

Nasscom expects Indian ER&D sector to grow to \$75 billion by 2025



Representative Image

Synopsis

The engineering research and development services or ER&D, including development centres of global companies and businesses of Indian companies, generate \$31 billion currently and the domestic market contributes nearly \$2.5 billion out of that.

BENGALURU: India's technology services body **Nasscom** expects **engineering services** and R&D to become a more than \$75 billion industry segment and create 10 lakh **jobs** in five years in the country.

The engineering research and **development services** or ER&D, including development centres of **global companies** and businesses of **Indian companies**, generate \$31 billion currently and the domestic market contributes nearly \$2.5 billion out of that.

Currently ER&D services sector employs nearly 6 lakh people, while the overall IT-BPM industry has 43 lakh employees.

"The aspiration of the ER&D sector is to scale its revenue to \$75-100 billion by 2025-2028. And of that, fairly large chunk will be contributed by the domestic market," K S Viswanathan, Vice President, Industry Initiative, Nasscom, told ET in an interaction, adding that the Defence sector could become a potential contributor.

He believes the defence offset and modernisation policy could encourage more Indian firms to focus on development of defence equipment. But, according to Nasscom, the industry stakeholders need to work with the government to allow more technology transfer.

Nasscom said it is in talks with **the Ministry of Defence** to ensure ease of doing business for firms to work on defence related development.

Currently, 90% of the revenue comes from global demand, but the size of the domestic market is increasing.

Ajay Prabhu, President, Technology Services, QuEST Global said indigenization is crucial for the defence to become a big contributor.

"To be self-reliant we need to focus on increased indigenization," said Prabhu.

He added that **Defence, Energy and Electronics** are three key areas India is majorly dependent on imports and Nasscom is creating a cluster of innovation for those sectors.

Viswanathan said industry stakeholders and academia need to work in tandem to develop right courses to reach the target of creating 10 lakh additional jobs.

The Nasscom ER&D Council, which is chaired by Prabhu, is also working on creating a special curriculum meant for product engineering and similar training programmes.

Nasscom said the council is creating a skill framework meant for focused jobs in engineering services internet of things, AI.

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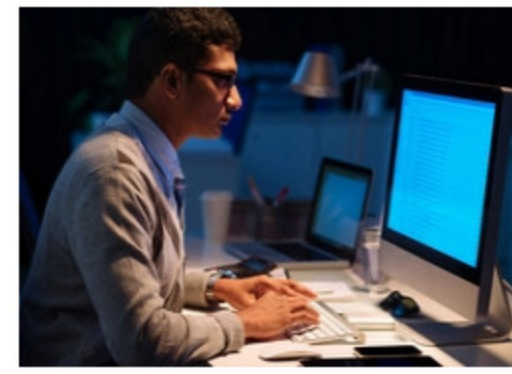
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