

Informatisation Strategy for the Indian Economy: Linkage Analysis

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It is widely recognized that increasing the information technology intensiveness or rapid informatization of the Indian economy will revitalize it and enhance its international competitiveness. This paper tries to establish this fact using the input-output table for the year 1989-90 published by the Central Statistical Organization. Multiplier and linkage analysis has been deployed to identify the key sectors for informatization programme.

I Introduction

Throughout the history of human civilisation changes have been a constant factor. Nowhere else has this phenomenon been so pronounced as in the field of information technology. As the Indian economy is opening up and starting to get integrated in the global economy, a special role is emerging for the information sector. To lift her economic performance in this information era, the planned nurturing of the information intensive sectors of its economy is becoming essential. The input-output table for the year 1989-90 prepared by Central Statistical Organization reveals that contemporary India is predominantly non-information in structure with nearly 96 per cent of its output and 95 per cent of the value-added originating in the non-information sectors. As far as trade is concerned, the penetration of the information economy is very small with more than 90 per cent of exports and imports being non-informational in character (Table 1).

Table 1: Size of the Indian Information Sector (percentages)

Sector	Output	Value-added	Exports	Imports
Non-information	95.7	94.8	97.3	92.8
Information	4.3	5.2	2.7	7.2
Total	100.0	100.0	100.0	100.0

Source: CSO (1998).

The data in Table 1 largely understates the latent potential of the information sectors of the Indian economy. In fact the strengthening of India's competitive position in the international economy requires the nurturing of the domestic information economy and the enhancement of the information intensity of its overseas trade in the future. The need to galvanize the domestic economy dictates the identification and promotion of those sectors with strong development prospects. In this paper, therefore, an attempt has been made to highlight the nascent and dynamic information sectors that have been obscured by the overwhelming nature of the non-information economy in India.

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