Chapter 3

INDIAN IT INDUSTRY: EVOLUTION AND GROWTH

3.1 Introduction
This chapter traces the birth and genesis of the Indian IT Industry and delves into the various phases of its evolution and growth. The socio-economic impact of IT industry and its contribution to national economic progress has been studied. Furthermore the critical success factors for the phenomenal growth of the industry have been identified. The chapter also highlights the Indian IT Industry ecosystem.

3.2 Genesis and Evolution of the Indian IT Industry
The IT sector with a shaky start in the 60s and 70s has become one of the most significant growth engines for the Indian economy. Industry has actively contributed to the various socio-economic parameters such as employment and standard of living. The industry has played a key role in transforming India’s image from a government controlled economy to a global player in providing world class technology solutions and business services. IT industry has transformed India’s image from a slow moving Agricultural economy to a knowledge based economy.

Until the mid-1960s, India’s electronics industry was very small and unsophisticated. The requirement for computers in India was met by foreign suppliers like IBM and ICL. The Industrial Policy Resolution of 1956 had not included the then budding computer industry in the list of basic and strategically important sectors. IT simply meant large computers that came bundled with the operating systems and a few basic utility packages, Ramadorai (2011). However, since the mid-1960s, India recognized the strategic importance of electronics industry. In 1965, Dr. Homi Bhaba Committee stated in its technical report on computers that India should become self-sufficient in computer technology within the next 10 years. The Department of Electronics (DoE) was established in 1970. Shortly thereafter, the Electronics Commission was formed for regulating the activities of private and public companies in the electronics industry. Following the recommendation of Bhaba Committee, The Electronics Corporation of India (ECIL) began producing small and medium-sized computer systems in 1971. In 1973, the government recognized the strategic importance of the computer industry and emphasised on complete self-sufficiency in computers. Government restricted import and
applied tariff control for imported goods under the supervision of DoE, Directorate General of Technical Development and Chief Controller of Imports and Exports. With the growth in India’s hardware industry, indigenous hardware manufacturers began developing an increasing range of operating systems, compilers, and application packages. For some companies, software export was one avenue for securing governmental permission to import hardware, Heeks (1996), Lateef (1997).

3.2.1 The Birth

The Indian IT industry has come a long way since 1968, when Tata Consultancy Services (TCS) set shop in Mumbai. TCS, in 1974, was also the first firm which agreed to export software in return for permission to import hardware. This year, symbolically, marks the birth of Indian software industry. TCS received their first export order from Burroughs, USA in 1974. With this relationship originated the concept of offshore projects in TCS way back during 1974-76, Ramadorai, (2011, pp. 41-42). After TCS, a number of other companies, which imported computer hardware, began in the area of software export. However, some of them gave up once their export obligations were fulfilled. At the same time, data-processing departments of some large companies and the software groups of some Indian hardware manufacturers started attempting to sell their in-house software targeting the domestic market. However, after recognizing the revenue-potential of software, some of them made their software division more export-oriented, sometimes even hiving them off as a separate company within their overall business. The departure of IBM from India in 1978 gave the software industry an added impetus, with several of the 1200 ex-IBM employees setting up small software companies, Heeks, (1996). During the 1960s and 70s, and to a great extent also 80s Indian Industry worked under the license-permit raj. Importing anything into India was a huge challenge during the license raj, Ramadorai, (2011 pp. 40).

Indian IT industry set their feet overseas with TCS setting up shop in the United States in 1979. Ramadorai, in his book TCS Story...And Beyond has remarked that in those days, an Indian selling software services to the Americans was a matter laughed at, Ramadorai (2011, pp49). At the time, software export as a concept was still below the horizon. Despite the tough policy environment, by 1981-82, India had significant software exports of US $12 million which was substantially higher than the 1979 level of US $4.4 million. Though 30 companies were
registered as software exporters (most operating out of the SEEPZ Mumbai), the two Tata companies, TCS and Tata Burroughs Limited (TBL later Tata Unisys), accounted for 67 per cent of all exports, *Dataquest (December 2002)*.

### 3.2.2 Government Policies: Fillip to growth

Government’s Technology Policy Statement (1983) stressed self-reliance and emphasized on international competitiveness and on exports *Heeks, (1996)*. IT made a first serious debut into Indian economic policy in 1984 when Rajiv Gandhi, 20 days after assuming the office of the Prime Minister, announced the New Computer Policy (NCP 1984), *Nilekani (2009, pp. 363-364)*. NCP 1984 simplified import procedures for software and reduced software import duties from 100 per cent to 60 per cent. Software was recognized as a separate industry, licensing procedures were simplified and access to foreign exchange for software firms was made easier. These policies laid the foundation for the development of a world-class IT industry in India. Government’s policy document of November 1986 sought to promote software industry by emphasizing on exports, simplifying the governmental procedure, and by increasing the use of computers in decision-making and enhancing efficiency, *Lakh (1990)*.

Initially, the IT industry began developing in Mumbai and to some extent in Chennai. Gradually, with the growth of necessary infrastructure, geographic diffusion to other cities started. Bangalore was the premiere among them. After 1987, the DoE developed the Software Technology Parks of India (STPI) scheme in order to attract offshore software production houses and 100 per cent export-oriented units by offering broadband communication networks, reliable infrastructure, tax relief, etc.

Indian firms began with a strong emphasis on 'bodyshopping': the transportation of software staff to work overseas at the client's site. In the late 1980s around 75 per cent of export earnings came from bodyshopping. By the early 2000s, this had dropped to nearer 60 per cent (*Dataquest 2001*), indicating a slow but steady trend towards offshore working. In 1989, VSNL commissioned a direct 64-kbps satellite link to the US offering software exporters a completely new way of functioning. Around this time, US visa policy changes forced Indian software exporters to look beyond the bodyshopping model. However, combined with the changes in communications technology, a new way of doing business was born in the software export
industry and that was a mix of onsite and offshore. Exports boomed, growing from $128 million in 1990-91 to $485 million in 1994-95, Heeks, (2000). A new era had begun. With a marginal growth throughout the 80s, the 90s saw a boom in the export as shown in Figure 2 below.

**Figure 3.1: Indian IT export revenue from 1980 to 1999**

The industry emerges. Nigeria Computer Park (NCP) 84 announced.

IT and GE set up captives in India.

Government promotes exports.

STPI established.

Industry representative body NASSCOM is created.

Huge talent shortage globally.

India has vast pool of talent.

Source: Heeks, 2000

### 3.2.3 India’s Knowledge Meritocracy, Indian Diaspora, Y2K and the Boom

India had phenomenal knowledge meritocracy given the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs) that existed since the 50s and 60s and several other institutions of excellence that opened later. Due to socialist leanings of its economic policies, India could not provide suitable jobs to most of these brilliant graduates up until mid-1990s. For most part of 20\textsuperscript{th} century after India’s independence, one fourth of engineers migrated to America and other countries creating a huge Indian diaspora across the globe. 1996 telecom deregulation saw the several companies interconnecting the globe with undersea fibre cable that lay across the Pacific and Atlantic and India got connected to the world. Texas Instruments set up an office in Bangalore in 1985 with a direct satellite link to the US. The IT outsourcing revolution started with General Electric setting up captive centre in India in 1989. The Indian economy started opening up to foreign investment in 1991. The era of competitive business landscape had begun.
By the mid-1990s two things happened that significantly impacted Indian IT industry. The year 2000 (Y2K) date issue emerged, which meant huge number of computers across the globe needed their internal clock and related systems adjusted to accommodate the advent of new millennium. This was huge and tedious work and India with its huge talented pool of technical manpower was the answer. With the Y2K issue live, the integration of fibre-optic connectivity, Internet and Personal Computer (PC) had created the possibility of a whole new form of collaboration and value creation called Outsourcing. With Y2K the Indian IT industry got its footprints across the globe. Y2K became the engine of growth, Friedman (2006, pp. 126-133).

For the Indian IT industry Y2K problem created an enormous opportunity. For the existing Indian IT companies, it presented an opportunity to raise their profiles, while for others it was a reason to get into the software business, Ramadorai (2011, pp. 95). On the threshold of the third millennium the industry’s huge potential in generating wealth, hard currency inflow and new job opportunities had caught the imagination of India’s businessmen, individuals, economists, bureaucracy and politicians.

With Y2K winding down in early 2000, a new growth engine emerged in the form of e-commerce. The demand for talented engineers was enormous and only India could provide such large numbers. Vivek Paul, the then CEO of Wipro as quoted by Thomas L. Friedman in his book “The World is Flat” said that Indian companies delivered complex systems with great quality creating an enormous respect for Indian IT providers. He further mentioned that if Y2K work was the acquaintanceship process, dot com was falling-in-love process, Friedman (2006, pp. 132). When dot-com bust happened, India benefited even more from the bust. The cost of getting IT done from India was almost one fifth of its cost in America. The American companies at the time were playing the survival game after the dot-com bust by adopting cost cutting measures. Lot of Indian techies who were working in the US during Y2K and dot-com boom had lost job and returned to India. The scarcity of capital after dot-com bust made the companies to find most efficient and low-priced ways to innovate and deliver more for less. American companies found the solution of managing their costs by outsourcing their IT to India, Friedman (2006, pp. 133).

3.3 Indian IT Industry Life Cycle

Indian IT industry life cycle can be divided into 4 phases as shown in Figure 3 below.
India at the time had a large technical talent pool. There was huge demand for technical skills globally. Indian IT industry emerged out of the government regulated economy and started offering the services of their talent pool by providing low-end coding services by transferring people to overseas client locations. This helped recognise the technical talent India possessed. The industry thus came out from emergence to its adolescence. The second half of 1990s saw industry further strengthening and booming. Indian IT industry has been successfully adapting to the growing needs of the global IT demands primarily driven by the United States. The industry offered services and continuously moved up the value chain from inception to date. The industry life cycle business models are summarised in Table 3.1 below.

**Table 3.1: Business models and offerings from emergence to dominance**

<table>
<thead>
<tr>
<th>Phase 1: 1970 – 1990 Emergence</th>
<th>• Policy of self-sufficiency in computers and promoting software export</th>
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<td>• Export orientation due very low domestic demand</td>
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| Phase 2: 1991 – 2001 Adolescence | • Bodyshopping primary business model and low-end coding work  
• Diaspora networks  
• Many new start-up firms start offering bodyshopping services  
• Texas Instrument (1985) and GE (1989) open captive centres  
• Economy opens up with liberalisation process in place. Opens competition  
• Staff augmentation model emerges (modified bodyshopping)  
• India’s huge talent pool is recognised but mostly low-end work  
• Y2K solution primary offering and the industry booms  
• Project management is not considered strong. Firms start adopting CMM practices and ISO certifications to win customer trust  
• Vendor relationships strategy becomes important  
• Offshore Development Centre (ODC) models starts. Captives move in.  
• Industry starts diffusing geographically to many Tier I cities |
| --- |
| Phase 3: 2002 – 2005 Resilience | • Dot-com bust and Y2K work waning down  
• Legacy to web conversion and ERP implementation primary offerings  
• Several small and mid-cap firms start vertical domain offerings  
• Offshore outsourcing emerges as primary business model  
• Domestic market continues to be small. America remains the primary market  
• Large projects executed to time and cost. Domestic market crosses the chasm  
• Several ODCs are established. More captives are setup in India.  
• Indian delivery capability is firmly established. |
**Phase 4: 2006 – 2011 Dominance**

- Indian IT becomes a global success story and is recognised at par with global technology providers. India becomes preferred offshore destination.
- Despite rising wages, offshoring continues to give 30-50 per cent cost advantage. Geographic diffusion to Tier II cities.
- Innovation and economy of scale are key business strategy.
- Industry posts growth even during global slowdown.
- Industry eco system is abuzz with several start-up companies emerging in the product space and new era begins.
- Journey on the core themes identified for the next decade – Diversification, Transformation, Innovation and Inclusion.
- The industry is focused on emerging verticals, markets and customer segments, driving innovation-led transformation in client organisations and transforming its internal operations. Automotive and healthcare emerge.
- Domestic IT market moves towards maturity as government and organisations increase technology adoption.

Source: Compiled from literature for this research

### 3.4 The Present Eco System of Indian IT Industry

Indian IT industry comprises of large (turnover >500 crore), medium (turnover >50 to 500 crore), small (turnover <50 crore) and institutional companies. A sizeable portion of the eco system comprises of the small companies with turnover less than 50 crore. The rich eco system provided by the small companies is essential for the future growth of the industry.
Industry employs people with diverse social background. 58 per cent of the industry employees come from Tier II and Tier III cities and 42 per cent from Tier I cities. However, the place of work is primarily concentrated around Tier I cities with 92 per cent employment being in Tier I cities and 8 per cent in Tier II/III cities. 45 per cent of the entire new intake in 2009 comprised of women employees and 31 per cent of the total workforce in 2009 was women. 20 per cent of the women employees were at the managerial level. The age profile of the industry employees is young with 76 per cent of the employees below 30 years of age and 35 per cent below 25 years of age, NASSCOM (2011).

IT industry has presence in 52 countries across 200 cities and has 400 delivery centres across the globe excluding India, 10 Indian IT companies are listed in overseas stock exchanges and has more than 400 of the 500 fortune 500 customers. Industry has supported the local eco system of these countries with 3 per cent of the industry’s workforce comprising of foreign nationals. 750 captives of foreign multinational companies are present in India. Presence of large number of captive centres has made India a global hub for Engineering Research and Design services. Industry accounts for 35 per cent of all CMMI 5 registered organisations all over the world. World’s six largest corporations employ 20 per cent of their workforce in India, NASSCOM Report (2011). The high growth of the industry has attracted large foreign direct investment into
the sector. The industry has contributed substantially to the eco system of the countries it has presence.

3.5 Social and Economic Impact of IT industry

3.5.1 Social impact

In the initial stages of IT revolution there was a fear of increased “unemployment” and “workers redundancy”. There was communist led strike by workers of Life Insurance Corporation of India when a computer was imported for their automation. The computer was eventually purchased by TCS. Ramadorai (2011, pp. 45). However, contrary to people’s apprehensions IT industry turned out to be a big employer and employer of choice.

Michael Mandelbaum, foreign policy expert at John Hopkins, who spent part of his youth in India, as quoted by Thomas L. Friedman in his book “The World is Flat”, said “Y2K should be called Indian Interdependence Day” because it was India’s ability to collaborate with the western companies, that gave more Indians than ever before some real freedom of how, for whom and where they worked. Y2K made possible employment at midnight, employment for India’s best knowledge workers. Y2K gave a lot of highly productive segment of Indians the freedom of choice in work, Friedman (2006, pp. 136).

IT industry has positively influenced the lives of so many people through its direct and indirect contribution to the various socio-economic parameters such as employment, standard of living, diversity, gender inclusiveness, corporate social responsibility programmes, and education & training among others. It has turned out to be an aspiring industry for the young generation. The industry has played a significant role in transforming India’s image from a government controlled economy to a free entrepreneurship. India has emerged as a global player in providing world class technology solutions and business services. The industry has helped India transform into a knowledge based economy.

IT industry with its portfolio of continuously evolving offerings employs both highly skilled as well as people with less technical and formal education. The industry provides employment opportunities for diverse sections of the society. Recognising the low employability of the students recruited from colleges, the industry invests heavily in continued skill development of
the employees through in house training and development programmes. Many companies have partnered with universities and colleges to run courses on IT and have devised mechanism to assess and empanel educational institutions for conducting such courses and recruit directly from these institutions. The annual intake of fresher in the industry is shown below in Figure 3.4.

**Figure 3.4: Annual intake of freshers in thousands**

![Annual intake of freshers in thousands](image)

Source NASSCOM

Apart from creating jobs, software industry has provided opportunities for expanding the local base of entrepreneurship. Lower start-up capital considerably reduced the entry barriers, motivating many technical professionals starting their own firms. Availability of venture capital is another factor to more people taking to entrepreneurship in the IT sector. Industry helped in reducing the extent of the brain drain by creating rewarding employment opportunities within the country. The rise of the software industry also prompted a number of non-resident Indians to return to start software ventures, Kumar and Joseph (2005).

IT industry provides a number of non-monetary benefits as part of the human resource best practices. Non-monetary benefits include flexible work timings, working from home, overseas exposure, equal opportunity, friendly work environment, training and development, work-life balance, and promotion of creativity & innovation. In a survey conducted across 22 small IT companies with a total of 720 participants in greater Mumbai area showed that whilst all of the non-monetary HR practices are not followed by all the companies but most firms follow a set of
practices that is customised to suit their individual needs. 82 per cent respondents said that their company allows flexible work timings but the performance is monitored. 68 per cent employees answered that they are allowed to work from home varying from 3 to 10 days in a month. 64 per cent of the respondents agreed that their company provides opportunities for overseas exposure firstly by exposing them to the client communication directly and then deputing them on overseas assignments for onsite work. 88 per cent employees said that their company fosters career growth opportunities and provides equal opportunities for all performers. Women employees felt no negative vibes against them. 76 per cent of the employees said that the work environment in their company was encouraging to new ideas and innovation, that their work was stimulating. Employees agreed that the management was concerned about the employee’s wellbeing. 68 per cent of the employees were of the view that their company provides ample opportunity for training and development and prepares them for executing their task efficiently. Historically, keeping the employees engaged through such measures has been one of the reasons for the phenomenal growth of the industry.

3.5.2 Economic impact

Indian IT industry is one of the most significant growth catalysts for the Indian economy. The industry has contributed significantly to the economic growth of the country. During 2011 direct employment has reached nearly 2.5 million, while indirect job creation is estimated at 8.3 million.

Over the years, the IT industry has increased its contributions to India’s GDP from 1.2 per cent in 1997-98 to 4.8 per cent in 2004-2005 and 6.4 per cent in 2011 as seen in Figure 3.5 below.

Figure 3.5: Contribution to National GDP
This industry, with its strong export orientation, has emerged as a key contributor to India’s foreign exchange earnings. In 2004-2005, only 36 per cent of the business for IT industry came from the domestic market, whereas 64 per cent of the business came from international market and the Indian IT exports touched US $ 18.2 billion, a significant increase over US $ 6.2 billion for 2000-2001. The export revenue grew at a Compounded Annual Growth Rate (CAGR) of 32 per cent from 1998 to 2009 and the industry size increased 15 times. The aggregate revenue has grown over 18 times from 1998 to 2011. Industry’s domestic and export revenue from 1998 to 2011 is shown in Figure 7 below.

**Figure 3.6: Revenue in USD billion**

Source NASSCOM
The United States, historically, has remained the key export market for the Indian IT industry. In 2004-2005, USA accounted for more than 68.4 per cent of the total Indian IT exports. Next export destination is Europe, accounting for 23.1 per cent of the total exports. The export destinations over the years have slightly changed but US continues to be the primary contributor of the Indian IT export as seen in Figure 8 below.

Figure 3.7: Export destinations for Indian IT

The share of IT industry in the total Indian exports has increased from less than 4 per cent in 1998 to 26 per cent in FY2011. Software and services revenues (excluding Hardware), comprises over 86 per cent of the total industry revenues in 2011. The per capita contribution of employees for the year 2008 for IT industry was 80 times more than the per capita income from Agriculture and 7 times more than the manufacturing sector. This is shown in the Table 3.2 below.

Table 3.2: Per capita contribution of employees for 2008

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employees (Million)</th>
<th>Revenue (USD Billion)</th>
<th>Per Person Contribution (USD)</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>62.8</td>
<td>245</td>
<td>3896 = A</td>
<td>C = 6.8 A</td>
</tr>
<tr>
<td>Agriculture</td>
<td>660</td>
<td>214</td>
<td>324 = B</td>
<td>C = 80 B</td>
</tr>
<tr>
<td>IT</td>
<td>1.96</td>
<td>52.1</td>
<td>26555 = C</td>
<td></td>
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</table>

Source NASSCOM
3.6 Critical Success Factors of Indian IT industry

The global software market registered double-digit growth during the 1980s and 1990s. Globally, there had been a huge gap between demand for, and supply of, software labour creating a strong pull into the market, Heeks & Nicholson (2002). Indian IT industry had a service related focus and was week in the domestic demand pushing the domestic firms into exports, Heeks (2004). The industry success factors model suggested by Porter (1990) considers factors such as demand conditions, local conditions, structure and strategy of local firms and related/supporting industries. Heeks & Nicholson (2002) suggest developing country specific software industry models, which see key success factors as:

- Human capital and costs; overseas linkages and diaspora; government policy (Balasubramanyam & Balasubramanyam 1997);
- Access to inputs; overseas linkages; firm clusters; firm-level strategy; government policy; national vision (Heeks 1999);
- Government policy; geographic distribution of firms (Hung 2000);
- Skilled people; access to technology; structure and management of software firms; communication of information and knowledge (Krishna et al 2000);
- Linkages and trust/transfers; industry clusters; access to inputs (Dayasindhu 2002).

These theoretical models have overlapping factors. In order to analyse the Indian IT industry for its success factors one consolidated model was required. Therefore, the model suggested by Porter (1990) and the other models were integrated, the overlapping factors from these models were de-duplicated and an integrated set of seven primary factors that are considered relevant to Indian IT industry was arrived at. Each of the seven factors have been analysed to understand the key success factors for the growth of Indian IT industry. These are given at Table 3.3 below.
Table 3.3: Seven factor model of key success factors of Indian IT industry

<table>
<thead>
<tr>
<th>Factor</th>
<th>Impact</th>
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| Talent pool             | • India’s vast pool of highly qualified, English speaking technical talent  
                          • Talent pool was flexible in terms of nature of work, quick transfers from offshore to onsite or from one project to another  
                          • Indian techies willing to go the extra mile and with a will to succeed.  
                          • Active participation of industry with academia in skill building  
                          • Huge investments by industry in training and development                                                                                     |
| Government policy       | Indian government in the 80s and in the 90s formulated policies for promotion of software exports and its active intervention was a vital factor for the success of the IT industry, *Balasubramanyam & Balasubramanyam (1997)*. STPI, task forces, liberalisation, tax benefits, SEPZs, import liberalization are examples. |
| International linkages  | The original and continuing root of international linkages for Indian IT industry has been Indian diaspora who relocated to US during the 60s, 70s and the 80s due to fewer opportunities in the domestic market. Indian Government recognised this fact and provided incentives to the diaspora who setup their own software firms in India, *Heeks, (1996)* |
                          • Domestic demand of the software labour in India was considerably lower helping the industry pushing towards export, *Heeks (1996)*  
                          • Large domestic market attracted foreign firms to setup in India, Heeks & Nicholson (2002)  
                          • Several captives were setup in the 1990s and 2000s                                   |
| Adapt-ability | • Indian firms adapted well to the open competition that came as a consequence of opening up of the economy.  
• Despite fierce competition, the industry adapted itself well to collaboration in areas of common interest such as talent development, infrastructure creation, lobbying with the government of the day, overseas marketing, market research, and sharing of best practices. Most of this was facilitated through the creation of the representative body NASSCOM in 1988.  
• Firms adapted to the market demand for talent and remained attractive by offering higher wages and implementing strategic HR practices, offering monetary and non-monetary benefits. |
| Infrastructure | • Indian Government had invested in creating world class institutions such as IITs and IIMs in the 50s and 60s which helped create a vast talent pool and a large Indian diaspora who after graduating from these institutions migrated in pursuit of better livelihood  
• India had a poor technology and other physical infrastructure. However, the shortages in infrastructure did not affect the IT industry as their markets were international, Nilekani (2009)  
• Industry attracted PE and institutional investors during the growth period |
| Cost considerations | • Labour arbitrage coupled with technically qualified English speaking talent pool was the main competitive advantage Indian firms offered.  
• Annual cost of a developer in India was US $17,000 - 25,000. The cost of sending the same developer to the US was $32,000 - 42,000. Yearly cost of a local US developer was about $60,000-140,000. The cost considerations were obvious. |

Source: Developed from literature for this study
3.7 Conclusion

Indian IT Industry had a small beginning amidst restrictive governmental policy regime and was almost non-existent prior to 1980. During the 1980s, active intervention of the government started and a number of businessmen started offering software services. Texas Instruments and General Electric came into India during the 80s. With economic liberalisation in the early 1990s and several policy measures initiated by Indian Government to promote software exports several new companies emerged. With the emergence of Y2K date problem, fibre optic connectivity through the undersea cable network and the advent of internet, Indian IT industry boomed. India had a vast pool of highly qualified English speaking talented manpower. Almost one fourth of this manpower had migrated to United States and other countries in pursuit of better opportunities. Globally IT industry had grown in double digit during the 80s and the 90s and there was acute shortage of skilled resources. This was an opportunity for the Indian IT industry, which with effectively implemented labour arbitrage strategy did not look back since the boom time in the mid to late 1990s.

Industry, over the years has grown manifold and contributed in nation building through its contribution to the National economy and the society. Industry today contributes more than 6 per cent to the National GDP and employs over 2.5 million people directly, and over 8.3 million people indirectly. One of the most noticeable features of the Industry’s success has been management of human resources investing equivalent to 3-4 per cent of employees’ compensation in the training and development. Along with the high wage structure, industry offered monetary as well as non-monetary incentives and adopted strong human resource practices.

Industry eco system comprises of small firms (70 per cent), medium, large and institutional firms each constituting 10 per cent of the total number of firms. Majority of the workforce comes from Tier II/III cities. 31 per cent of its entire workforce is women. Industry touches the culture of almost entire world with its presence in 52 countries and 200 excluding India. 3 per cent of the industry workforce comprises of foreign nationals. With such a rich mix of eco system the Industry needs to continuously evaluate and fine tune their HR strategy such that it integrates well with the business strategy.