

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA  
BANGALORE**

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**IT & ITES SECTOR REGISTERS PHENOMENAL GROWTH  
MAJOR INITIATIVES IN AREAS OF E- GOVERNANCE, LANGUAGE  
COMPUTING , INTERNET PENETRATION LAUNCHED  
LOW COST PC'S UNVEILED**

New Delhi, December 19, 2005

Indian Information Technology (IT) and IT enabled services (ITES-BPO) during the year continue to chart remarkable growth. The Indian software and services export is estimated at Rs. 78,230 crore (US\$ 17.2 billion) in 2004-05, as compared to Rs. 58,240 crore (US \$ 12.8 billion) in 2003-04, an increase of 34 per cent both in rupee terms and dollar terms. This segment will continue to show robust growth in future also. IT exports likely to grow by 30-32% in dollar terms during 2005-06. The production of the Indian electronics and IT industry is estimated at Rs. 148,360 crore during 2004-05, as compared to Rs. 118,290 crore during the year 2003-04, a growth of 25.4%.

During the year, ITES-BPO sector industry continues to grow from strength to strength, witnessing high levels of activity – both onshore as well as offshore. As export revenues from ITES-BPO grew from US \$ 2.5 billion in year 2002-03 to US \$ 3.6 billion in years 2003-04 and US \$ 5.1 billion in the year 2004-05.

The ITES-BPO sector has become the biggest employment generator amongst young college graduates with the number of jobs almost doubling each year. The number of professionals employed in India by IT and ITES sectors is estimated at 1,045,000 as of March 2005. The increased attractiveness of India as an investment destination in IT has led to the reversal of the brain drain – people of Indian origin who went to pursue careers abroad are now attracted to work in India.

Another significant milestone achieved during the year was that Global IT & Telecom giants ( Microsoft, Intel, AMD, Semindia, Cisco, Flextronics, Nokia, Alcatel, Ericsson etc) have announced their investment plans of more than 8 billion USA dollars in the country over the next 3-5 years. These investments cover the entire gamut of IT services (software, microprocessors and networking equipment) and Telecom equipment manufacturing . The whole exercise of making “India as Telecom & IT equipment Manufacturing hub” started with Shri Dayanidhi Maran’s announcement immediately after taking over Minister of Communications & IT in May 2004, of achieving a target of 250 million telephone connections by the year 2007 and taking the tele-density to about 22. And for the IT sector, he also announced 10 point agenda.

Major Initiatives in Information Technology Sector during the year were:

1. National Plan on e-Governance

The National Common Minimum Programme adopted by the Government accords high priority to improving the quality of basic governance and in that context has proposed to promote e-Governance on a massive scale in areas of concern to the common man. A National e-Governance Plan (NEGP) has accordingly been drawn up covering 26 Mission Mode Projects and 8 support components to be implemented at the Central, State and Local Government Levels. India is aiming at achieving the objective of :

*“Making all Government services accessible to the common man in his locality, throughout his life through a One-stop-shop (integrated service delivery) ensuring efficiency, transparency & reliability and at affordable costs to meet the basic needs of the common man”*

For realizing this objective, Data Connectivity and Services Delivery Access points need to be established all over the country, including the remotest areas. Government has already approved a scheme for the establishment of State Wide Area Networks (SWANs) at a total outlay of Rs.3,334 crore over a period of 5 years. These SWANs will extend data connectivity of 2 Mega bits per second upto the block level in State or Union Territory in the country. The block level nodes in turn, will have a provision to extend connectivity further to the village level using contemporary wireless technology. Under the scheme, proposals from 17 States/UTs have already been sanctioned and first installment of grant released to them.

Government is also formulating a proposal to establish 100,000 Common Services Centres that would extend the reach of electronic services, both government and private to the village level. Various government departments have been advised to design and evolve their Mission Mode Projects laying adequate emphasis on Services and Service levels in respect of their interface with citizens and businesses.

The Department has implemented “India Portal” project through NIC which would facilitates single window web based availability of Government information and services at the National Level. The First version of “India Portal” is now operational (and can be visited at [www.india.gov.in](http://www.india.gov.in)).

Government has also activated an Institutional mechanism for evolving and enforcement of Standards for NEGP (National e-Governance Plan). National Informatics Centre (NIC) would steer the process of evolving standards, Apex Committee (under the Chairmanship of Secretary, DIT) would be approving standards and STQC would be responsible for documentation, adoption and enforcement of standards.

The Programme Management Unit set up by the Department provides secretarial support to the Apex Committee and other Line Ministries in evolving project proposals for the execution of various Mission Mode Projects and Components under the NeGP. The nature and scale of e-governance initiatives planned in the domain of the State Governments would entail major managerial and technological challenges. This necessitates Capacity Building both at Programme level and Project level in States. The Planning Commission has allocated funds as Additional Central Assistance (ACA) to all the States for taking up Capacity Building measures as a first step towards NeGP.

For the benefit of various state governments and for maintaining uniformity, Department of Information Technology has formulated guidelines for Preparation Detailed Proposal by the respective states for capacity building. This also includes Suggested Institutional framework and formation of State e-Governance Mission Team (SeMT) attached to a suitable Department for supporting the State Policy and decision makers for taking up e-Governance Programme and projects in a comprehensive manner. The Department jointly with NISG held series of workshops to create awareness for Capacity-Building requirements. States have been advised to prepare Capacity Building Road Map and detailed project proposal for Capacity Building for the next 3 years.

## 2. National Electronics/IT Hardware Manufacturing Policy

The Department has prepared a 'Conceptual Policy Framework to promote growth of Electronics/IT Hardware Manufacturing Industry' in consultation with the industry associations. It addresses issues on – Tariff policy, EXIM policy, Hardware Manufacturing Cluster Parks, supporting R&D, marketing Made in India, inviting large Electronics Manufacturing Service Companies to set-up Indian operations, development of semiconductor industry, labour laws, patenting, etc. The discussion paper on 'Conceptual Policy Framework to promote growth of Electronics/IT Hardware Manufacturing Industry' has been forwarded to National Manufacturing Competitive Council (NMCC).

### 3. PC Penetration

The Department of Information Technology has identified increase of PC penetration and internet utilization/coverage in the country; and growth of domestic software market as the thrust areas for action during next 2-3 years. The Department has set up an Expert Committee with members from the industry and Government to suggest ways to increase PC penetration, Internet penetration and growth of domestic software. The expert committee has submitted the report on 26 April 2005. The Department has set up six committees on Low Cost PC Manufacturing; Education; e-Governance, IT for Rural and Social sectors; Multilingual Software Applications and Contents; Internet penetration; and Telemedicine to prepare Action Plan in the respective sectors. The Department will put in place a policy package in the next 3-4 months to achieve these desirable objectives.

One of the objective of setting up of Expert Committee on PC penetration was to make the price of computer affordable. As a step in this direction, the Department had discussions with various computer manufacturers to roll out sub Rs. 10,000 fully loaded computer. This major initiative would go a long way in increasing PC penetration in the country. As a result of these initiatives, two manufacturers namely, M/s HCL and M/s Xenitis have launched their low cost PC at a price below Rs. 10,000 during August 2005.

### 4. Indian Language Technology

The benefits of information technology can reach the common man in India only when the digitized information is available in all Indian languages. To enable wide proliferation of ICT in Indian languages, tools, products and resources should be freely available to the general public. The Department has taken a major initiative to make available tools & fonts in various Indian Languages freely to the general public. The Department has released in the public domain, various Tamil language fonts, e-mail client, Optical Character Recognition (OCR) software, spell checker and dictionary in April 2005. Similarly the Hindi and Telugu software tools and fonts were released in June 2005 and October 2005, respectively. Software tools and fonts in Punjabi and Urdu are ready and will be released shortly. All Indian languages are expected to be covered in the next one year.

### 5. Internet Promotion

To proliferate .IN Domain Name, a new .IN Internet domain name policy framework was formulated and implemented by the Government in October 2004. The policy aimed to remove the restrictions in the existing procedures impeding a liberal, expeditious and market friendly approach to register large number of .IN domain names. In January, 2005 the Ministry and National Internet Exchange of India (NIXI) took the important step of setting up of the state-of-the art, hardware and software and re-launched the .IN Registry. The opening of the .IN Registry has significantly improved

and broaden the availability of the domain names . The registration of the .IN domains has reached 150,000 names by 7<sup>th</sup> December, 2005

National Internet Exchange of India has been set up to ensure that the Internet traffic which originates within India and also has destination in India, remains within the country, resulting in improved traffic latency, reduced bandwidth cost and better security. Four Internet Exchange Nodes have been set up and operationalised at Noida (Delhi), Mumbai, Chennai and Kolkata, and as many as 40 ISPs have been connected with these nodes.

Setting up Root Servers :

The Department of Information Technology and National Internet Exchange of India (NIXI) has installed three mirror Internet root servers at Delhi, Mumbai and Chennai. The root servers form a critical part of the global Internet infrastructure. Delhi, Mumbai and Chennai are having K, I and F root servers, respectively. The installation of these root servers in the country will help in reducing the expensive international bandwidth load, increase the internet resilience by bringing down our dependency on root servers abroad and improve host name resolution from hundreds of millisecond to under-ten millisecond.

Internet Protocol version 6 (IPv6) is the next generation protocol of Internet to which migration is to take place from the currently used Internet Protocol version 4 (IPv4). IPv6 is essentially an upgrade to the data networking protocol that powers the Internet. Keeping in view the global trends in IPv6, the Department of Information Technology took the initiative towards IPv6 transition and a National Roadmap for IPv6 implementation. It includes an awareness building programme, research & development, test bed projects on IPv6 migration and deployment by Network providers. In India, IPv6 has been deployed in the ERNET and Sify networks.

## 6. Information Security

Information Security is assuming vital importance with the wide spread of IT applications in commercial, strategic and other sectors in the country. The Standardization, Testing & Quality Certification (STQC) Directorate of the Department has established Information Security Management System certification framework under which a number of major IT industries and organizations have been certified as per BS 7799 Standard. As part of Indo-US Cyber Security Forum, STQC and National Institute of Standard Technology (NIST), USA have agreed to collaborate on development of Standards & Guidelines on Information Security Management and Control.

The Indian Computer Engineering Response Team (CERT-In) has been set up to enhance the security of information infrastructure in the country. CERT-In is in process of entering into collaboration with industry, academia. First security cooperation agreement has been signed with Microsoft to facilitate exchange computer security related information and training of technical personnel.

## 7. Review of Information Technology Act

An Expert Committee on Information Technology Act was set up to review the IT Act and propose appropriate amendments in the light of the national and international developments post IT Act 2000. The Expert Committee has submitted its report which also addresses provisions related to data protection, privacy in context of BPO operations, liabilities of network service providers, computer related offences, regulations for cyber cafes, child pornography, etc. The report has been made public and hosted on the Department's website in order to seek opinion/feedback from the

public. Based on the recommendations of the Expert Committee on Information Technology Act, the amendments to the IT Act have been finalised and are being submitted to the Cabinet for approval.

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