



# IT / ITeS Sector India Scenario



## Sector Overview (1/2)



World's largest sourcing destination with a share of 55% in 2017 - 18



Accounted for 9.3% of GDP & emerged as single largest contributor to services exports



Amongst leading employment generators with 3.97 million people being employed, 105,000 added in FY18



3rd largest startup hub in the world with 4,750 units

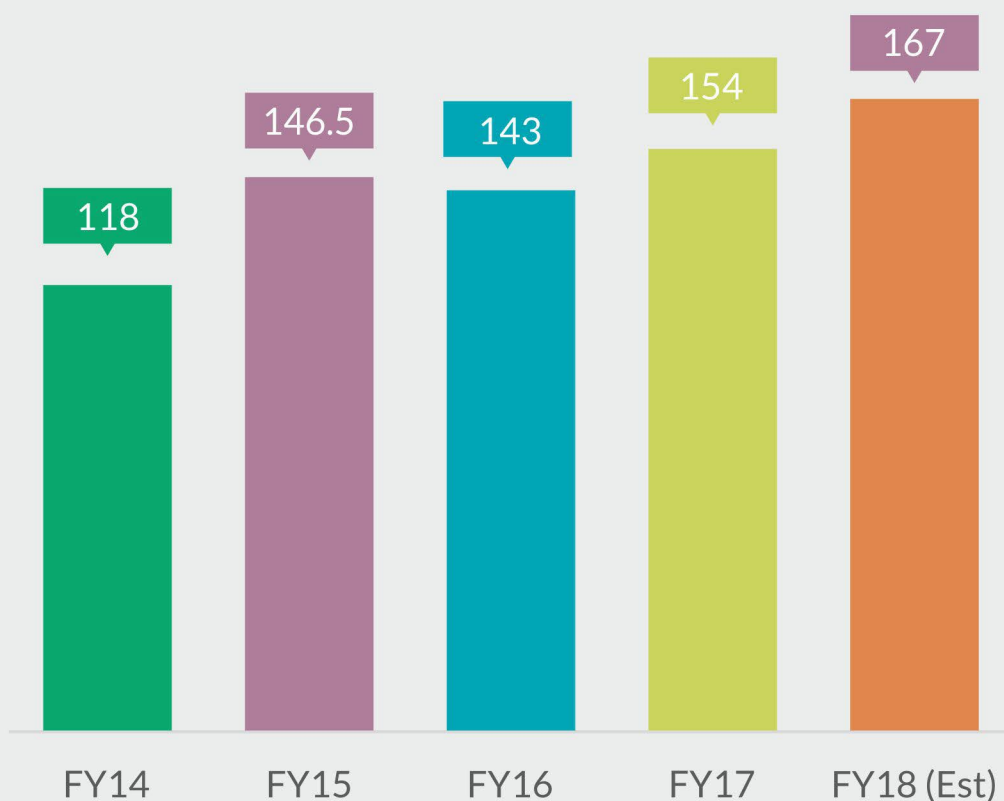


2<sup>nd</sup> highest internet subscribers in the world



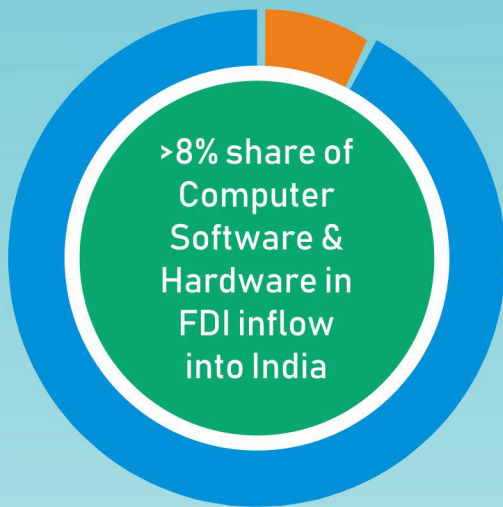
Sector is expected to reach USD 350 billion by 2025

MarketsizeofITsectorinIndia(USDbillion)



Source: NASSCOM, Ministry of Electronics and Information Technology, Govt. of India, Invest India

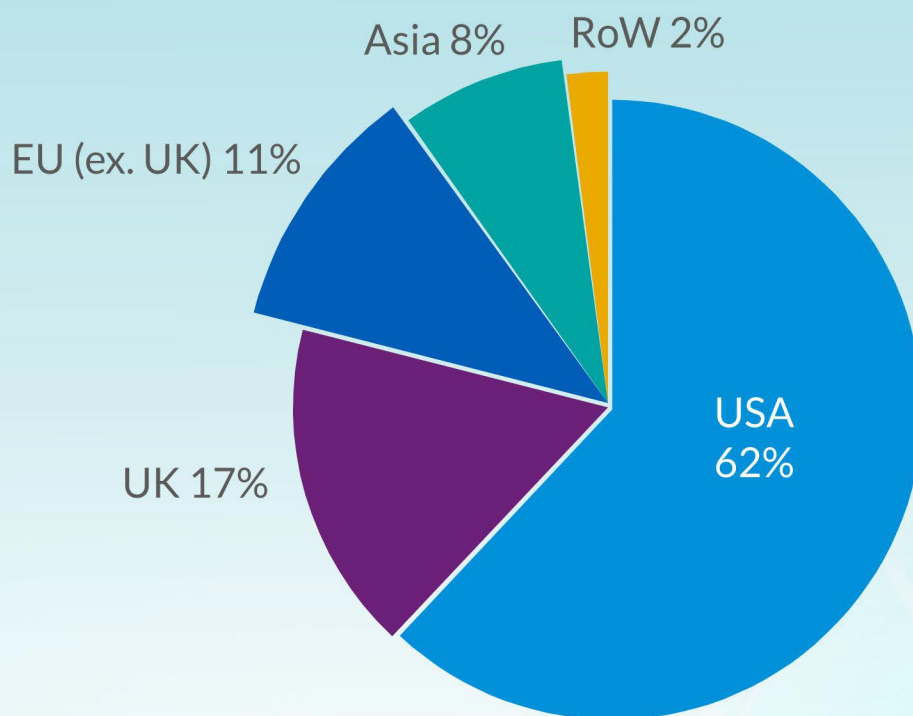
## Sector Overview (1/2)



Direct employment in IT/ITeS (million)



## Share of IT / ITeS exports across geographies



India has 1000+ global delivery centres in 80 countries

Source: NASSCOM, Ministry of Electronics and Information Technology, Govt. of India



## Advantage India (1/2)

- Ranks 9th in Digital Sustainability Index outperforming countries such as China, Russia and Brazil
- Flexi staffing market in IT sector in India stood at USD 3.04 billion in FY 2016 - 17
- PE investments in this sector reached USD 7.6 billion during April - December 2017
- Public cloud services market in India is expected to grow 37.5% to reach USD 2.5 billion



Source: Department of Industrial Policy & Promotion (DIPP), Govt. of India, Korn Ferry DSI report, Gartner, IBEF

## Advantage India (1/2)

- Spending on AI by Indian companies is expected to increase by 8 - 11% in coming years
- Healthcare Information Technology (IT) market is valued at USD 1 billion
- Mobile wallet industry is expected to reach USD 480 billion by 2022, growing @ 126%



Source: Ministry of Commerce and Industry, Govt. of India, INTEL Report

## IT / ITES sector Segmentation

IT services	Business Process Management (BPM)	Software products & engineering services	Hardware
<ul style="list-style-type: none"> <li>• Market Size: USD 86 billion during FY18</li> <li>• Over 81% of revenue comes from the export market</li> <li>• 52% share in Indian IT sector revenues in FY18</li> </ul>	<ul style="list-style-type: none"> <li>• Market size: USD 32 billion during FY18</li> <li>• Around 87% of revenue comes from the export market</li> <li>• 19.2% share in Indian IT sector revenues in FY18</li> </ul>	<ul style="list-style-type: none"> <li>• Market size: USD 33 billion during FY18</li> <li>• Over 83.9% of revenue comes from the export markets</li> <li>• 19.8% share in Indian IT sector revenues in FY18</li> </ul>	<ul style="list-style-type: none"> <li>• Market size: USD 15.4 billion during FY18</li> <li>• The domestic market accounts for a significant share</li> <li>• 9.3% share in Indian IT sector revenues in FY18</li> </ul>

Source: NASSCOM, KPMG Analysis

## Digital India initiative impact by 2019

Digital India initiative of Government of India envisions transforming India into a digitally empowered society and knowledge economy

250,000	No. of villages with broadband and universal phone connectivity
Zero Imports	By 2020, there would be zero imports
400,000	Public internet access points
250,000	Wi - Fi in Schools
Wi-Fi	Free Wi - Fi for Public/citizens and in Universities
17 Million	Digital Inclusion - Resources trained for IT, Telecom and electronics jobs
85 Million	Indirect jobs to be created
Govt. Services	Citizens are to be digitally empowered (Cloud, eGov & eServices)

## Digital India initiative

India BPO Promotion Scheme (IBPS) for employment generation & balanced growth of IT/ITeS in each state

- Potential to create employment opportunities of around 1.5 lakh direct jobs
- Capital support up to 50% of one - time expenditure incurred on admissible items subject to upper ceiling of INR 1 lakh per seat
- 48,300 seats in BPO operations across the country



# Tamil Nadu Scenario

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## Overview (1/2)



IT/ITeS sector revenue  
in 2017 - 18



Investments in the sector  
in 2017 - 18

Amongst the few states in India to have an integrated IT infrastructure consisting of state data centre, Tamil Nadu State Wide Area Network, cloud computing infrastructure and disaster data recovery centre

Source: Policy note - 2018 - 19, IBEF

## Overview (2/2)

1780	No. of registered IT units in the state
246	No. of IT Parks in pipeline in the state with a built-up space of 146 million sq. ft.
18	No. of IT/ITeS sector specific SEZs in the state
400,000	Direct employment generated in IT/ITeS companies
750,000	Indirect employment generated in IT/ITeS companies

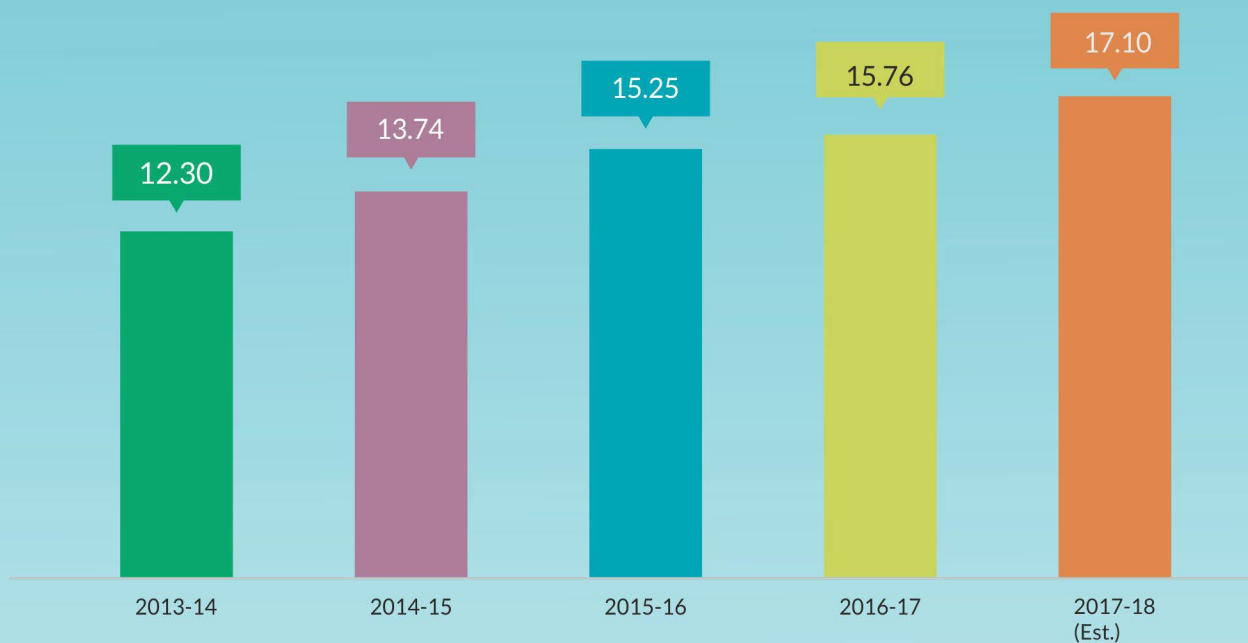
Source: Policy note 2018 - 19, IBEF



## Exports from Tamil Nadu

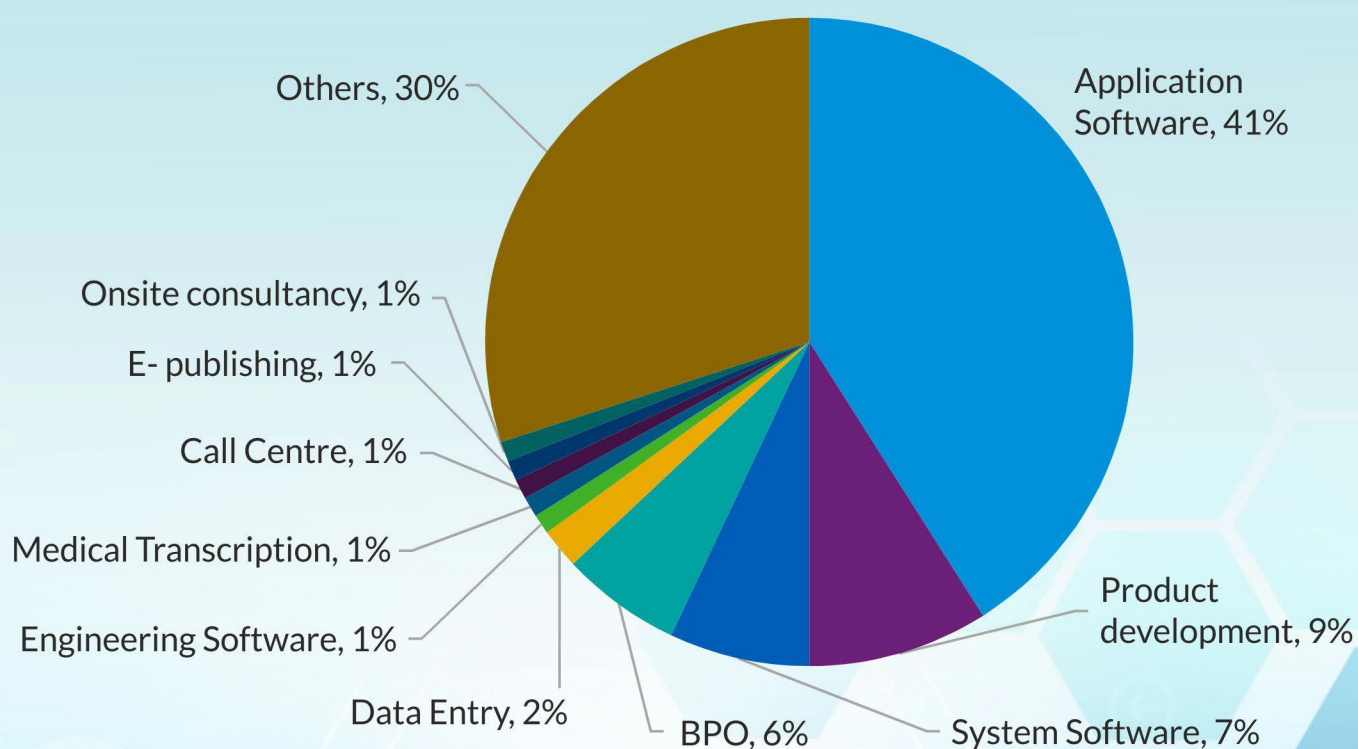
IT exports from state grew at a CAGR of 8.60% between 2013-14 and 2017-18

Exports by IT/ITeS companies in Tamil Nadu (USD billion)



Source: Policy note 2018 - 19, STPI

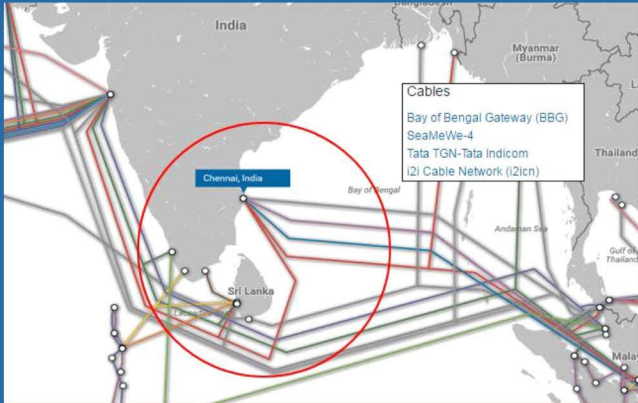
## Exports break - up from Tamil Nadu





## Available IT communication Infrastructure & facilities from TN Govt.

Communication Infrastructure -  
3 submarine cables - 14.8 Tbps



**Submarine cable 1: seaMEWe - 4 - length 20,000 Km**

Carriers of Telecom between : Singapore, Malaysia, Thailand, Bangladesh, Italy, India, Sri Lanka, Pakistan, United Arab Emirates, Saudi Arabia, Sudan, Egypt, Tunisia, Algeria and France

**Submarine Cable 2: TIC (Tata Indicom Cable)**

Length - 3,175 Km : Carriers of Telecom between India (Chennai) and Singapore

**Submarine Cable 2: i2i :**

Length - 3,200 Km : Carriers of Telecom between India (Chennai) and Singapore

## Available IT Institutional framework (1/2)

### ELCOT

- TNSDC - 88 racks (Ph - 1) & 195 Racks (Ph -2)
- Full - fledged Disaster Recovery Centre (50 racks scalable to 100 racks)
- DR enablement at NDC, Pune (10 racks)
- Cloud set up at TNSDC (22 servers)
- Near Line Disaster Recovery Centre at BSNL DC
- Implemented e-smart Class room in 231 schools
- Cloud based services (web hosting) on self service mode & Resource sharing through Plug & Play model
- National Knowledge Network (NKN) is a State of the Art, Multi Giga Bit Network aimed at connecting all educational establishments
- Provides total IT solution to Government departments

### TN E-GOVERNANCE AGENCY

- Plays an advisory role to State in e-Governance initiatives
- Implementing ICT projects across the State
- Creates department level ICT roadmap
- Strengthens state's IT knowledge through trainings in cybersecurity, TNGIS (Spatial data Infrastructure) etc.



## Available IT Institutional framework (2/2)

### TACTV

- Provides cable TV services for the state
- First government undertaking to get DAS license in the entire India
- Provides internet to every household
- Creates free WIFI zones in public places

### Tamil Nadu Fibrenet Corporation Limited (TANFINET)

- Develop, Execute, Own, Operate and Maintain Optical Fibre Network to be established in the state

### ICT Academy of Tamil Nadu

- Conducts faculty development program
- Youth skill development programme in ICT & youth empowerment
- Entrepreneurship development programme
- Research and publications of journals in association with Indus Copernicus, Poland
- Digital empowerment through Digital Literacy mission
- Industry - Institute interactions in Chennai and Coimbatore

## Tamil Nadu-Advantages to be tapped

### Skilled Workforce



- Largest pool of technically qualified high class IT manpower in India with 550+ engineering colleges
- 37% of total Engineering graduates are from Computer Science / IT / Electronics / Communication discipline

### Man power Cost



- Abundant skilled human resource compared to developed countries leading to lower manpower cost nearly one tenth of those in developed nations, thus giving Tamil Nadu a big competitive advantage

### Global Infrastructure



- 18 operational IT SEZs in Tamil Nadu
- Data Centre Hub: Chennai has the largest bandwidth of 14.8 Tbps in India through 3 submarine OFC cables linking it to world

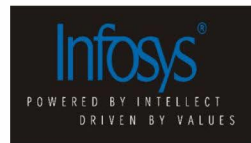
### Robust Growth



- Tamil Nadu had the highest growth rate in software exports in India : 29.04%
- Tamil Nadu exported 58% of its total IT exports to USA followed by UK (12%)
- 1683 S/W Exporting units employing 285,000 resources



## Major Players



## Investment Opportunities

- Animation and Gaming
- BPM
- Cloud & cyber security
- Data Centers
- Internet of Things
- Robotics
- Disaster recovery
- Smart Cities
- Social, Mobile, Analytics & Cloud (SMAC)
- BFSI & e-Governance
- Hardware
- Virtual Classroom and Trainings



# Government Policy support Information Communication Technology Policy 2018

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# Incentives

## Capital Subsidy and Electricity Tax Exemptions

Investment in fixed assets/eligible fixed assets (INR crore)	Direct employment (in numbers)	Capital subsidy (INR crore)	Electricity tax exemption (in number of years) from date of commercial operation
5 - 50	500	0.30	2
50 - 100	500 - 1000	0.60	3
100 - 200	1000 - 2000	1.00	4
200 - 500	2000 - 4000	1.50	5

- The subsidy shall be paid at the end of 3 years in A & B districts and 4 years in C districts
- New or expansion IT/ITeS industries located in ELCOT promoted SEZs/IT Parks in A districts will be provided an additional capital subsidy of 50% over and above the eligible limit
- New or expansion IT/ITeS industries located in B & C districts will be provided an additional capital subsidy of 10% and 25% respectively over and above the eligible limit

"A" Districts	"B" Districts	"C" Districts
Chennai, Tiruvallur and Kancheepuram	Other than A & C (20 districts)	Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari

## Special incentives for MSME units

- Financial assistance will be provided to new and expansion MSME units in B and C districts subject to:
  - Units attaining a level of at least 50 employees within 3 years
  - Training would be provided free of cost through Tamil Nadu Skill Development Corporation (TNSDC) as per National Skill Development Corporation (NSDC) Norms to prospective employees who have requisite qualifications and need skill up-gradation
- The assistance would be capped at 100 employees per year per unit for a maximum of 3 years
- Startups and MSMEs will be provided a subsidy of 10% on lease rentals subject to a maximum of 2 lakhs per annum for a period not exceeding three years, on built up office space ranging from 1000 sq.ft. to 5000 sq.ft. leased by these units in Government promoted IT SEZs
- The Government would facilitate tie up with reputed Business Analyst Firms to evaluate the strengths of MSMEs for MSMEs to market themselves in international markets
- Government would support linkages of smaller IT/ITeS companies with bigger firms

### **Fiscal incentives (Structured package)**

- “Mega Project” for the purpose of this incentive means an IT/ITeS project, new or expansion, with the following criteria:

Criteria	A Districts	B Districts	C Districts
Investment range (INR crore)	500 and above	350 and above	200 and above
Employment (Minimum number of employees)	6000	4000	2000
Timeline within which target is to be achieved (years)	3	3	4

- IT/ITeS industries in existence in Tamil Nadu for over 10 years will be given suitable extra benefits for expansion projects over and above the normal structured package of incentives

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### **Special incentives for B&C districts**

- IT/ITeS units coming up in B and C locations will be given special incentives for setting up Sewerage Treatment Plant and Reverse Osmosis (RO) Plant

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### **Reimbursement of Stamp Duty**

- 50% reimbursement of stamp duty and registration fee will be given on transaction of land / building for IT/ITeS in C districts for first transaction of a particular land/building for the purposes of development of IT/ITeS industrial unit(s)

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### **Market development assistance**

- The state shall strive to promote IT sector by specialized exhibitions, stalls & seminars in state sponsored events and encourage marketing to the best possible extent

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### **Patent filing fiscal incentive**

- MSMEs shall be reimbursed 50% of the statutory fees for filing of patents
- The reimbursement amount will be limited to INR 3 lakh for domestic patent and INR 5 lakh for international patent
- The incentive can be availed up to 5 times in a period of 5 years
- The headquarters of the IT/ITeS unit must be located in Tamil Nadu



## Quality certification financial assistance for MSMEs

- MSMEs shall be reimbursed 50% of the costs towards certification only once up to a maximum of INR 5 lakh for certifications listed below

**ISI** : Provided by BSI certifying conformity with Indian standards

**ISO 9000** : Quality Management Systems standard related to quality of product

**ISO 27001** : Standard pertaining security of information assets of organizations

**CMM (level 2 upwards)** : Framework for assessing and improving operational processes' effectiveness

**P - CMM** : Framework for assessing and improving organization's human Capabilities

**BS** - Pertaining Information Security Management System

**COPC** - Performance linked standard certification in call centre industry

**eSCM** - Performance linked standard certification in ITeS industry

**CCC & CE** - Certification pertaining conformity with Chinese and European standards respectively

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## Rural BPO Policy 2012

### Rural (Village Panchayat areas) BPO Policy 2012

- Capital subsidy of 20% on Capital Investments subject to employment of at least 50 trained people in that unit
  - Training subsidy of INR 1500 per person per month
  - Transport facility for the BPO
- Exemption from payment of SD/EMD and cost of tender

## Investment Promotion Facilitators-Key Contacts

### **TN Industrial Guidance and Export Promotion Bureau**

19-A, Rukmani Lakshmipathy Road, Egmore, Chennai-600 008  
Phone: 91-44-2855 3118 Website: [www.investingintamilnadu.com](http://www.investingintamilnadu.com)

### **Tamil Nadu Industrial Development Corporation Limited (TIDCO)**

19-A, Rukmini Lakshmipathy Road,  
Egmore, Chennai-600 008  
Phone: 91-44-2855 4421  
E-mail: [cmd.tidco@nic.in](mailto:cmd.tidco@nic.in)  
Website: [www.tidco.com](http://www.tidco.com)

### **State Industries Promotion Corporation of Tamil Nadu (SIPCOT)**

19-A, Rukmini Lakshmipathy Road,  
Egmore, Chennai-600 008  
Phone: 91-44-2855 4787  
E-mail: [sipcot@md3.vsnl.net.in](mailto:sipcot@md3.vsnl.net.in)  
Website: [www.sipcot.c](http://www.sipcot.c)

### **Tamil Nadu Industrial Investment Corporation Limited (TIIC)**

New no: 692, Anna Salai,  
Nandanam, Chennai-600 035  
Phone: 91-44-2433 1203  
Fax: 91-44-2434 7209  
E-mail: [ho@tiic.in](mailto:ho@tiic.in)  
Website: [www.tiic.org](http://www.tiic.org)

### **Tamil Nadu Urban Infrastructure Financial Services Ltd.**

19, T P Scheme Road, Raja Muthaipuram,  
Ramakrishna Nagar.  
R A Puram Chennai - 600 028  
Phone: 91-44-24643103  
E-mail: [md@tnuifsl.com](mailto:md@tnuifsl.com)  
Website: [www.tnuifsl.com](http://www.tnuifsl.com)

### **Electronics Corporation of Tamil Nadu Limited (ELCOT)**

692, M.H.U. Complex, II Floor, Anna Salai,  
Nandanam, Chennai-600 035  
Phone: 91-44-6551 2330  
E-mail: [secyit@tn.nic.in](mailto:secyit@tn.nic.in)  
Website: [www.elcot.in](http://www.elcot.in)

### **Tamil Nadu Small Industries Development Corporation (TANSIDCO)**

Thiru Vi Ka Industrial Estate,  
Chennai - 600 032  
Phone: 91-44-2250 1461, 2250 1422,  
2250 0185, E-mail: [sidco@vsnl.com](mailto:sidco@vsnl.com)  
Website: [www.sidco.tn.nic.in](http://www.sidco.tn.nic.in)