

The Indian ITBPM* sector – Q4FY26



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*Information technology business process management

India's ITBPM industry is likely to grow through digital transformation, artificial intelligence (AI) and cloud services, driven by strong investor confidence and job growth

*Information technology



INR 7 tn
Projected Indian IT services market size by FY34¹

INR 178 bn
Projected India's business process management market by FY34¹

5.8 mn
Indian IT* industry's direct employment in FY25 from 4.1 mn in FY19¹

INR 5.8 tn
India's domestic IT and business services in FY25¹

Segmental performance

India is likely to lead the global data-center market, offering one of the lowest construction costs worldwide at INR589 per watt and benefiting from low power tariffs¹



Software services exports¹

2025 **INR14.4 tn**
2030 **INR18.0 tn**



IT hardware¹

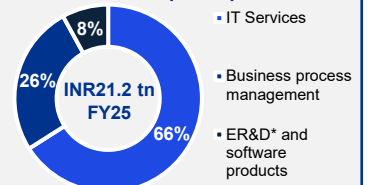
2025 **INR1.9 tn**
2030 **INR2.9 tn**



IT services¹

2025 **INR3.9 tn**
2034 **INR7.1 tn**

Sector-wise breakup of export revenue¹



*Engineering research and development

Performance snapshot

Drivers

Increased data center capacity²

INR1.1 tn (FY34)

Driven by cloud computing, data storage and AI applications

Global capability centres (GCCs) expansion³

1,800 GCCS

Set-up by companies, with over 500 of them focused on AI and advanced analytics

AI's contribution to economy³

INR157 tn (FY35)

Enhance productivity across manufacturing, healthcare and finance productivity

Investment in electronic ecosystem²

INR10 bn (FY27)

Allocated by government in India semiconductor mission (ISM) 2.0

Challenges

High dependence on key export markets¹

50%
Software services exports to the U.S. in FY25

Talent supply-demand gap¹

India will require 30 mn digitally skilled professionals by 2026, indicating a significant skill gap in emerging technologies

Shift to outcome-based pricing pressure¹



Clients' demand pay-for-results models amid AI-driven productivity, challenging traditional revenue approaches

Outlook

INR1.5 tn

India's public cloud market expected to reach by 2027¹

INR20 bn

Union budget approved to boost AI adoption and infrastructure growth for 2025-26¹

20%

Emerging technologies boost 2025 job growth; 2024 saw a 17 per cent growth¹

2 Gigawatt (GW)

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

Key takeaways

AI technologies are expected to offer significant advantages

490mn

Informal sector workers by enhancing their productivity³

India's UPI* system serves

491mn

Individuals and 65 mn merchants as of June 2025¹

STPI** centres have been established across India

68centres

of which 60 are in tier II and tier III cities as of FY25¹

The computer software and hardware sector attracted FDI*** inflows

INR8.3 tn

April 2000-June 2025¹

*Unified payments interface, **Software Technology Parks of India, ***Foreign direct investment

Sources: 1) IT&BPM, IBEF, February 2026; 2) How Data Centres Are Becoming the Backbone of India's Digital Economy, IBEF, June 2026; 3) Digital India to AI India: The Next Transformation Wave, IBEF, May 2026

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