Journal of Advances and Scholarly Researches in Allied Education
Vol. 16, Issue No. 6, May-2019, ISSN 2230-7540

A Study of the Government Developmental Initiatives for IT Industry

Vishakha A. Gaidhani[1]* Prof. (Dr.) Rakesh S. Patil[2]

[1] Assistant Professor, MBA Department, Sir Visvesvaraya Institute of Technology, Chincholi, Sinnar, Nashik, Maharashtra

[2] Professor & Head-MBA, Sandip Institute of Technology and Research Centre, Nashik, Maharashtra

Abstract – Indian IT industry is one of the major industries in India which has fostered growth and development of the economy by its enormous contribution towards GDP growth and employment generation .Besides providing skilled man power the country serves as a lucrative outsourcing destination for IT and IT enable services. The government has been longing towards growth and development of the sector and to further this objective it has administered several policy measures for its advancements. These developmental initiatives of the government are worth praise but a sincere effort towards analysing its efficacy is the need of the hour. The present study intends to apply statistical tools like Correlation, Regression, ANOVA, t test and Z test for analysing the effectiveness of the government initiatives in fostering growth and development of the sector.

Key Words: Government developmental initiatives, IT Industry, Growth of IT

----------X----------

I. INTRODUCTION:

The IT Industry is one of the booming industries and has been an ever green one providing enormous job avenues as far as India is concerned. India has not only served as a breeder for the industry domestically but has been a provider of skilled manpower worldwide. This field of IT sector and IT enabled services has been rapidly evolving giving an altogether new outlook to business standards in India. It has boundless purview which is not only restricted to software development but also covers consultancy, management of software, BPO and KPO services and other online services.

The industry has served as one of the biggest employment generator with cumulative employee strength growing to 1.02 million for four Indian IT giants viz. TCS, Wipro, HCL technologies and Infosys as on December 31, 2019. The industry has added new jobs from 185000 to over 205,000 in FY19 and had contributed about 884,000 digitally skilled talents in 2019. (IT & BPM Industry in India, 2020)

For the past one decade it has not only been contributing to the employment generation but is also contributing enormously to the growth of the country by its contribution in the GDP growth which was estimated to be 7.7% - FY 2020 and is expected to increase to 10% by 2025 (IT & BPM Industry in India, 2020). Starting off from an export of nearly $100 million and an employee strength of 5,000 , it has now emerged as a global one catering to several countries world-wide (India education, 2017). Not only does domestic environment affects the industry but several other factors including international market and sustenance of its growth rate have an impeding impact on this industry. Although the industry is a promising one having huge potential but the demand-supply gap poses great concerns before its growth and development. Amongst other challenges the industry is facing issues of inadequate infrastructure, taxation concerns and global competition from low cost destination countries like China. Not only limited to catering to the domestic market , India has now emerged as a major source for outsourcing to countries of Middle east, Europe, Africa and even other Asian countries. It accounts for more than 55% market share of the US$ 200-250 billion global services sourcing industry (2019-20). Indian IT & BPM companies have been catering to about 80 countries worldwide through their 1000 global delivery centres. The industry has generated around US$ 191 billion revenue in the financial year 2020 with an estimated growth rate of 7.7% which is expected to grow to US$ 350 billion by 2025. Its digital segment revenue itself is expected to be around 38% of the total revenue of the industry by the year 2025 to an estimated amount of about Rs. 69,89,000 crore (US$ 1 trillion).The

total revenue estimated for the industry includes domestic revenue of US$ 44 billion and export revenue of US$ 147 billion in FY20 (IT & BPM Industry in India, 2020). Amongst the major players in the industry are included big giants like TCS, Yahoo, Google, Infosys Technologies, HCL technologies, Wipro, Cognizant to name a few. Having realised the enormous growth potential the government has put in place several policies and intervention for its development.

The government policies and interventions can be segregated into various categories viz Fiscal policies which include the financial incentives and assistances offered to the companies in the IT sector. The basic objective behind these policy interventions is to encourage research and development activities.

Other policy provisions include human capital-related policies, which intend to assist availability of one of the major enablers for growth of the IT sector i.e. the required human capital. The other category of provisions include Policies which have an impact on the investment climate of the nation, so as make the economy attractive for domestic or multinational companies looking out for investments. This paper is an attempt to analyse the impact of key government initiatives and policies and its impact on the development of IT sector in India.

2. MATERIALS AND METHODS:

Objective

To study the government developmental initiatives for IT Industry

Hypothesis

H_0– "Initiatives undertaken by the Government of India for IT Industry have no significant impact on the success of IT companies"

H_1 – "Initiatives undertaken by the Government of India for IT Industry have significant impact on the success of IT companies"

Sample Size: A sample size of 50 entrepreneurs and employee in the IT sector have been approached and data has been collected.

Sampling Method: Simple Random sampling, Purposive sampling

Study area: North Maharashtra Industrial area

Questionnaire: Structured Questionnaire

Analysis tools: Descriptive analysis, Tabulation, Charts

Statistical tools: Correlation, Regression, ANOVA, t test and Z test

3. DISCUSSION AND ANALYSIS

SUMMARY STATISTICS

	Success of IT company	*Government Initiatives in IT Sector*
Mean	4.216	4.168
Standard Error	0.0966	0.1070
Median	4.2	4.4
Mode	5	5
Standard Deviation	0.6831	0.7563
Sample Variance	0.4667	0.5720
Kurtosis	-1.6046	-1.1207
Skewness	-0.1031	-0.5360
Range	1.8	2.2
Minimum	3.2	2.8
Maximum	5	5
Sum	210.8	208.4
Count	50	50

A. Correlation matrix (Pearson):

	Success of IT company	*Government Initiatives in IT Sector*
Success of IT company	1	
Government Initiatives in IT Sector	0.7547	1

Values in bold are different from 0 with a significance level alpha=0.05

B. Linear regression

Regression Statistics	
Multiple R	0.7547
R Square	0.5695
Adjusted R Square	0.5605
Standard Error	0.4529
Observations	50

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	13.0232	13.0232	63.5017	0.0000
Residual	48	9.8440	0.2051		
Total	49	22.8672			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.3749	0.3622	3.7957	0.0004	0.6466	2.1032	0.6466	2.1032
Government Initiatives in IT Sector	0.6816	0.0855	7.9688	0.0000	0.5097	0.8536	0.5097	0.8536

Equation of the model (Start-up growth.):

Success of IT company=1.3749 +0.6816 Government Initiatives in IT Sector.

C. Anova: Single Factor:

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	0.0576	1	0.0576	0.1109	0.7398	3.9381
Within Groups	50.896	98	0.5193			
Total	50.9536	99				

Test interpretation:

As the computed F critical-value is higher than the F, one should accept the null hypothesis H0, and reject the alternative hypothesis Ha. Thus, in this case it can be concluded that **"Initiatives undertaken by the Government of India for IT Industry have no significant impact on the success of IT companies"**.

D. t-Test: Paired Two Sample for Means

	Success of IT company	*Government Initiatives in IT Sector*
Mean	4.216	4.168
Variance	0.4667	0.5720
Observations	50	50
Pearson Correlation	0.7547	
Hypothesized Mean Difference	0	
Df	49	
t Stat	0.6671	
P(T<=t) one-tail	0.2539	
t Critical one-tail	1.6766	
P(T<=t) two-tail	0.5078	
t Critical two-tail	2.0096	

Test interpretation:

Since the p – value is more than our alpha, 0.05, we accept the null hypothesis that there is no significant difference in the means of each sample. Thus, it can be concluded that **"Initiatives undertaken by the Government of India for IT Industry have no significant impact on the success of IT companies"**

E. z-Test: Two Sample for Means

	Success of IT company	*Government Initiatives in IT Sector*
Mean	4.216	4.168
Known Variance	0.4666	0.572
Observations	50	50
Hypothesized Mean Difference	0	
Z	0.3330	
P(Z<=z) one-tail	0.3696	
z Critical one-tail	1.6449	
P(Z<=z) two-tail	0.7391	
z Critical two-tail	1.9600	

Test interpretation:

Since the p-value is larger than our Alpha (0.05), we cannot reject the null hypothesis that there is no significant difference in the means of each sample. Thus, it can be concluded that **"Initiatives undertaken by the Government of India for IT Industry have no significant impact on the success of IT companies"**

III. CONCLUSION:

IT industry has been a major contributor to the growth and development of the economy. The government has been taking into consideration several policy measures and initiative to promote the growth of the industry. Although several policy measures have been put in place still their efficacy is under lens. There are apprehensions on whether the measures adopted by the government are sufficient enough to foster growth of the IT sector.The tests applied in the current study reveals that Initiatives undertaken by the Government of India for IT Industry have no significant impact on the success of IT companies and government will have to increase its efforts in the right direction so as to ensure facilitation and advancement of the sector.

IV. REFERENCES:

i. Brand India. (n.d.). Retrieved January 18, 2021, from https://www.ibef.org/industry/information-technology-india.aspx

ii. ii. Chapter 4. (n.d.). Retrieved January 18, 2021, from http://www.infodev.org/infodev-files/resource/InfodevDocuments_628.pdf

iii. IAS Score. (n.d.). Government Initiatives in IT Sector. Retrieved January 18, 2021, from https://iasscore.in/upsc-prelims/government-initiatives-in-it-sector

Corresponding Author

Vishakha A. Gaidhani*

Assistant Professor, MBA Department, Sir Visvesvaraya Institute of Technology, Chincholi, Sinnar, Nashik, Maharashtra