

The Indian ITBPM* sector – Q3FY26



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*Information technology business process management

India's ITBPM sector is likely to be driven by rising demand, digital transformation, artificial intelligence (AI), value-led partnerships and global capability centres (GCCs)¹



31.5 tn
Projected Indian IT* market size (2026)¹

2.6 tn
Projected India's AI market (2025)¹

8.6 tn
Projected India's software product (2025)¹

3.5 tn
Growth in electronics goods export (FY25)²

*Information technology

Segmental performance

AI adoption in India may rise sharply, reaching nearly three times last year's levels across sectors¹

7%
Technology services contribution in GDP* (FY26)³

INR 20 tn
IT exports, driven by robust export demand and strong domestic consumption (FY25)⁴

IT segment market¹

- India's IT spending is projected to reach INR15.1 tn by 2026, supported by rapid data-centre expansion and growing investments in AI-enabled software solutions
- The government's ESTIC**2025 framework introduces a INR1 tn funding programme to catalyse private-sector research, development and innovation.

*Gross domestic product **Emerging science, technology and innovation conclave

Performance snapshot

Drivers

Revenue contribution from technology services³

INR 24.3 tn

Driven by cost arbitrage, engineering depth (FY25)

Growth of IT services exports⁶

INR 4 tn

Driven by IT, information technology-enabled services (ITeS) and GCC growth (FY25)

Rise in India's tech M&A⁵

INR 2.6 tn

Driven by pricing and vendor consolidation

Adoption of cloud technology may generate¹

14 mn jobs

Driven by talent, non-metro demand, global confidence drive digital transformation (FY26)

Challenges³

High dependency on the U.S. market

60%

Of Indian technology service export is concentrated in the U.S. market

AI discontinuity

The accelerating AI wave pressures India to transition from legacy service models toward high-end innovation, demanding stronger skills, infrastructure and governance.

Muted growth

3-5%

Tier-I Indian IT services firms faced slowing growth due to structural pressures and market headwinds

*Mergers and acquisitions

Outlook

6 mn jobs

People are employed in the tech and AI ecosystem (2025)⁷

INR 151 tn

Projected AI sector contribution to India's economy (2027)⁷

INR 103 bn

Invested in IndiaAI mission to boost AI infrastructure and GPUs* (2025)⁷

1.58 mn candidate

Benefitted from government 'FutureSkills Prim' to provide IT careers in small cities (FY25)⁸

*Graphics processing unit

Key takeaways

Investment in computer software and hardware

15.5%

Of total foreign direct investment (FDI) equity inflows (2025)¹

Rise in India's technology sector

INR 70.6 tn

Projected market (2035)⁹

India's projected AI investment in next two years

INR 18.1 tn

India's talent, start-ups, and AI adoption may fuel investment growth momentum (2026)¹⁰

Rise in India's global capability center workforce

3.5 mn

Projected market supported by rapid adoption of AI across various roles (2030)¹

Sources: 1) IT & BPM Industry Report, IBEF, Dec 2025; 2) Electronic and Computer Software Industry and Exports, IBEF, Dec 2025; 3) India's Technology Services: Reimagination ahead, NITI Aayog, Feb 2026; 4) Semicon India Programme Advances with Approval of 10 Projects, IBEF, 5 Feb 2026; 5) India's tech M&As on a three-year high with deal value touching US\$ 29 billion, IBEF, 29 Dec 2025; 6) India's Exports Rise 13.17% to US\$ 80.45 Billion in January 2026, IBEF, 17 Feb 2026; 7) Transforming India with AI, PIB, 12 Oct 2025; 8) More than 15.78 lakh candidates benefited from the 'FutureSkills PRIME' programme, IBEF, 11 Dec 2025; 9) India's technology services sector can scale to US\$ 750-850 billion by 2035, IBEF, 13 Feb 2026; 10) India expects over US\$ 200 billion AI investment in next two years, IBEF, 18 Feb 2026

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