

## **Growth of Information Sector in Indian Economy during the Reform Period**

Topic: Structural change, SDA and dynamics

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The direction and pace of development in Information and Communication Technology (ICT) have been at the heart of economic changes of all world economies for more than a decade. Across the globe, countries have recognized ICT as an effective tool in catalyzing the economic activity in efficient governance and in developing human resources.

Since 1991, Indian economic policy has become more liberal, with the easing of numerous regulatory constraints on industry. One feature of economic liberalization in India is the active promotion of ICT based industrialization by policy makers. With a CAGR of over 24% in the last decade, the Indian ICT industry has emerged as a key growth engine for the economy contributing around 5.6% to the country's GDP during 2009-2010. The industry generated revenue of \$73.1 billion in 2009-10 from \$69.4 billion in 2008-09, a growth of 5.3%. The export revenue touched \$50.1 billion in 2009-10 accounting for over 68% of the total ICT industry revenue. The rapid emergence of the ICT sector has placed India on global stage during the last one and a half decades.

Realizing the huge potential of the Indian ICT industry, this paper makes a modest attempt to study the factors underlying the sources of growth of Indian ICT industry during the period 1993-94 to 2003-04 (for which the input-output tables are available) with the help of a input-output structural decomposition analysis (SDA). Results indicate that emergence of a strong Indian ICT industry is likely due to domestic demand expansion and increased export. On the basis of the results the paper also suggests several policy options for further development of the ICT sector of the Indian economy.