

India outsourcing sector eyes emerging markets for growth

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Business from emerging markets will help India's flagship information technology sector counter slowing demand in Western nations, the country's technology minister said Tuesday.

Solutions "will come from IT growth in emerging markets," Information Technology Minister Kapil Sibal said at the start of the three-day conference attended by more than 1,600 policymakers, analysts and investors from 25 countries.

[Emerging markets](#) are "where half of the population exists and innovations are rapidly emerging to take care of problems," Sibal told the conference.

The outsourcing sector has been a crucial driver in India's transformation into a major emerging market economy and accounts for at least five percent of [gross domestic product](#).

But India's IT export revenues will slow in the next financial year due to "global uncertainty," according to the country's IT lobby group National Association of Software and Services Companies, or Nasscom.

It forecasts export growth of up to 14 percent to \$78 billion in the 12 months starting April 1, down from the estimated 16.3 percent expansion in the current financial year.

Most of India's top software outsourcing firms reported strong third-quarter profits but said the global outlook remained difficult.

US and European clients contribute nearly 80 percent of the sector's revenues.

But to counter a [slowdown](#) in those markets, India's IT industry is starting to seek business opportunities in the newer markets of Africa, [Latin America](#), Russia and China, said Nasscom president Som Mittal.

"The industry is still very resilient and able to cope with the current [economic problems](#)," Nasscom chairman Rajendra Pawar told the conference.

The sector's share in global [outsourcing](#) by businesses seeking to reduce costs has touched 58 percent, up from 55 percent a year earlier.

US and other foreign firms have been drawn to India by its vast English-speaking workforce and lower labour costs.

The industry is aiming to achieve \$225 billion in export and domestic

revenues by 2020, up from \$101 billion this year, for which Nasscom says it needs to achieve 13 to 14 percent average growth over the next eight years.

"I think we can maintain that," said Mittal.

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