



Indian IT Sector

A Comprehensive Industry Report (2025)



21 May 2025

Market Size and Growth

India's IT and BPM sector continues to demonstrate robust growth, significantly contributing to the nation's GDP. In FY24, the Indian IT services industry's exports were recorded at ₹17,15,380 crore (US\$ 199 billion), indicating a consistent upward trajectory. The industry, currently contributing 7.5% to India's GDP, is projected to reach a revenue of US\$ 350 billion (approximately ₹29,86,900 crore at an exchange rate of ₹85.34 per US\$) by 2026, accounting for 10% of GDP.

This growth is driven by rising global demand, especially in cloud computing, digital transformation, and generative AI technologies.

Recent Trends and Strategies

The industry is increasingly pivoting towards emerging technologies:

- **Artificial Intelligence (AI)** - Generative AI (GenAI) is expected to significantly enhance productivity, especially in India's retail sector, by 35–37% over five years.
- **Cloud Computing** - Rapid adoption driven by global digital transformation trends; India is projected to invest US\$ 5 billion annually by 2026 in hyperscale data centres.
- **Blockchain and Cybersecurity** - Rising digital security threats are fueling substantial investments in cybersecurity infrastructure and blockchain technology.
- **Data Annotation Market** - Essential for AI development, India's data annotation market is set to reach US\$ 7 billion (₹59,738 crore) by 2030.
- **Product Innovations** - Launches like Infosys' Topaz Responsible AI Suite and strategic collaborations such as Meta's partnership with Reliance JioMart highlight proactive innovation strategies.

Export Dynamics

Exports remain a critical growth driver for the IT sector:

Robust Growth

India's IT export revenue reached US\$ 199 billion in FY24, up 3.3% YoY, maintaining a CAGR of 6.75% since FY18 (up from US\$ 126 billion).



Sector Contribution

IT services dominate, accounting for over 53% of total IT exports. BPM (Business Process Management) and ER&D and software products contribute 22% and 25%, respectively.

Regional Distribution

The US remains the primary destination for India's IT exports (54%), followed by the UK (17%), Continental Europe, APAC, Latin America, and the Middle East.

Diversification

Growing focus on tapping into newer geographies to reduce reliance on traditional markets like the US and UK.

Expansion of Focus Areas

Country	IT Spend (US\$ Billion)	India's Penetration	Key Segments
Canada	63	~1.5%	Enterprise Applications, Cybersecurity, Healthcare IT
Europe	230	<1.5%	IT Sourcing, BPM, IS Outsourcing, CAD
Japan	235	<1%	CRM, ERP, Salesforce Automation, SI
Spain	26	<1.5%	IT Sourcing, SI
Mexico	29	~4%	IT Sourcing, BPM
Brazil	47	~2%	Application Management, AI, R&D
China	105	<1%	Software Outsourcing, R&D
Australia	48	~4%	Procurement Outsourcing, Infra Software, CAD

This table highlights potential growth markets for Indian IT companies, with substantial opportunities in emerging verticals such as retail, healthcare, and utilities, alongside continued penetration in established markets like the US and Europe. Key segments such as AI, cybersecurity, and digital transformation services provide strong avenues for future growth.

Employment Scenario

The IT and BPM industry remains a significant employment generator.

- **Workforce Strength:** Around 5.4 million individuals were employed in FY23.
- **Job Creation:** 290,000 new jobs added in FY23 due to high demand for digital skills.
- **Future Demand:** India is expected to require over 30 million digitally skilled workers by 2030.
- **Training Initiatives:** Over US\$ 3.9 billion worth of digital skill training sessions are anticipated by 2025, significantly expanding the talent pool.

Private Equity and Venture Capital Investments

PE and VC investments have become significant:

- **Investment Trends:** IT and BPM sectors attracted US\$ 12.3 billion in PE investments in 2022, demonstrating sustained investor confidence.
- **Startup Ecosystem:** IT startups received a record US\$ 36 billion in 2021, up from US\$ 11 billion in 2020, highlighting robust investor appetite and innovation potential.
- **Major Deals:** High-profile transactions such as Baring Private Equity Asia's US\$ 375.88 million stake acquisition in NIIT Technologies underscore the sector's attractiveness.

Infrastructure and Policy Support

Government policies and infrastructure investments significantly support growth:

- **Data Centres:** Market expected to grow at a CAGR of 10.69%, reaching US\$ 9.96 billion by 2028 (from US\$ 5.42 billion in 2022).
- **AI Initiatives:** India AI Mission launched in March 2024 with a ₹10,300 crore (approximately US\$ 1.2 billion) outlay to boost the AI ecosystem.
- **Education & Infrastructure:** Allocations include ₹2,000 crore for AI infrastructure and ₹500 crore for an AI-focused education centre.

Financial Performance of Leading IT Firms (FY25)

1. Tata Consultancy Services (TCS)

- Revenue - ₹2.55 lakh crore
- Net Profit Margin - 20%
- Focus - Cloud transformation, AI/ML integration, large-scale digitisation projects.
- Global Presence: Over 23,000 employees in the UK and Ireland.

2. Infosys Ltd.

- Revenue - ₹1.62 lakh crore
- Growth Areas - European expansion, Proprietary Cloud and AI platforms
- Strategic Moves - Acquired “InSemi” in 2024 & increased focus on Cybersecurity and Digital Consulting

3. HCL Technologies (HCLTech)

- Revenue - ₹1.17 lakh crore
- Growth Drivers - High demand for ER&D, Strategic partnerships with AWS and Microsoft Azure
- Investments - Significantly in Intellectual Property Development, especially in Digital Assurance and Cybersecurity

4. Wipro

- Revenue - ₹89,088 crore
- Strategy - Cybersecurity, Data Intelligence, ESG solutions
- Notable Initiative - Digital platform for critical infrastructure, e.g., Collaboration with Bristol Water (UK)

5. Tech Mahindra

- Revenue - ₹52,988 crore
- Sector Strengths - Dominant player in telecom solutions, notably in 5G deployment and IoT technology.
- Expansion Efforts - Increased presence in the Americas and Africa, and Digital banking innovations with Union Bank of India (e.g., Metaverse).

Future Outlook

The Indian IT sector's trajectory over the past few decades has been one of resilience, adaptability, and innovation.

In 2025, it stands at a pivotal juncture, poised to shape the next wave of digital transformation globally.

A continued focus on emerging technologies, talent development, ESG, and international expansion will ensure the sector remains a vital engine of India's economic growth and a beacon of its global soft power.

The Indian IT sector is well-positioned for sustained growth. Key projections include:

- Revenue to cross ₹30 lakh crore by FY27.
- Employment to exceed 12 million by 2027.
- SaaS exports to contribute ₹2.1 lakh crore by FY26.
- AI and cybersecurity markets to grow at a 25% CAGR.

India's robust digital infrastructure, tech talent, and policy framework make it a global leader in IT services and innovation.



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