GROWTH SCENARIO OF IT INDUSTRIES IN INDIA

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India has fast emerged as a leader in the IT field. This is due primarily because the people of India were quick to realize and act on the potential of IT industries to generate wealth, foreign exchange, and employment. Today, the IT industry is a primary factor in India’s national agenda as an instrument to modernize India’s economy. There is a natural but gradual shift toward IT usage in government, the public and private sector, and in education.

The first time the computer significantly affected the general public in India was in 1986 with the computerization of the nation’s railway passenger reservation system. In recent years, however, the power of the Internet and e-commerce has brought IT into the everyday life of India’s general public. Indian software exports grew 57% (in Indian rupees) in 1999–2000 and 51% in dollar terms over 1998–1999, while the domestic market grew 45%. Growth in e-commerce solutions rose about 200%; the CAD/CAM market grew 41%; and banking software and enterprise resource planning (ERP) increased 70% and 23%, respectively.

Several multinational companies are attracted to the Indian market because of its enormous pool of skilled professionals. Indeed, India is second only to the U.S. in producing English-speaking scientific professionals. It should be noted that in 1999–2000 more than 185 Fortune 500 companies—that is, two out of every five global giants—have outsourced some of their IT requirements to India. The number of software professionals employed here increased to 250,000 in 1998–1999, up by 25% from the preceding year. This growth includes software professionals in non-commercial organizations and other software development groups in user organizations. The software industry in India is one of the fastest growing sectors in the Indian economy. The skills in demand are in business applications, e-commerce, software engineering, Java, ERP, interactive integration services, data warehousing, Internet services, client networking, business processing resources, object-oriented programming systems, client/server, graphical-user interfaces, Windows, project management,
quality assurance, technical writing, and telecommunications.

India has a growing resource of about 4.5 million technical workers. They are supplied by over 1,900 educational and polytechnic institutions. These institutes produce more than 70,000 software professionals every year, including the graduates of India’s premier institutes like the Indian Institute of Technology (IITs), where the quality of technical training is always maintained like any renown educational institutes in the world. As in any industry facing recruiting problems, employees find it difficult to decide which job offer to take. Many companies suffer from high staff turnover that is reportedly as high as 80% in some Indian companies.

There are few countries predominantly importing staff; indeed, some countries are predominantly exporting their staff. India is a pertinent example of the latter, losing most of its skilled manpower to the Western world and U.S., which imports its IT work force from Asian countries. Because of the demand for skilled IT workers in the U.S., Europe, and Japan, trained professionals migrate to these countries thus affecting India’s own projects. Out of 250,000 IT employees recruited last year, more than 30% have been employed in software exports. Among them, 67% of the Indian software professionals are in software development and operations, 15% in client support, 11% in marketing and relationship development, 3% in domain expertise development, and 4% in other activities. The median age of these software professionals is 26. We find no discrimination in recruitment. Industries simply want employees who can perform well and meet the demand. The current base of software professionals is 85% men and 15% women. However, the male-female ratio is likely to be 65:35 by the year 2003. Further, half of the software professionals have an average of five years of work experience.

In order to generate the work force they need, the Indian government and IT industries have taken bolder steps. All premier engineering institutes have been asked to increase their undergraduate numbers, and the government has encouraged the establishment of the IT institutes as well as introducing a compulsory IT-related subject to all degree courses. Furthermore, companies are considering their own training institutions, but they remain highly selective—it is not unknown for a company to recruit none from its own institution. India’s IT companies place heavy emphasis on recruiting the most skilled people to support their implementation work. They often arrange update training given by external or internal trainers.

The Indian IT industry concentrates on implementation rather than research and development. In 1997–1998 R&D was only 2.5% of the total spending increasing to 3.4% in 1999–2000.

However, Indian industry rarely seeks to hire teachers, so as not to face the seed-corn problem in the near future. Nevertheless, there is a severe shortage of teachers in IT-related fields for two prime reasons: There is a huge disparity of salary between software professionals and teachers, hence institutes generally do not get the brightest students to enter the teaching profession. In addition, there is a mismatch of demand and supply—the number of available graduating students is much less than the number of teaching positions available in India.

Another aspect of local Indian companies is they rarely concede to shared appointments with another company. This may be due to the fact that most products are licensed and companies do not want to share those licenses with anyone else. For research work they prefer to collaborate, if at all, with reputable educational institutions like IITs. Furthermore, because of the huge supply of IT professionals in India, companies seldom hire expatriates (and when they do it is through recruitment consultants).

In conclusion, the Indian IT industry is the main force for achieving the Indian economy’s global ambitions. It has become one of the successful business models, and is capable of sustaining a high growth rate. Today, India is well positioned to be a global hub for the IT-enabled services.

Most of the information in this essay comes from www.nasscom.org.

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