



For Immediate Release

IT Market Doing Well –Skoch Report

- **PCs grow 14% - half go to Non-Metros**
- **Software Exports up 30% - ITeS contributes a quarter**
- **Retail grows 44% notching 8 Lakh PCs**
- **Internet and Networking disappoint**
- **Prospects bullish unless war lasts more than 30 days**

New Delhi 26 March 2003: The annual information technology (IT) industry conference, *Skoch Summit - Challenges 2003*, held here today, has observed an encouraging market growth during last year. It projects largely a good period ahead unless the Iraq war continues for longer than a month. The one-day conference attended by prominent people from the IT industry from India and abroad, brainstormed various issues concerning the industry and came out with enlightening conclusions to help reinforce industry's growth.

"The Skoch Summit is aimed at providing an interactive channel for the IT fraternity to discuss various aspects in the current scenario but with a special focus on SME issues," **said Sameer Kochhar, CEO, Skoch Consultancy Services**. Skoch analyzes trends in various industry segments including hardware, software, networking and allied services through its continuous study and research of the Asian market. Its findings form the basis for this annual industry conference.

Sixth in the series, this year's conference has assumed special importance in view of the persisting uncertainties concerning tech slowdown, trade barriers in export territories, digital divide and international hostilities. Over the years, Skoch's tech trends analysis, known for its balanced perspective and microscopic assessments, has earned an increasing acceptance in market circles. The Delhi-based company, also released its industry analysis report, titled – **Browser 2002**.

The Skoch report observes that despite the harsh global business environment, Indian IT industry has shown a remarkable resilience to record upsurge in almost every segment. With an overall growth of 9% in 2002, the domestic market stood at Rs. 23,774 crore (about US\$ 4,953 Mn), as users in government, banking & finance, education and telecom sectors have emerged as major spenders. Over half the revenues have come from 1.8 million PCs and other hardware sold during the year. The industry is poised to maintain a rising graph in the current year also as all other segments including training, consultancy, systems integration continue to perform positively. Internet penetration was a casualty of an all round poor quality of service while Networking suffered due to the stagnating investments in the Internet Infrastructure.

Stagnant demand for software services in the US market has not posed any serious threat so far. Software exports – the backbone of Indian IT industry – have increased by 30%, at \$8 billion, during the period. A significant one-fourth of the contribution coming from IT-enabled services (ITeS) has added to the export performance. A major part of software export earnings have been generated through the STPI, which reflects the important role of the small and medium enterprises (SMEs) in the software export area. More than half of the export revenues have come through SMEs – covering ITS and ITeS categories.

Despite their remarkable export performance, SMEs continue to face a step-motherly treatment in terms of policy support or rather lack of it. The report suggest various measures to follow an SME-friendly approach including better access to capital and broadening the definition of ITeS to align itself with the WTO Information Technology Agreement.

Among its other recommendations, *Browser 2002* concludes that for market development, there is a clear need to introduce some conducive policy changes. By allowing 100% depreciation, for example, government can offset its revenues by way of more excise duty collection. In fact, by applying this, the annual profit to the government could amount to over Rs. 30 Crore.

Industry leaders, policy-makers, academia and other professionals from India and abroad participated in the conference. Top executives from SCO, HP, Compaq, Samsung, and Ministry of Information Technology (Government of India), were among those who attended the event. They discussed an array of issues including software exports, IT penetration in India, demographic shifts, distribution models, India-China market comparison, role of SME sector, and so on, in view of the emerging market opportunities and challenges.

“We are satisfied with the Summit’s success to demystify concerns in the Indian IT market and to clearly define future goals,” **said Mr. Kochhar.**

Skoch also used this forum to honor individual companies on the basis of their potential to perform during the next three years. A ceremony was arranged to distribute awards to these companies covering different market segments.

About Skoch

Skoch Consultancy Services is an independent IT industry analyst and strategic consultancy firm to several Fortune 500 as well as SME companies worldwide. Skoch assists western companies looking at business prospects in Asian markets while helping Asian companies to develop themselves as global entities, as a part of its services.

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