

Impact Assessment for Promotion of IT/ITeS Industries Scheme

Executive Summary

Introduction

This report presents an evaluation of the *Promotion of IT/ITeS Industries Scheme*, covering its performance, impact, and strategic relevance up to August 2025. The Scheme is a key part of MeitY's initiatives to promote employment, regional development, and digital inclusion across India. Especially considering its current significance due to India's rise as a technology leader on the global stage. Most notably, India secured the top position worldwide in scientific publications on Artificial Intelligence in 2024, as highlighted in the Network Readiness Index, 2024¹.

In fact, according to MeitY's Estimation and Measurement of India's Digital Economy², in January 2025, India's ICT services exports reached USD 162 billion in 2023, the second-highest globally after Ireland (USD 236 billion). Yet, this achievement is mainly concentrated in Tier-I cities. As the NASSCOM–Zinnov GCC Landscape Report (2025)³ highlights, 92% of India's Global Capability Centres (GCCs) are concentrated across six major urban hubs; Bengaluru, Pune, Hyderabad, Mumbai, Chennai, and the Delhi-NCR region. This concentration is particularly striking considering the fact that, by 2025, India accounts for 53%⁴ of the world's GCC.

Unlike frontier R&D initiatives, the Scheme for IT/ITeS is designed to deliver immediate socio-economic benefits. It achieves this by encouraging the development of start-up and research ecosystems outside Tier-I cities, promoting youth skill development, supporting BPO operations, strengthening digital service centres, and expanding IT infrastructure in underserved areas, especially Tier-II and Tier-III towns. In doing so, it extends the advantages of India's digital economy beyond metropolitan hubs, making inclusion and equity central to the growth story.

¹ Portulans Institute. (2024). *Network Readiness Index 2024: India*. [Link](#)

² Mishra et al., *Estimation and measurement of India's digital economy* (Ministry of Electronics and Information Technology, 2025), [Link](#)

³ Zinnov & NASSCOM. (2024). *India GCC Landscape Report: The 5-year journey*. [Link](#)

⁴ *ibid*

Strategic Overview and Objectives

In fact, the *Promotion of IT/ITeS Industries Scheme* seeks to achieve this goal by focusing on a set of clearly defined objectives⁵ which are as follows:

1. To create employment opportunities and dispersal of the IT/ITeS industry in small cities/towns by incentivising the setting up of BPO/ITeS operations.
2. Provides support to selected Accelerators for extending Accelerator Services to startups
3. To nurture the deep tech innovation ecosystem that can guide, develop, implement and support startups, especially in a scaling up phase in deep tech.
4. To identify start-ups working towards outstanding software products for futuristic problems/ emerging ICT technologies/ Societal problems and to promote identified start-ups through technical, financial and mentoring support.
5. Co-creating an ecosystem to foster innovation in the country and provide a platform for proof of concepts, leading towards collaborative growth and economic activity by using digital technologies and innovative software products.
6. To encourage Indian IT exporters in their efforts at tapping and developing overseas markets. Enhance export from the small/ micro-Indian IT enterprises and to assist Indian IT SMEs in existing infrastructure for soft landing.
7. Working towards Policy issues and hurdles that are not limited to visa issues, qualification issues, Govt procurement rules, taxation issues, totalisation & mobility concerns, regulatory barriers, etc.
8. Amplifying Indian IT/ ITeS trade and re-branding industry in developed Markets.
9. To harness the potential of the IT/Software sector available in the smaller cities of India to contribute in country's development and growth.
10. Creating India as global brand in Information Technology.
11. To create an enabling platform for the identified organisations to realise their potential in terms of product development and in taking those products to the market to contribute to the Indian economic growth.

⁵ As per “EFC Memorandum for continuation of ‘Digital India Programme’ beyond March 31, 2023”

RCEEIS Assessment

The evaluation is guided by the RCEEIS framework (Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability), adapted from NITI Aayog’s evaluation standards. The analysis relies on secondary sources, including official scheme documents, utilisation reports, dashboards, and policy papers.

The assessment covers 13 purposively sampled projects under the Promotion of IT/ITeS Industries Scheme. These projects include employment-focused BPO promotion in Tier-II/III towns and the North Eastern Region, as well as digital service hubs that facilitate inclusive skilling and entrepreneurship.

Parameter	Description
Relevance	<ul style="list-style-type: none"> National Priorities: Strong alignment with Digital India, <i>Atmanirbhar Bharat</i>, Startup India, Skill India. Inclusivity: SAMRIDH-124 women-led (33%); CoE-SIZ (NER) - 47 women-led (34%); iTNT – 1,614 startups mentored incl. Tier-II outreach Regional Coverage: IBPS/NEBPS- 246 units across 27 states; CoE-SIZ & Digi-SAPNE are critical for the North Eastern Region (NER) as both of these cover all 8 states.
Coherence	<ul style="list-style-type: none"> Policy Linkages: Startup India, Digital India and Skill India Govt–Industry–Academia: CoE in Industry 4.0 at RiNL Vizag – 45% industry co-funding; MOTION Pune – strongest academic partnerships; SFGC – ICAR/IISR and Punjab Govt. Complementarity: Research-led (FASAL, MOTION Pune) and Service-led (IBPS/NEBPS) leads to a balanced ecosystem, minimal duplication.
Effectiveness	<ul style="list-style-type: none"> Products: 1,256 developed Patents/IPRs: 844 filed, 463+ granted Direct Jobs: more than 60,398+ (IBPS/NEBPS generated 53,326 jobs) FASAL: 50 products, 328 jobs, 38 IPRs; MOTION: 588 jobs, 81 IPRs.

<p>Efficiency</p>	<ul style="list-style-type: none"> • Fund Usage: High absorption across initiatives. SAMRIDH ₹52.93 Cr utilised of ₹53.55 Cr; NEURON (SPHS) 99.5% of received funds, though overall constrained by pending contributions; iTNT Hub – 69.1% utilised; MOTION Pune - ₹17.47 Cr of ₹20 Cr deployed. NGIS achieved 89% utilisation but required multiple extensions beyond its original three-year design, continuing into 2025. • Leverage Capacity: Several initiatives attracted additional resources. SAMRIDH ₹122 Cr matching funds + ₹221 Cr start-up investment; CoE SIZ (NER) ₹4.63 Cr from North-East start-ups; MOTION, Pune ₹5.75 Cr private sector support; RiNL-Kalpataru in-kind infrastructure + ₹9 Cr industry contribution's; FASAL: ₹10.21 crores has been released to its implementing agency, STPI Pune ;NEURON has so far received ₹0.13 crore, as part of the projected ₹5.3 crore.
<p>Impact</p>	<ul style="list-style-type: none"> • National Scale: IBPS/NEBPS – 53,326 jobs → largest employment creator in the 13 schemes evaluated. • Employment generated: 2774+ jobs created by SAMRIDH; funds raised by startups: 221 Cr; NEURON generated 2700 direct jobs. • Regional Impact in NER: Digi-SAPNE –117 jobs, ₹7.98 Cr revenue generated by startups in 8 months; CoE SIZ– created 565 jobs, 201 startups have been onboarded. • Innovation Outcomes: FASAL ₹10.86 Cr revenue and 38 IP; Vizag 55 startups onboarded, Industry 4.0 push. • Inclusivity Impact: Women & SC/ST youth are significantly represented (33–34% women-led startups in SAMRIDH/CoE-SIZ).
<p>Sustainability</p>	<p>Sustainability Models: Across the 13 IT/ITeS projects, sustainability follows three models:</p> <ul style="list-style-type: none"> • Equity-anchored exit frameworks (SAMRIDH, NGIS, RiNL-Kalpataru, iTNT Hub) retain a percentage of equity stakes, providing accountability, revenue for reinvestment for accelerators and Meity's Startup Hub (MSH), and structured graduation pathways linking start-ups to long-term funding. • Product Commercialisation (NEURON, FASAL, MOTION, CoE-SIZ (NER), Digi-SAPNE) allows independent transitions post product readiness, funding, or revenue milestones. Effective for IP creation and commercialisation could strengthen these exit mechanisms considering current bottlenecks in patent filing and commercialisation. • Output-linked incentive schemes (IBPS/NEBPS, SFGC) focus on jobs and regional ecosystem development. Strong for Tier-II/III inclusion, but post-program mechanisms could be enhanced.
<p>Overall Conclusion</p>	<ul style="list-style-type: none"> • Schemes are highly relevant (aligned with national priorities, inclusive, and regionally balanced), coherent (strong Government-Industry-Academia synergy), and effective (significant job creation, start-ups supported, and IP generated). • Efficiency is demonstrated through high fund absorption and leverage of additional resources; impact is evident in employment, innovation outputs, and regional ecosystem development.

- Sustainability remains a key gap → stronger exit strategies and structured post-programme support are needed to ensure long-term resilience. The Promotion of IT/ITeS Scheme and RCEEIS is critical for scaling innovation, generating quality employment, and fostering balanced regional growth in line with *Viksit Bharat@2047*.

Table 1. RCEEIS Framework Summary

Key Achievements

- Scale & Reach
 - Employment Generated: 246 IBPS/NEBPS units across 27 states → 53,326 jobs, India’s largest IT-enabled employment generator; SAMRIDH generated more than 2774; NEURON generated 2700 jobs.
 - Regional focus: Digi-SAPNE & CoE-SIZ critical for NER; MOTION Pune & CoE RiNL Vizag anchor industry–academia clusters.
- Innovation Outcomes
 - 1,256+ products/prototypes and 590 patents/IPRs (463+ granted).
 - FASAL: 50 products, 38 IPRs filed and 26 granted; CoE RiNL: 55 startups onboarded in Industry 4.0/AI-IoT.
- Efficiency & Leverage
 - SFGC: 100% fund utilisation; CoE RiNL: 65.8% with 45% industry co-funding.
 - MOTION Pune: ₹20 Cr sanctioned; attracted ₹5.75 Cr STPI and Industry investment.
- Sustainability Signals
 - IBPS/NEBPS units continuing operations post-support.
 - Early resilience: Digi-SAPNE startups raised ₹5.25 Cr in investments and generated ₹7.98 crores in 8 months.
 - Some of the 13 projects evaluated could benefit from equity anchored exit strategies, similar to the equity clauses present in NGIS, SAMRIDH, iTNT and RiNL.

Overall Impact

- 60,398+ jobs created across all 13 schemes, significant regional & inclusivity gains.
- Govt-Industry-Academia complementarity (eg: SFGC, CoE RiNL) and cost-effective outcomes.

Recommendations

Building on the assessment of MeitY's initiatives, several cross-cutting measures are proposed to enhance the impact, sustainability, and inclusivity of India's digital innovation ecosystem. These recommendations focus on helping startups scale beyond early support, diversifying markets, addressing regional and social disparities, and ensuring that research and infrastructure investments lead to widespread growth. They aim to complement existing flagship schemes while filling systemic gaps in policy, implementation, and long-term sustainability.

1. **Scaling up in Underperforming States:** Despite initial progress, projects in the North-East need further expansion in the IT/ITeS exports sector, while underperforming states such as Bihar (₹0.74 Cr) and Jharkhand (₹53.14 Cr) require similar region-specific initiatives or CoEs to address regional differences. For example, Himachal Pradesh, with software exports of only ₹12.03 Cr, has a limited presence in the IT sector; however, the proposed CoE for Artificial Intelligence and Machine Learning at Wagnaghat is expected to strengthen the state's IT ecosystem and promote future growth.
2. **Deep-Tech and Decentralised R&D:** Despite IT/ITeS expansion in Tier-II and Tier-III cities, deeper support for deep-tech startups in these regions are required. Karnataka's GCC Policy (2024–2029) offers a replicable model, by incentivising R&D labs, cluster anchors, and patent/quality reimbursements, it strengthens Beyond-Bengaluru clusters. It shows Bengaluru hosts 34% of mid-market and 28% of non-mid-market GCC and other similar state-led initiatives- Andhra Pradesh, Uttar Pradesh and Madhya Pradesh have separate GCC policies, and Tamil Nadu- bridge revenue gaps, and improve India's global competitiveness.
3. **The Indian R&D in IT/ITeS sector needs more domestic private investment.** As per PIB (2025) the private sector R&D in India accounts for 0.66%, lesser than developed countries. The Finance Act 2016 amended section 35(2AB) provided weightage reduction of 100% after 2021 (before 2021 weightage was 200 %), constrains private R&D investment and incentives. Limited capital for R&D, stringent regulatory norms and low private sector collaboration limit Indian R&D potential. The recent developments like Anusandhan National Research Foundation's (ANRF) outlay of 1 lakh crore and Acceleration of Deep Tech Startup by MeitY with Academia (ADAMYA) project, will be instrumental in scaling up Indian Private R&D.
4. **Strengthening Academia-Industry Linkages:** MeitY's upcoming ADAMYA programme (₹500 Cr) directly addresses weak IP creation and commercialisation gaps. By fostering collaboration between academia, startups, and industry, it can accelerate lab-to-market innovation, enhance value chains, and attract private investment. Expansion of CoEs with private R&D participation will further boost India's deep-tech capacity.

5. **Digital Infrastructure as a Catalyst:** The BharatNet scheme can fast-track broadband, 5G, and cloud infrastructure across emerging clusters. Coordinating IT/ITeS projects with such digital rollouts will expand domestic markets, generate employment, and bridge the urban–rural digital divide, ensuring inclusive growth. Moreover, since GST stands as 18% for IT sector, any tax relaxation for IT services, software products, and IP usage and transfer will increase domestic demand will ease domestic market expansion.
6. **Leveraging State-led Innovation Platforms:** State-level policies and conclaves play a pivotal role in democratising IT/ITeS growth. For instance, the Make in Odisha Conclave (2025), aligned with Odisha IT Policy (2022), integrates investment promotion, digital skilling, women and SC/ST inclusion, and showcases innovations in AI, IoT, AR/VR, and fintech. Such platforms can promote global partnerships while aligning local strengths with national priorities.
7. **Encourage IT/ITeS firms to diversify exports beyond the U.S.,** leveraging trade agreements such as the India–UK FTA to expand international presence. The overarching goal is to strengthen domestic innovation while projecting Indian enterprises as global leaders aligned with Startup India and Make in India startups should diversify their international market exports.

Conclusion

Based on our comprehensive assessment of the Promotion of IT/ITeS Industries Scheme and its demonstrable impact over recent years, it is evident that the initiative has been central to India’s digital growth trajectory. The IT/ITeS sector currently contributes 7.4% of India’s GDP (Invest India, 2022). It is among the country’s largest employment generators, providing direct employment to approximately 5.1 million individuals (2023), with projections reaching 9.5 million by 2026. Furthermore, the sector generates around USD 250 billion in annual revenue (FY 2024–25), according to the India Brand Equity Foundation (IBEF), making it a significant contributor to India’s services exports.

The Scheme has played a pivotal role in extending these benefits beyond metropolitan centres by supporting IT parks, incubation hubs, and Software Technology Parks of India (STPI) units in Tier II and Tier III cities, thereby promoting balanced regional growth and mitigating urban migration pressures.

Beyond its economic contribution, the Scheme has strengthened India’s position in emerging technologies, such as artificial intelligence, cloud computing, data analytics, and cybersecurity, through the establishment of Centres of Excellence (CoEs) and Centres of Entrepreneurship (CoEn). All of these are critical for sustaining future global competitiveness. It has also nurtured a supportive ecosystem for Indian tech start-ups, many of which benefit from incubation, mentoring, and policy incentives facilitated under the Scheme. The sector’s multiplier effect on productivity, innovation, and service delivery, particularly in areas such as digital payments, e-governance, and online education, has significantly expanded equitable access to digital services across both rural and urban India.

In light of these outcomes, the Promotion of IT/ITeS Industries Scheme is essential as it ensures sustained employment generation, export growth, regional inclusivity, and technological leadership, consolidating India's position as a trusted and competitive global IT hub.