

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:5706
ANSWERED ON:30.04.2003
PERFORMANCE OF INFOTECH COMPANIES
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the ongoing slowdown, Gulf war and appreciation of rupee against the US dollar are likely to erode profitability of Indian infotech companies;
- (b) if so, the details thereof and the total loss suffered by Indian IT industry so far as a result thereof; and
- (c) the steps taken or being taken by the Government to minimise the woes of IT industry by providing them more facilities and concessions for their survival?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(SU THIRUNAVUKKARASAR)

(a) and (b): The on-going global slow down, Gulf war and the appreciation of rupee against the US dollar are likely to have some impact on the profitability of Indian infotech companies. Volumes are still growing at a healthy rate, though margins are under pressure.

However, global outsourcing model for IT software & services has come to the main stream and is gaining momentum. Gulf war initially slowed down the pace of the growth in this area. But the momentum is expected to pick up in the remaining part of this calendar year.

(c): Government is seized of the situation. Steps taken by the Government to promote IT sector are enclosed as Annexure.