Relationship Between Information and Communication Technology and Economic Development - Pros and Cons

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ABSTRACT
Information technology (IT) is a well established technology particularly with respect to growing economies like that of India has the utmost possibility to play an important role in economic growth, increase in Gross Domestic Product result in increased capital formation. It has a positive impact on other dimensions of economic and social development. This paper focuses on several aspects of information technology that leads to the evolution of India’s economy. It takes into account the unexpected success of India’s software export sector and the spillovers of this success into various IT enabled services. This paper also highlights the criticisms towards the introduction of information technology which on one side acted as an engine towards the growth of economic development and cause of inflation on the other. Not only this, it showcases IT is constantly evolving and has changed significantly from the days when the IT organization was often referred to as “data processing.” However, there are huge differences between the average incomes of the world's poorest countries in contrast with the world's richest countries. In terms of both the poverty of basic choices and opportunities and that of incomes, about one third of the people in various developing countries are experiencing a great deal of poverty. Keeping in mind the importance of both human and physical capital, and various economic factors, developing and developed countries alike have expressed interest in turning to modern information technology (IT) for improved economic growth. The information revolution is said to be brought about by the decline in information processing prices, the developments in network computing, and the merge of computing technologies with communication, and such will hopefully give rise to an economy with knowledge-based services. Keywords: Developed countries, Developing countries, Communication and Information technology, knowledge-based services, network computing

INTRODUCTION
Information in any form is a major binding force which acts as a lubricant and a link between the financial, human and productive resources of one’s own country [1]. The Government and their development agencies understand the much needed requirement of an hour that information and information technology is necessarily required to provide impetus for the growth of the Indian economy and also to compete with globalised environment in order to solve the problems of developing economies so as to quickly respond to them. Information technology has played a crucial role in contemporary society. It has altered the whole world into a global village and hence integrated the entire world economies into one. This integration of the Indian economy with the world economy which had a positive influence on the Indian businesses and also offered new avenues for investment. In the broad sense information technology refers to both hardware and
software which are used to store, redeem and mold information. At the basic level, each server is connected to an operating system. The database or the web serving software’s is to retrieve and manipulate the information.

**INFORMATION & COMMUNICATION TECHNOLOGY AND ECONOMIC DEVELOPMENT: THEIR RELATIONSHIP**

The impact on economic growth of high-speed internet connectivity, and of ICT more generally, is aggregated through its impact on individuals, businesses, government and communities. We should remember that it always takes these economic agents some time to figure out how to best use the ICT that is available to them. In most cases, individuals, firms, and communities would have to make investments in "complementary capital" (e.g. worker training and skills, organizational or even institutional adjustments) to reap the full benefits of ICT. The effect might be amplified by the flexibility and willingness of the users of ICT to transform their work habits, update their skills and adopt the technology in economic activities. Whether this great potential to contribute to growth is realized will also depend on whether governments understand the opportunity and ensure that supportive conditions (e.g. providing high-capacity connectivity) are in place through regulatory and policy reforms as well as strategic investments and public-private partnerships. Realizing the benefits of the Internet requires development of new content, services, and applications.

Initially the earlier times, there was a disagreement as to whether a new economy will come in exist or not, with economists being in serious doubt and confusion, business men’s being over anxious since economy was not only going through the bad phase but was also facing severe depression.[1] Then a new ray of hope came in terms of development of information technology i.e. introduction of the IT sector that could solve the inherent problems of mass unemployment, inflation etc mostly the characteristic of underdeveloped economies like that of India. Business houses are worried about the way in which IT introduced economy would brush up against old politics, tax evasions etc There were thoughts as to this would lead to more Economic Concentration or dominant in one part of the economy thereby the big IT company’s such as Microsoft Apple, TCS, nearly 90% curb market share of the economy [2]
As graph here shows that it plays a major role in every sector so we can say that it sector leads to economic development of India.

At this point of time, policy thinkers portrayed the economic policy in the light of above said problem as this policy was thought to be the beginning of decreasing inflation, increasing productivity via the weapon called information and communication technology. On the other hand, few enterprises warned that the government should be aware of the downside of IT revolution as this would result into creation of monopolies, weakening of government power etc. Any new developments that take place in any society, community or an area acts as a double edged sword. In the same manner, Information and Communication
Technology has acted as a Boom and bust for the Indian Economy.

**POSITIVE IMPACT OF IT ON ECONOMIC GROWTH**

IT industries account for 6% of the GDP and hence provide employment to 2.3 million people of India [4.] It also subsidizes very dominantly to India’s exports which provided necessary impetus and boost to the Indian economy. It is due to significant growth of this sector only that engineering as a profession has become a hotspot among the students. Number of engineering colleges are on an increase with each progressing day, since technical education has become ticket out of poverty and hence a comfortable life for the people of India.[3] These days due to this very fact only today the’ Information Technology Park’ in India has been a perfect example of IT advancement whose basic aim was to promote and boost exports of computer software and last but not the least the export of professional services Software Technology Parks have already helped the already existing IT companies and the one’s coming up to carry out the documentation, licensing and tax payments through a single window system. The Government should also relax norms and legislative procedures to promote research and development and also to promote IT spending in the country itself at concessional costs leading to the development of the country.

**NEGATIVE IMPACT OF ECONOMIC GROWTH**

The phenomenon of skilled labor leaving India in search of new jobs with better pay and comforts too, commonly referred to as the Brain Drain has been on a high which led to the trespassing of large pool of skilled and talented from India. With the advent of IT sector in India, it has gained negative popularity for stealing their jobs i.e. some of their own residents has started blaming foreign companies such as WIPRO, TCS, BPO and KPO’S for taking Indian talent out from here and being exploiting them for their own benefits, but not their own candidates as these companies get attracted towards the Indians as they are much more hardworking, skilled, talented, and can be hired against low salaries. In general, no words for criticism that globalization benefits those countries which have access to technology, resources, contacts, information and access to the international markets. It resulted into negative impacts to the poor. As Adebayo [2002] An American Company has revealed, much of the financial flow –over 60 percent is speculative rather than developmental [6].

**CONCLUSION**

No doubt, The IT industry has led to the modernization of the Indian Economy in many ways The Indian engineers and the technical professionals are known all over the world for their proficiency, intelligence and strong theoretical and practical hold on the fundamentals .Introduction of the economic, social, legislative reforms such as liberalized tax structure ,lowering effective levels of protection, reduction in tariffs etc would not only help the information technology sector but also would help in removing distortions in the private behavior. Therefore continued broad economic reforms will be important, as well as reforms in the telecom sector that promote competition and innovation in providing last-mile access.. However this is not a one day effort or one man’s job, All of us need to be united and stand together to make India achieve this objective in order to stop brain drain, fight against social evils such as corruption and unemployment. Special
Central Government initiatives should be taken so as to increase enhance the level of IT training and its related aspects and education criteria’s to represent mismatched and mismanaged use of government resources.

**FUTURE SCOPE**
The future of the IT industry seems to be really bright with much needed growth and predictable enhancement. The IT industry is the only industry which has a wider scope as it is not only limited to web serving software’s and the database servers but this technology can also be applied to hospitals, libraries, airports, banks, and also at many other places through DBMS (database management systems). India is confronted with the two major problems of mass unemployment, low productivity and poverty; hence the growth of IT sector is expected to bring a parallel growth in the economic development of India as a whole. Hence no doubt in accepting the fact that India is low and backward on the technology front, it has to face many challenges but then if proper and directional efforts are taken, Indian economy would be all the more competitive from ever before. Multinationals have been lining up in India further strengthening the IT growth in India. The role of IT is constantly evolving and has changed significantly from the days when the IT organization was often referred to as “data processing.” Today, in many industries, IT enables some businesses to differentiate themselves from their competitors. Those companies that leverage IT for competitive advantage often differ from their competitors in two ways with respect to their IT organizations: they view IT as a strategic business enabler instead of as a cost center, and they work to maximize the efficiency of their IT operations so that they can focus their resources on providing value to the business and respond to today’s environment of rapidly changing business conditions.

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