

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

UNSTARRED QUESTION NO:1745
ANSWERED ON:10.08.2011
GROWTH OF SOFTWARE INDUSTRY
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether annual growth rate of Information Technology (IT) Software and Service Provider Sector in the country has considerably declined during the years 2009-10 and 2010-11 ;
- (b) if so, the details thereof;
- (c) whether this annual growth rate is less than the average annual growth rate of the last five years;
- (d) if so, the details thereof and the reasons therefor: and
- (e) the steps taken/proposed to be taken by the Government to promote the IT sector and augment the growth in the sector ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a) to (d): During the FY 2009-10 and 2010-11, the annual growth rate of Information Technology (IT) Software and Service sector has been considerably less than the annual average growth rate of the last five years. During this period, the annual growth rate is less than the average annual growth rate of the last five years due to global economic slowdown as over 75% of the total software and service revenue of the country is from exports. The details of annual growth rate of IT Software and Service sector and the average annual growth rate for the last five years is given in the table below.

Indian Software and Services Revenue
(Domestic + Exports) in rupee terms

2005-06	2006-07	2007-08	2008-09	2009-10	Average 2010-11
	Annual (Est)				
	Growth				
	Rate of				
	last 5				
	years				
	(2005				
	-10)				

Value 133700 1,78,000 2,11,410 2,75,190 3,04,800 3,48,330
in
`Crore 24.8%

Annual 31.2% 33.1 % 18.8% 30.2 % 10.8% 14.3%
Growth
Rate

Source: DIT, Annual Report

(e): Government extends several incentives for Information Technology Sector in the country under the Software Technology Parks (STP) scheme.

Besides, software is also exempted from basic customs duty. Furthermore, several items for the IT sector are covered under the ITA Agreement, and hence exempted from customs duty.

Section 10AA of the Income Tax Act provides for a deduction from the total income of hundred percent of profits and gains derived by

a unit located in a Special Economic Zone (SEZ) from the export of articles or things or from services for the first 5 consecutive assessment years, of fifty percent for further 5 assessment years and thereafter, of fifty percent of the ploughed back export profit for next 5 years.