# The Indian ITBPM\* sector - Q1FY26

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\*Information technology business process management

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



Projected Indian IT market size by

FY261

Consumer

electronics

Indian IT contribution to GDP\* by FY261

\*Gross Domestic Product

Energy and utilities

**≧**INR**4.3** mn

Indian technology industry to increase revenue by 20301

Telecom

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

India's engineering research and development (ER&D) outsourcing market growth with the below Segmental performance segments expected to report double-digit compound annual growth rate (CAGR) between CY23 and CY30

2023<sup>3</sup> (N 20303 R

CAGR<sup>3</sup>

**Automotive** 

512 1.794 19%

A 171 512 19%

Healthcare

342 1.025 17%

171 512 19%

Software

1,452 4.78 38%

- Global ER&D outsourcing market is expected to grow rapidly to at CAGR of 9-11 per cent over CY22-263
- **342**ware segment might be one of the highest revenue contributor to mula ER&D outsourcing, followed by 49% motive<sup>3</sup>.

Increased data center capacity<sup>1</sup>

~10.7%

India has emerged 122 148 second fastest-growing data centre market in APAC

Support in the adoption of Gen Al4



**INR**6

driven by enterprises seeking consulting, integration and managed Al solutions



services

INR1. 2027 market size fin

Global delivery model<sup>1</sup>



**INR8.6** 

Indian software companies are investing internationally to expand global footprint

Challenges

Focus on cloud adoption<sup>1</sup> Gaps in skilled employees<sup>1</sup> Lack of revenue visibility<sup>2</sup>



🔏 60-65 mn

Jobs that require digital skills by 2025-26



The headcounts, for many companies, have seen a decline during FY254

Global economic uncertainty<sup>2</sup>



**Trade tensions** 

The U.S. dollars revenues might slow down due to increased uncertainty regarding tariffs, continued layoffs and weak discretionary demand



GCCs\* market expected to grow by 9.3 per cent in FY24-30<sup>3</sup>
\* Global capability centre

**4** 1.3% by 2035

Al is expected to boost

India's annual growth rate1

Projected system infrastructure software market by 20301

30 mn

Demand of digitally skilled professional by 20261

takeaways

Investments in computer software and hardware

**15.1%** of foreign direct investment (FDI)

equity inflows1 \*Special economic zone \*\*Software Technology Parks of India

Rise in India IT and business services

INR **1.7** tn

**Projected market by** 20251

**Government incentives** to drive IT infrastructure

The union budget FY26 has sanctioned to accelerate Al adoption and infrastructure1

SEZs\* to drive IT sector

**65** centres

Set-up by STPI\*\* across the country to provide single window clearance and infrastructure facilities<sup>1</sup>

Sources: 1) IBEF, July 2025; 2) EMIS reports (IT-ITES industry – CareEdge), May 2025; 3) EMIS reports (Information Technology sector report – PL Capital), 19 May 2025; 4) EMIS reports (Generative AI Market in India (2025 – 2030) – What's New?: Netscribes), August 2025

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