

The Indian ITBPM* sector – Q4FY25

KPMG. Make the Difference.

**Information technology business process management*

India's ITBPM sector to be driven by digital transformation, artificial intelligence (AI) and cloud services along with strong investor confidence and significant job growth



INR31 tn
Projected Indian IT market size by FY26¹

10%
Projected Indian IT contribution to GDP* in FY26¹

INR44 tn
Projected India's technology industry by FY30¹

4.8%
Y-o-Y growth of Indian IT service sector (FY25)²

**Gross Domestic Product*

Segmental performance

India region ER&D* outsourcing market to clock robust double digit CAGR** during CY23-30³

	Automotive	Consumer electronics	Healthcare	Energy and utilities	Software	Telecom
2023	513	171	342	171	598	342
2030	1,026	513	1,026	513	4,788	1,026

ER&D* outsourcing market in segments (in INR bn)

- ER&D* outsourcing market will grow rapidly to INR11-15 tn by 2030
- Driven by competitive costs, skilled talent and innovation
- With significant growth in software and automotive segments³.

**Engineering research and development
**Compound annual growth rate*

Performance snapshot

Drivers

Increased data centre capacity¹

~28% Y-o-Y (2025)

India has emerged as the second fastest-growing data centre market in APAC*

**Asia Pacific*

Focus on cloud adoption¹

INR1.5 tn

2027 market size for Indian public cloud services

Support in the adoption of AI¹

INR2,000 cr

Sanctioned under union budget 2025-26 to accelerate AI adoption and infrastructure development

Challenges

Gaps in skilled employees¹

60-65 mn

Jobs that require digital skills by 2025-26

Reduced IT deals²

42 (deals over INR85 mn)

Deals in FY25 (small segments deals) compared to five deals of over INR8,500 mn in FY24⁴

Global economic uncertainty²

Trade tensions

Revenue growth may slow down due to U.S. tariff uncertainties and weak demand, with firms focusing on existing client relationships

Outlook

1.3%

Expected increase in annual growth rate of India by 2035, through AI and new-age tech¹

INR500 cr

Union budget approved allocation for a centre of excellence in AI for education (2025-26)¹

14 mn

Jobs can be created by 2026, with the increased use of cloud technology¹

2 Gigawatt (GW)

Projected India's data centre capacity in 2026 from 0.9 GW in 2023¹

Key takeaways

Data costs in India as of 2025

INR10/GB

Among the world's cheapest¹

India's data centre market value to reach

INR869 bn

By 2028 growing at a CAGR* of 10.7 per cent¹

**Compounded annual growth rate*

Emerging technologies to drive demand

INR668 bn

FDI equity inflows in India in computer software and hardware sector²

Indian AI professionals are in high demand globally

16%

of entire world's AI talent pool – the third highest in the world¹

Sources: 1) IT&BPM, IBEF, February 2025; 2) EMIS reports (India – Services: IT -ITES Industry- CareEdge), May 2025; 3) EMIS reports (Information Technology sector report – PL Capital), 19 May 2025

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