

Problems and Prospects of IT Sector: A Study in the Post Covid Era

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Abstract: An Indian Economy services sector is the Major Contributor for the GDP of India in services sector, IT ITES BPO and Allied Technologies. In this direction, during the Covid-19 pandemic period, the IT Industry faced the problems like Lockdowns, Layoffs Terminations and Professional Labour Turnover. By keeping the above points in mind different IT companies performance inside the company in stock exchange and in open society, possibly right number of companies Data with regard to profitability, Market Capitalisation and on other parameters, analysis is carried out and Interpretation is drawn for right inference

I. INTRODUCTION

India Was an underdeveloped Nation till 1990-91 New economic Policy (NEP) Formulation, after 1991 July, the New Economic Policy adapted by the Government of India as steered the Indian Economy with new speed and accuracy towards the overall economic development of the Nation. Analysts in the country opined and analysed that the economic development in the aftermath of NEP is many times more than the 1947-1990 era.

After Integrating the Indian Economy with Globalisation and Global Economics, there has been an enormous growth of FDI into Industries, Construction, Agriculture and Services Sections. Services sector alone Contributing Significant revenue in the form of the present problems faced by the IT Sector during Covid-19 Era .Eventually ,It also focuses on the Prospects of IT Sector in the Post Covid Era. To gain insights into the pertinent Literature has been done as Pertinent below.

II. REVIEW OF LITERATURE

To gain insights into the area of the subject, important literature is reviewed form the published sources, as shown below:

1. **Renu Budhiraja (2007)** study observed that electronic governance wave had started worldwide. It was reported that electronic governance was already available but managerial issues were of key importance. Change in the mindset of the people particularly at the top levels in the bureaucracy and policy making was important because they were responsible for providing the right leadership. This change in th mindset can be brought by focused organization development interventions and training programs. Once this is done, there would be a corresponding trickledown effect right through the spectrum of government then, there is a future of e-homes with e-services at the doorsteps.
2. **Nirupam Bajpai & Navi Radjow and (2000)** revealed that in the emerging knowledge based global economy and sustainable competitive advantage of nations will reside not in their possession of natural resources or cheap labor force, but in their countries intellectual asset. The knowledge revolution offers a unique chance to scale the heights of significant development. They argued that in order to make such a leap Tamil Nadu needed to initiate a knowledge-led development policy that build on the state's successful IT industry. Their work proposed a road map to raise the global competitiveness of Tamil Nadu's IT industry through strengthening both demand and supply.
3. **Bresnahan and Greenstein (2001)** observed the process by which technical change in Information Technology (IT) increased economic welfare. It was found that technical process change resulted in increase in welfare at different rates in different countries and regions. This study considered existing literature on measuring the economic benefits from Information Technology, emphasizing comparative issue and user studies.
4. **Oliner and Sichel (2000)** in USA. It was found that the performance of US Economy over the past several years was remarkable, including a rebound in labor productivity growth. This paper re-examined role of Information Technology in the recent growth and contribution of computers and related inputs with the same neoclassical framework. Result indicated that contribution to productivity growth from the use of Information Technology including computer hardware, software and communication equipment surged in the second half of the 1990s. In addition, technological advance in the production of computers appeared to have contributed importantly to speed-up the productivity growth.
5. **Similarly, Kripalani & Clifford (2000)** in his study observed that, India has reached a pivotal moment and have an opportunity to prove themselves in the global spectrum in IT growth and economic development. As the benefits of joining the global IT revolution become ever more apparent, India is ready for its moment on the world

Objectives of the Paper

The basic objectives of the paper are to explain the problems faced by Companies, Employees, Transport Personnel and other stakeholders in IT Sector. Further, the prospects emerging in the post covid-19 Era are also going to be examine. However, the sub objectives of the paper are as follows :

1. Companies providing employment to Lakhs of employees and there by contributing for the GDP and economic growth of India. In the field of service sector, significant rise took place in IT, ITES, BPO, KPO and LPO etc. FDI From Japan US, China, Canada, Europe and Saudi Arabia Started flowing into corporate sector in the form of establishing MNCs, Strategic Partnerships, Licensing, M&A, Alliances, Corporate Restructuring etc..
2. In Indian context, Safest places for Data storage and Corporate Activities started rising in emerging Metros like Bangalore, Hyderabad, Chennai & Coimbatore Trivandrum, Pune, Ahmadabad, Noida Guru gram Calcutta and Mangalore.

- To explore the impact of covid-19 on the Market size and facilitate the impact of stock market(Sensex and BSE) upon the IT sector growth and Market Price per Share and present the IT stocks during covid-19 pandemic, YTD and Market Capitalisation in India.

Data compilation- A Bird's Eye view

Finally, Major IT Players, like WIPRO,HCL, TCS, Infosys and Tech Mahindra profitability and financial Position Analysis. India is a Leading sourcing destination across the world ,accounting for approximately 55 percent market share of the USD 200-250 billion global services sourcing business in 2019-20.The IT industry accounted for 8 percent of India's GDP in 2020.Gradually.India is emerging as the hub for 'digital skills'. Within the private sector, the IT industry is known to be the largest employer. In FY20, the industry employed over 4 million persons directly. Further, each job in the adjacent sectors. In fact, India is transforming into a digital economy with over 750 million internet subscribers, only second to china. Due to the lockdown restrictions, the IT and BPM sectors rapidly adapted to remote work culture. During the Global pandemic, the hiring inclination came with the benefits of work from home more than 2 million IT professionals working remotely. In the global sourcing market, India's Cost competitiveness in providing IT services, which is approximately 3-4 times more cost-effective than the US, continues to be its unique characteristic. Beside, the National Optical Fiber Network (NOFN) bears a focus to connect all 250,000 village councils in the country with high speed broadband.

Market Size

On a global basis, estimation of revenue of the IT and BPM sectors is approximately USD 194 billion in FY21, which accounts for an increase of 2.3 percent on a Yoyo basis. On a domestic basis the revenue of the IT industry is estimated at USD 45 billion and export revenue is estimated at USD 150 billion in FY21.IT spending in India is estimated to reach USD 93 billion in 2021 indicating 7.3 percent YoY growth where it will increase to USD 98.5 billion in 2022. If we look at the employment members in the IT industry of FY21, the BPM sector in India currently employs more than 1.4 million people while IT and BPM together have more than 4.5 million Workers. On the other hand, the Indian software product industry is predicted to reach USD 100 billion by 2025.

The Data annotation market in India stood at approximately USD 250 million in FY20, of which the US market contributed around 60 percent to the overall value. The market is expected to reach approximately USD 7 billion by 2030 on the back of accelerated domestic demand for Artificial Intelligence(AI).The factor that has attracted significant investment from major countries is Indian ITs core competencies and strengths. To look at the numbers ,the computer software and hardware sector in India pulled cumulative foreign direct investment (FDI) inflow worth USD 71.05 billion in the period April 2000 to March 2021.The sector held a second position in FDI inflows as per the data released by Department for Promotion of industry and Internal Trade(DPIIT).

In FY21, the computer software and hardware segments were leading in FDI investments ,accounting for 44 percent share of the total FDI inflows of USD81.72 billion. Throughout the pandemic struck environment impacting the economy, the IT sector has been performing quite healthily as compared to others. As illustrated in the table below ,the it sector has out performed the Sensex with a decently wide margin in terms of recovery from the hit caused by pandemic in March 2020.During this recessionary phase, the IT sector remained one of the least impacted in terms of hiring with al business going online. The demand for professionals in both software and hardware segments was witnessed to be steady with an upward month-on-month recovery.

Comparison between Sensex and BSE IT Index		
Timeframe	Sensex	BSE IT Index
3 months	12.79	19.2
6 months	18.5	31
YTD	23.59	43.72
1 YEAR	51.4	75.21
Returns from march 23,2020 To September 17,2021	127.14	211.08

As we have gone through the outperformance of IT index in comparison to benchmark indices, Lets have a look at the bigger picture depicting the top-performing IT stocks since the pandemic struck the economy. We can observe that the returns of the IT stocks have railed up to 1.990percent since March 23,2020to September 17,2020.The top stock on the list was Tanla platforms which zoomed by 1,990.38 percent. It was followed by Subex and Brightcom Group, each giving returns of 1,667.21 and 1,504.12 per cent. The following table highlights the top 10 IT stocks shining through the pandemic.

TOP Performing IT stocks during COVID-19 pandemic		
Company name	LatestMarket cap (crore)	Returns from march 3,2021 to September 17,2021(%)
Tanla platform Ltd	11315.68	1990.38
Subex Ltd	3029.2	1667.21
Brightcom Group Ltd	4317.57	1504.1
Mastek Ltd	7526.79	1443.97
Intellect Design Arena Ltd	9086.37	1292.7
Digispice Technologies Ltd	1140.83	1186.82
Tejas Networks Ltd	3950.24	1149.04

Continental Chemicals Ltd	60.51	1069.78
Palred Technologies Ltd	112.17	987.26
Tata Elxsi Ltd	34169.53	905.36

Throwing light upon the sector's performance in 2021, around 53 stocks have doubled the investors return so far in 2021. The return have soared up to 1,064.78 percent, the highest return bagged by Megri soft, a commercial IT company providing web services for business since 1992. It was followed by Cressenda Solutions, Brightcom Group and Majesco gaining 564.29 percent, 477.62 percent and 443.83 percent, respectively, in 2021 so far.

TOP performing IT Stocks ON a YTD basis		
Company Name	Latest Market Cap (crore)	YTD Returns(%)
Megri Soft Ltd	71.15	1064.78
Cressanda solutions Ltd	56.47	564.29
Brightcom Group Ltd	4317.57	477.62
Majesco Ltd	252.23	443.83
Mahaveer infoway Ltd	2.53	388.3
Cranes Software International LTD	29.68	342.11
Happiest Minds technologies Ltd	21947.29	340.11
Indian infotech & Software Ltd	132.45	300.00
Svam Software Ltd	6.64	238.79
Tejas Networks Ltd	3950.24	204.26

The technology industry is popular for its cutting-edge innovation and global success. However in the few months, passing through the second wave of the pandemic, the sector stood for one thing above all – its people and the continuous message from nearly every CEO was that the company would put the safety and wellness of its employees and their families' top priority. During last year when the cases had just started rising around April 2020, stringent lockdowns were imposed and the industry rapidly transitioned to a remote working model while keeping employee safety as its foremost concern. Over the last 14-15 months the industry has continuously focused on strengthening the remote working model.

The industry has opted for best practices on remote working and the lockdowns have not led to any hardships, companies were operating at 90 percent work from home in March 2021 and have rapidly transitioned to 98 percent work from home. The model is extremely fungible, bearing constant investment in technology and process infrastructure. When we think of a distributed work model over 150+ cities and towns in India and many internationally, but that has been the technology industry model for the last year.

Company Name	Market Cap (₹ crore)	Nnif22 (in ₹ crore)				NIFY21 (in ₹ crore)			Change (in%)			
		Net sales	PBIT (Excl OL)	PBIDTM (%)	PAT	NET Sales	PBIT (Excl OL)	PAT	NET SALES	PBIDT (EXCL OL)	PBIDTM (IN BPS)	PAT
INFO EDGE (INDIA)	83,589.26	691.33	691.33	28.88	7,686.66	545.96	154.08	514.97	26.63	29.57	66	1,392.64
Comp Age Mgmt Services	14,927.54	428.77	428.77	46.33	135.80	319.77	125.21	88.75	34.09	58.65	717	53.02
Firstsource Solutions	12,132.14	2,931.41	2,913.41	16.38	268.69	2,249.89	354.44	193.96	29.49	34.61	62	38.53
eClerx Services	8,398.55	1,009.51	1,009.51	30.34	192.80	697.34	183.44	113.22	44.77	66.95	403	70.29
Hinduja Globe Solutions	6,125.39	3,133.08	3,133.08	14.65	253.52	2,568.48	311.18	13.55	21.98	47.5	253	94.19
Vakrangee	3,835.05	361.21	361.21	19.76	50.07	138.08	8.67	25.2	161.59	723.51	1,349	98.68
Matrimony.com	2,239.66	215.42	215.42	22.54	30.86	180.06	31.94	20.12	19.64	51.99	480	53.4

Company Name	Market Cap (₹ crore)	Nnif22 (in ₹ crore)				NIFY21 (in ₹ crore)			Change (in%)			
		Net sales	PBIT (Excl OL)	PBIDTM (%)	PAT	NET Sales	PBIT (Excl OL)	PAT	NET SALES	PBIDT (EXCL OL)	PBIDTM (IN BPS)	PAT
IT-EDUCATION												
NIIT	5486.34	615.21	144.18	23.44	107.78	420.63	56.23	63.21	46.269	156.42	1,007	70.5
Aptech	1525.29	53.53	12.79	23.89	10.46	49.08	-1.7	-4.69	9.05			

Company Name	Market Cap (₹ crore)	Nnif22(in ₹ crore)				NIFY21(in ₹ crore)			Change(in%)			
		Net sales	PBIT (Excl OL)	PBIT M (%)	PAT	NET Sales	PBIT (Excl OL)	PAT	NET SALES	PBIT (EXCL OL)	PBITDM (IN BPS)	PAT
IT-SOFTWARE												
TCS	1285.66.79	92.278	25.779.00	27.94	18.684.00	78.457.00	20.139.00	14.553.00	17.62	26.87	204	28.39
Infosys	748.880.33	57.498	15.263.00	26.55	10.629.00	48.235.00	13.204.00	9130	19.2	15.59	-83	16.42
Wipro	356.765.31	38.136.30	8.365.40	21.94	6.178.90	30.109.50	6.626.40	4893.4	27.04	26.24	-14	26.27
HCL Technologies	303.984.76	40.723.00	10.084.00	24.76	6.476.00	36.436.00	9.875.00	6081	11.77	2.12	-234	6.5
Tech Mahindra	151.952.88	20.078.90	3.871.60	18.37	2.707.60	18.478.10	3.003.50	2.018.20	14.08	28.9	211	34.16
Larsen&Turbo Infotech	125.231.53	7.229.50	1.380.90	19.1	1.048.50	5.947.60	1.277.50	873.2	21.55	8.09	-238	20.08
Mindtree	79.733.64	4.8777.90	995.2	20.4	742.3	3.834.80	712.3	466.7	27.2	39.72	183	59.05
Mphasis	62.493.71	5.560.06	987.32	17.76	681.14	4.723.64	870.23	574.34	17.71	13.45	-67	18.6
Tata Elxsi	39.796.20	1.153.65	333.63	28.92	238.71	830.67	208.82	147.75	38.88	59.77	378	61.56
Oracle Financial Serv Software	37.706.44	2.678.34	1362.14	50.56	971.74	2534.65	1.249.37	871.86	5.67	9.03	157	11.46
Coforge	33.845.17	3.031.00	486.1	16.04	292.7	2210.7	368.1	205.1	37.11	32.06	-61	42.71
Persistent systems	31.774.84	1.229.93	201.52	16.38	151.25	1.999.13	312.21	191.99	38.48	35.45	77	-21.22
Tanla Platforms	19.857.53	1.468.00	313.21	21.34	240.66	1.038.79	172.53	160.08	41.32	81.54	473	50.34
Happiest Mind technologies	18.591.46	5.9.14	117.42	23.06	80.17	359.86	82.17	84.26	41.48	42.9	23	-4.85
Birla Soft	13.204.95	1957	302.82	15.47	216.77	1.772.09	232.41	125.47	10.43	30.3	236	72.77
Cyient	12.593.35	2.169.80	393.6	18.14	236.3	1.995.00	247.5	165.3	8.76	59.03	573	42.95
KPIT Technologies	12.333.73	1.158.25	202.18	17.46	125.35	978.17	134.05	51.38	18.41	50.83	375	143.97
Route Mobile	12.049.26	813.19	101.51	12.48	76.4	658.89	79.45	59.65	23.42	27.77	43	28.06
Brightcom group	11.306.93	1757.83	554.33	31.53	317.7	1277.89	388.91	204.38	37.56	42.53	110	55.44
Zensar Technologies	10.145.35	1987.4	333.8	16.8	198.4	1.970.69	327.2	77.18	0.85	2.02	19	157.06

Company Name	Market Cap(₹ crore)	Nnif22(in ₹ crore)				NIFY21(in ₹ crore)			Change(in%)			
		Net sales	PBIT (Excl OL)	PBITDM (%)	PAT	NET Sales	PBIT (Excl OL)	PAT	NET SALES	PBIT (EXCL OL)	PBITDM (IN BPS)	PAT
Intellect Design Arena	9.010.70	860.49	218.42	25.38	161.26	717.07	154.32	108.01	19.9	41.54	388	49.3
Sonata software	8.878045	2.231.72	224.04	10.04	177.9	1756.21	165.36	107.12	27.08	35.49	62	66.08
Mastek	8.079.75	1.049.98	225.17	21.45	161.74	795.8	154.67	105.73	31.94	45.58	201	52.97
Nazara Technologies	6.945.99	26.8	44.1	16.91	28.5	200.5	6.1	-6.9	30.07	622.95	1.387	
Inflibeam Avenues	5.694.49	527.41	62.58	11.87	24.42	256.56	65.61	14.34	105.57	-4.62	-1371	70.29
Newgen Software Technologies	4.158.87	345.03	69.36	20.1	59	287.13	56.69	38.33	20.17	22.36	36	53.91
Subex	3.057.30	166.9	26.1	15.64	18.3	181.99	55.0058.42	27.41	-8.29	-52.55	-1.458	-33.24
R system International	2.862.90	579.34	84.93	14.66	83.76	434.69	59.55	43	33.28	45.38	122	94.81
Sasken Technologies	1.896.49	218.45	66.59	30.48	7.29	220.34	61.5	51.55	-0.86	11.82	346	38.28
Datamatics Global Services	1.890.21	586.99	91.28	15.55	74.36	562.71	282.74	30.63	4.31	48.44	462	142.76
RPSG Ventures	1.848.24	3.210.36	416.63	12.98	163.07	2.438.01	78.04	105.58	31.68	47.35	138	54.45
Cigniti Technologies	1.7230.60	572.26	54.35	9.5	42.59	439.6	71.04	54.33	30.18	-30.35	-825	-21.62
Nucleas Software Exports	1.715.29	222.56	6.57	2.95	14.58	265.34	22.31	65.78	-16.12	-90.75	-2.382	-77.84
Accelya Solutions India	1.696.82	171	58.73	34.35	32.58	122.23	0.93	5.6	39.9	163.24	1609	481.5
Zen Technologies	1.686.59	25.72	-1.17	-	-2.31	16.52	52.51	-0.82	55.7			

3I Infotech	1.417.49	336.96	-20.95	-*	-30.96	490.53	37.02	25.8	-31.31			
Expelo Solutions	1.363.32	185.12	30.95	16.72	23.89	149.44	71.22	26.84	23.87	-16.4	-805	-11.02
Quick Heal Technologies	1.283.4	158.57	51.51	32.48	40.81	157.88	86.86	53.79	0.44	-27.68	-1263	-24.31
Ramco Systems	1.233.49	281.16	16.77	5.97	-21.45	305.07	33.51	31.11	-7.84	-80.69	-2251	
Onmobile Global	1.153.93	259.2	23.26	8.97	18.97	280.81	29.54	19.87	-7.7	-30.59	-296	-4.53
Xchanging Solutions	1.129.63	86.66	25.65	29.6	29.743	103.24	31.35	33.54	-16.6	-13.17	99	-12.25
Saksoft	1.023.40	216.87	34.81	16.05	30.78	190.94	19.01	20.86	13.58	11.06	-36	47.59

CONCLUSION

Of late the IT sector has been driving new hiring trends. In fact, IT sector jobs are being seen at an all time high with hiring of skilled professionals increasing to 52 percent from the pre pandemic levels. The year-on-year(YoY)growth in hiring has been an approximately 163 percent In June 2021.cities like Bangalore, Pune and Hyderabad, where many IT companies have their base witnessed a double-digit growth in hiring activity, indicating a uniform revival of jobs in this sector. As of now, the IT sector is maintaining the uptrend of hiring activity with a continuous demand for skilled personnel.

Besides, it is not just jobs that are opening up, Companies are also offering higher pay packages in comparison to the previous year. IT giants such as Tata Consultancy Services (TCS) and Infosys are on a rapid hiring spree and offering salary hikes in the range of 70-120 percent along with bonuses to new employees.TCS recently announced that it has started a recruitment drive for women professionals, particularly for those looking for job opportunities after a career gap. We would like to highlight some recent major developments in the IT sector.

1. In July 2021, TCS expanded its strategic partnership with Royal London, the largest mutual life insurance, pensions and Investment Company in the UK, to help the latter transform its pension platform estate and deliver market leading services to members and customers.
2. In July 2021, HCL announced a multi-year agreement with Friskers Group, consisting of a family of lifestyle brands including Friskers ,Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood, for digital transformation.
3. In June 2021, Federal Bank expanded its strategic collaboration with Oracle and Infosys to offer to enhanced customer experience through Oracle CX customer experience platform.
4. In June 2021,the International chess federation(FIDE) announced a new partnership with Tech Mahindra Ltd to focus on creating together the Global chess League,a project first proposed by Tech Mahindra.

SUGGESTIONS

The fact that needs cheering is the demand environment for technology and digital solutions that continuous to be very healthy. The quarterly results from leading companies have demonstrated that the deal pipeline is robust and the pandemic is emphasizing on the need for every company to be technology entity. The Interest of investors in Indian technology start-ups is it an all-time high and additional businesses in India are building their online plus offline model. Demand for technology and digital talent continues to overpower supply and rapid re-skilling efforts by the industry in India are helping to address this shortage. Indian companies are keenly focusing on investing internationally to expand the global footprint and enhance their global delivery centers.

In line with this, in February 2021, Tata Consultancy services announced its Plan to recruit approximately 1,500 technology employees across the UK over the next year. This would build capabilities for TCS to deliver efficiently to its UK customers. Empathy, resilience, agility and adaptability continue to drive the technology industry in India and the experiences from this phase are only connecting the industry closer to its most important asset-its people. The Indian IT industry is predicted to report a net addition of more than 2 Lakhs jobs in FY22 as top players alone had a net employee addition of more than 50,000 in the April-June quarter.

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra are diversifying their offerings and showcasing leading ideas in block chain and artificial intelligence to clients using innovation hubs and research development centers to create differentiate offerings. In the Union Budget 2021, the government allocated 53,108 crore (USD 7.31 billion) to the IT and telecom sector. The Indian government is also undertaking several initiatives to promote the IT sector in India. Proving its capabilities in delivering both onshore and offshore services to global clients, the emerging technologies offer an entire new bag of opportunities for IT companies in India.

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