total, or 1.38 lakh persons every week, over the course of a year.

Out of the catastrophe, we are stronger and more pertinent. Debjani Ghosh, head of NASSCOM, was reported by Bloomberg Quint as stating, "We have been the trailblazer to lead the battle against Covid. The coronavirus pandemic reduced growth while reducing spending on technology. The virus-caused lockdown also caused a reevaluation of how work was delivered as it migrated from campuses to homes.

However, innovation is the most important component for the ongoing expansion of the IT sector. The IT sectors must always work to innovate and adapt to the demands of the changing environment. To keep the momentum going, the IT industrial sector has to be resilient in the face of difficulties and work to provide their client base an increasing number of end-to-end technological solutions.

**The Impact of the Recession on India's IT Industry**

The market for IT services worldwide is anticipated to reach $1.031 trillion in 2019, with growth slowing to 3.8% from 6.7% in 2018. It is estimated that 30% of the market for IT services is made up of outsourcing. According to estimates, Indian enterprises account for around 60% of the global outsourcing sector, which translates to more than $180–200 billion in contracts.

The majority of the income comes from IT-based outsourcing since the technology industry is more reliant on global demand. If a global recession occurs, outsourcing contracts may suffer, which might hurt the Indian IT services business.

**The Indian IT Economy Seems Shaky According To Last Quarter Results**

The rapid expansion of the IT industry during the previous five years has been hampered by the economy's slowdown. The most recent financial results reports also made note of this. Reports indicate that, with the exception of Infosys Ltd. and HCL Technologies Ltd., revenue growth at top IT businesses has either been stable or has decreased.

According to experts, the mid-cap IT companies have also reported their poorest growth rates in the last few years as a result of factors such client budget cuts, postponed projects, and rising costs associated with retaining talent in the US and Europe. As a result, mid-cap IT enterprises' revenue growth on an annual basis has decreased from prior high teens to low teens.

Additionally, according to analysts, mid-tier IT companies have considerable operational leverage in terms of expenses, making them more susceptible to revenue losses when it comes to technology outsourcing.

**The software market might remain robust in 2019.**

We observe conflicting tendencies in the hardware and software markets. According to Gartner research, sales of technology infrastructure gear will decline in 2019, with a 3.5% annual decline expected for data center systems, which serve as the foundation for servers. The corporate software industry is expected to increase by 8.2%, but the hardware sector may struggle.

Since the Indian IT sector does not manufacture a lot of hardware, the emphasis here is primarily on the software side. The software industry may still be a good one for India in particular, and a negative one for countries like China, which is a huge semiconductor, because to increased software demand through initiatives that use software as a service.

Analysts predict that as more people use the cloud, Indian corporate software companies will develop rapidly. By the end of 2020, it is predicted that global software spending will have increased by 8% annually to $466 billion. As a result, research indicates that businesses will spend more on corporate application software in 2019, with more of the investment going towards software as a service (SaaS).

**It might not be as bad for Indian IT industry after all**

The discrepancy between hardware and software growth indicates that businesses would rely on cloud providers rather than invest a fortune putting up servers because they already have a strong reputation for meeting their clients' needs.

The good news for India is that it is the world's top provider of cost-effective software services, which is the main reason US-based IT businesses are so eager to work with India-based teams to complete their software projects. Experts predict that even during a recession, multinational corporations would continue to work on their digital transformation initiatives, albeit they may be more careful with their spending for associated projects.

Even if there is a full-blown global recession, it is anticipated that there would be tighter control over spending through a variety of means, such as slower employment rates and cost-cutting restructuring. Stopping software investment would benefit Indian IT greatly since it would ultimately impair the customer experience, something tech spenders are desperate to avoid.

**Indian IT recession: how far and how close it is**

Around 50–70% of an Indian IT company's income is generated outside, primarily in the US. Therefore, any US recession or slowdown may have a ripple impact on the expansion of the Indian IT industry.

There is no doubt that a global recession is imminent. There are constant discussions about rising inflation, skyrocketing energy and food costs, job losses, a slowing economy, etc. It is a dark image. However, India may be largely protected from it because to the central bank's proactive approach, strong infrastructure development, solid domestic demand, and ease of doing business.

In the era of globalization, we are intertwined and connected, thus we can't avoid harm. The IT sector, which is most dependent on foreign markets and is most exposed to them, is the industry that is most vulnerable to this global risk. Let's attempt to comprehend how the recession would probably effect the Indian IT business.

**Effect of the world economic downturn on Indian IT businesses**

Around 50–70% of an Indian IT company's income is generated outside, primarily in the US. Therefore, any US recession or slowdown may have a ripple impact on the expansion of the Indian IT industry.

Contracts with Indian IT businesses would directly fall when major US companies cut their expenditures in light of the recession there. Although Indian IT businesses now have a strong order book, there will surely be a dent in the prediction in the future.

The margins and revenues will suffer greatly as a result of attrition and inflation-driven wage increases. This is a necessary component that must be handled with care.

**Main Obstacles**

The Indian IT industry will need to fight on two fronts. The first is the rise in operational expenses, which include things like energy costs, maintenance charges, the installation of new machinery, and direct expenditures related to hiring, keeping, and rewarding workers.

This may significantly increase overhead costs. On the other hand, they must contend with weaker demand as a result of fewer orders and contracts as well as a slowdown in clients' discretionary spending who are already under pressure. This can significantly reduce the value of the market share in addition to harming profitability.

**Conclusion**

It's important to realize that not all IT companies will be impacted equally. Businesses exposed to industries that are resilient to recessions will do better than those susceptible to inflationary pressures. Furthermore, there is a good chance that foreign employment and salary cutbacks will improve employee retention and reduce attrition in the home market. It would be interesting to observe how Indian IT companies perform over the coming two to three quarters, and only time will be able to determine the precise effects of the current global economic downturn on the Indian IT industry.

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