**Introduction**

The global sourcing market in India continues to grow at a higher pace compared to the IT & BPM industry. India is the leading sourcing destination across the world, accounting for approximately 55 per cent market share of the US$ 200-250 billion global services sourcing business in 2019-20. Indian IT & BPM companies have set up over 1,000 global delivery centres in about 80 countries across the world.

India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country.

Market Size

IT & BPM industry’s revenue was estimated at around US$ 191 billion in FY20, growing at 7.7 per cent y-o-y. It is estimated to reach US$ 350 billion by 2025. Moreover, revenue from the digital segment is expected to form 38 per cent of the total industry revenue by 2025. Digital economy is estimated to reach Rs 69,89,000 crore (US$ 1 trillion) by 2025. The domestic revenue of the IT industry was estimated at US$ 44 billion and export revenue was estimated at US$ 147 billion in FY20.

Total number of employees grew to 1.02 million cumulatively for four Indian IT majors (including TCS, Infosys, Wipro, HCL, Tech) as on December 31, 2019. Indian IT industry employed 205,000 new hires and had 884,000 digitally skilled talent in 2019.

**Investments/ Developments**

Indian IT's core competencies and strengths have attracted significant investment from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflow worth US$ 44.91 billion between April 2000 and March 2020. The sector ranked second in FDI inflow as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra are diversifying their offerings and showcasing leading ideas in blockchain and artificial intelligence to clients using innovation hubs and research and development centres to create differentiated offerings.

Some of the major developments in the Indian IT & BPM sector are as follows:

* In May 2020, SirionLabs, a software-as-a-service (SaaS) provider, raised US$ 44 million as part of its Series C round led by Tiger Global and Avatar Growth Capital.
* PE (private equity) investment in the sector stood at US$ 11.8 billion across 493 deals in 2019.
* In January 2020, Nippon Telegraph and Telephone, a Japanese tech announced its plans to invest a significant part of its US$ 7 billion global commitment for data centres business in India over the next four years.
* In February 2020, Tata Consultancy Services bagged a contract worth Rs 10,650 crore (US$ 1.5 billion) from pharma company Walgreens Boots Alliance.
* UK-based tech consultancy firm, Contino, was acquired by Cognizant.
* In May 2019, Infosys acquired 75 per cent stake in ABN AMRO Bank's subsidiary Stater for US$ 143.08 million
* In June 2019, mindtree was acquired by L&T.
* Nasscom has launched an online platform which is aimed at up-skilling over 2 million technology professionals and skilling another 2 million potential employees and students.
* As of February 2020, there were 417 approved SEZs across the country with 274 from IT & BPM and 143 as exporting SEZs.