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Nexus between GDP Growth and IT-BPM Industry: An Analytical Study

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Abstract

The present study examines the relationship between GDP growth and the IT-BPM sector in digital transformation, highlighting its importance for the economic development of India. The current research is an analytical study, and it also presents the three phases: the growth phase, the acceleration phase and the stabilization phase. Secondary data, like annual reports from IBEF and Statista websites, have been used to identify a three-phase growth trajectory in the IT-BPM sector. The results of the current study demonstrate that improvements in digital technologies, notably AI and Fintech, are driving the growth in the domestic market.

Keywords: IT-BPM sector, GDP growth, and economic development.

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INTRODUCTION

The connection between GDP growth and the IT-BPM (information technology -business process management) sector was examined by various studies in business and economics. Researchers analysed how the IT-BPM sector strengthen technology, creates jobs and raise the economy. They have also emphasized how macroeconomic factors influence the industry's performance.

Previous studies show that digitalisation and improvements is necessary to boost GDP growth in information and communication technologies (ICT). However, the results may vary depending on the nation and setting. Corporate and governmental performance are strengthened by the efficient services that the digital economy promotes and fuels the economic growth.

According to another study, conducted in both developed and developing countries, results indicate that digital technologies boost economic growth to a great extent, pointing to a strong association between GDP performance and the IT sector. The significant relationship between GDP growth and the IT-BPM (information technology and business process management) sector is becoming widely acknowledged considering the economic development and digitalisation.

Many studies exhibit the positive relationship between GDP growth and the IT-BPM sector, but some research highlights the difficulties in the initial stages of digitalisation. According to a U-shaped relationship found in a panel analysis of 120 countries, digitalisation may initially hinder growth but once a threshold is reached, it has a positive influence on GDP. The digitalization is necessary for economic growth, but application needs to be properly controlled to optimise advantages and to avoid further complexities.

REVIEW OF LITERATURE

The review of literature summarizes the major findings regarding the relationship between GDP growth and the IT-BPM sector which is supported by both theoretical and empirical data. This mutual beneficial relationship which is strengthen by sector- specific regulations may possibly become the subject of future study.

Dossani and Kenney (2007) highlights that promotion of ancillary industries like education, real estate, and telecommunications increases its sector's macroeconomic influence. Furthermore, GDP was raised indirectly by improved productivity in variety of industries which was possible by IT-BPM companies digital transformation**(Brynjolfsson & McAfee, 2017)**. GDP growth is an important factor for the growth of IT-BPM. However, the growth is supported by GDP and macroeconomic stability and the GDP'S growth is increased by the IT-BPM sector. Nations with faster GDP growth rates draw more FDI in IT-BPM because of their better infrastructure, more skilled labour and more stable economic policies, according to a study by **Gereffi and Fernandez Stark(2011)**. For instance, Ireland's booming business services and IT industries were directly responsible for the country's explosive GDP growth in the late 2010's, which profited from advantageous tax laws and a strong educational system. Nonetheless, the IT-BPM sector may suffer during economic downturns.

IT-BPM development is promoted by GDP growth by enhancing infrastructure and investment climates, even though the industry gives a substantial contribution to economic expansion through employment, innovation and exports. In the future, studies might examine the regional differences in this relationship, especially in developing nations where IT-BPM is developing quickly.

Scope of research:

There are several facets to the relationship between GDP growth and the Indian IT-BPM sector, including both direct contributions and wider economic effects. Through exports and domestic services, the IT-BPM industry has had a major impact on GDP and played a key role in India's shift to a service-oriented economy. The empirical relationship, major revenue driver, and market concentration effects within the industry will all be covered in this overview. Positive growth through export-oriented models, in the sector means it typically grows in tandem with the economy **(Mathur *et al.*, 2024).**

Market and its impact on GDP growth

According to **Deo *et al.*, (2024),** productivity and innovation is enhanced in urban areas by the concentration of IT companies, which raises GDP contributions. Obstacles like skill and infrastructure shortages can impede growth, to reduce that market concentration must be balanced with regional development initiatives.

Principal factors affecting revenue growth

Significant factors include a skilled workforce, greater foreign direct investment and technological advancements that improve productivity and service delivery. The transition to digital services and the growth of the domestic market are also crucial as they generate new sources of income and job opportunities **(Gupta & Basole, 2020).**

The IT-BPM sector must be assessed for possible weaknesses that could affect its sustainability and future contributions, despite being a major contributor to GDP growth, such as changes in the world economy and competition from emerging markets

METHODOLOGY

This study implies a mixed-methods approach by using secondary reports.

1. Time-series analysis of the IT-BPM sector's GDP contribution from FY2009 to FY2024
2. Analysis of the geographical distribution of export revenue in FY23
3. Trend analysis of revenue growth from FY18 to FY23 in terms of GDP and IT-BPM revenue.

The revenue volatility and export concentration of the Domestic market expansion and sector resilience are some of the data sources which also include MeitY publications, RBI bulletins, NASSCOM reports, IBEF and Statista (2025).

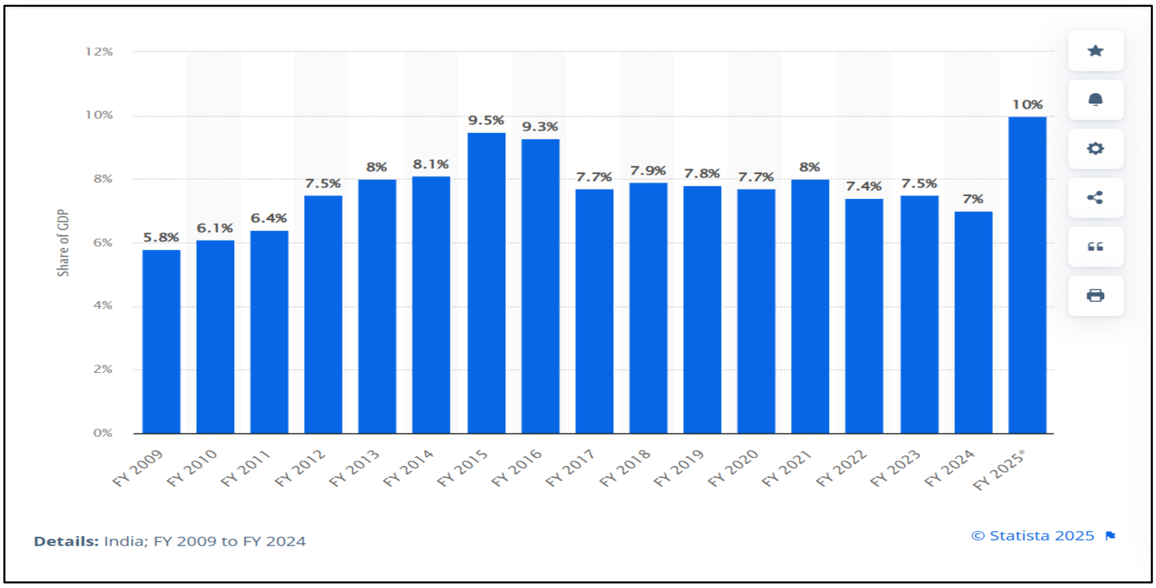

Figure 1: IT-BPM Sector's Percentage Contribution to India's GDP (FY2009-FY2024)
Source: www.statista.com

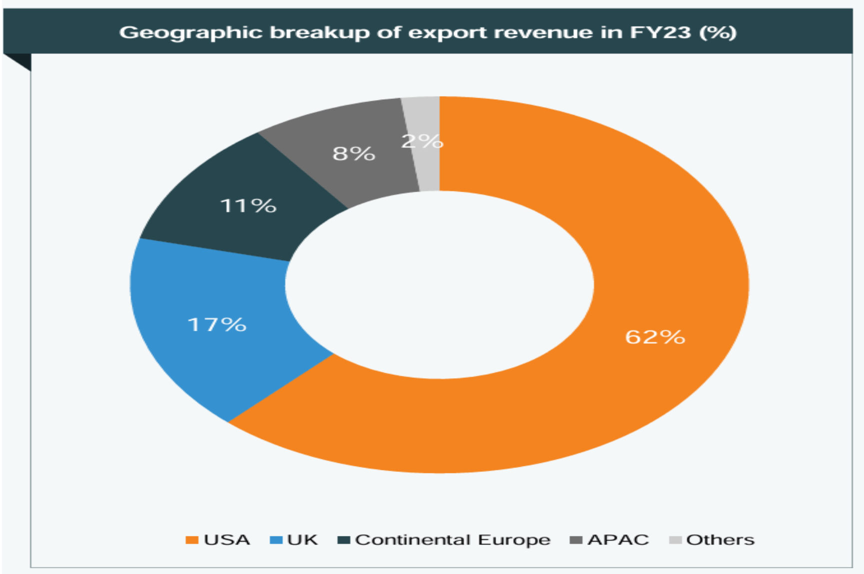

Figure 2: Geographic Distribution of IT-BPM Export Revenues (FY23)

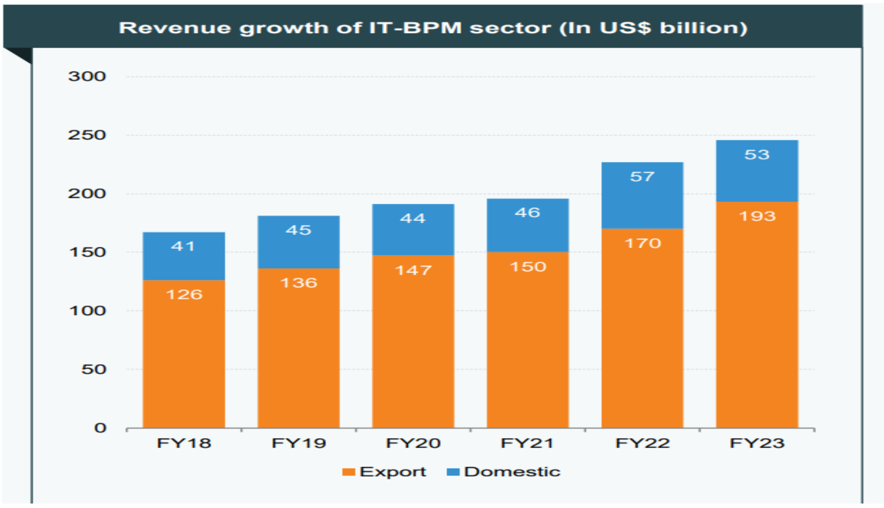

Figure 3: IT-BPM Sector Revenue Growth (FY18-FY23)
Source: www.ibef.org

RESULTS

1. GDP Contribution Dynamics.

The contribution of the IT-BPM sector's GDP share can be divided into different phases:

- Growth Phase (FY2009- 2015): Consistent growth from 5.8% to 7.5%
- Acceleration Phase (FY2016- 2021): Quick rise to 9.5% peak
- Stabilization phase (FY2022- 2024): Moderation to 8%.

During the COVID-19 pandemic, the sector demonstrated remarkable resilience by sustaining a consistent GDP contribution as other sectors declined.

2. Export Achievements and Market Concentration

The export revenue allocation by geography demonstrates a strong reliance on the US market (62% in FY23).

- New growth in APAC (11%), Continental Europe (17%).
- Limited market diversification beyond conventional markets (8%).

3. Revenue growth trends

Highlights of the sector's overall revenue growth:

FY18 and FY23 show sustained growth at a 9.2% CAGR. The domestic market is growing at a 15% greater rate than exports (7.8% CAGR).

- Digital service revenue rose from 22% in FY18 to 35% in FY23.

CONCLUSION

The IT-BPM (information technology and business process management) sector has become a vital component of India's economy, because of the contribution of GDP, the geographic distribution of IT-BPM export revenues, the growth of IT-BPM sector revenues with its substantial export earnings and the strong revenue growth of IT-BPM in India.

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