

## INFORMATION TECHNOLOGY IN INDIA: EVOLUTION AND CONTRIBUTION

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### ABSTRACT

*The development and contribution of Indian IT sector to the World's information Technology sector is of highest repute. IT sector in the country has played a major role in placing India on the International Map. Information technology (IT) is playing a crucial role which transformed the whole world into a global village. Information Technology (IT) is a noteworthy and developing area of the Indian Economy. From multi-national corporations (MNCs) to small businesses, Information Technology plays a significant role. This paper analyzes the Information Technology sector in India' and its contribution on Indian Economy.*

**Keywords:** Information Technology, Indian Economy, Foreign Direct Investment (FDI)

### INTRODUCTION

Information Technology encompasses a broad spectrum of hardware and software system solutions that enables organizations to assemble, organize, and analyze information that encourages them attain their goals. It conjointly details technology-based work flow processes that expand the capability of a corporation to deliver services that generate revenue.

In the map of the IT world Indian economy has acquired a primary position. Progress of India in this sector is swift, providing the economy a boost up. Mainly due to IT, Indian service sector has emerged as the most growing base of economy. The usage of information technology (IT) is increasing day by day in governance, company, management, banking, advertising, entertainment, and insurance, and education, medical, engineering and industrial fields

### OBJECTIVES OF THE STUDY

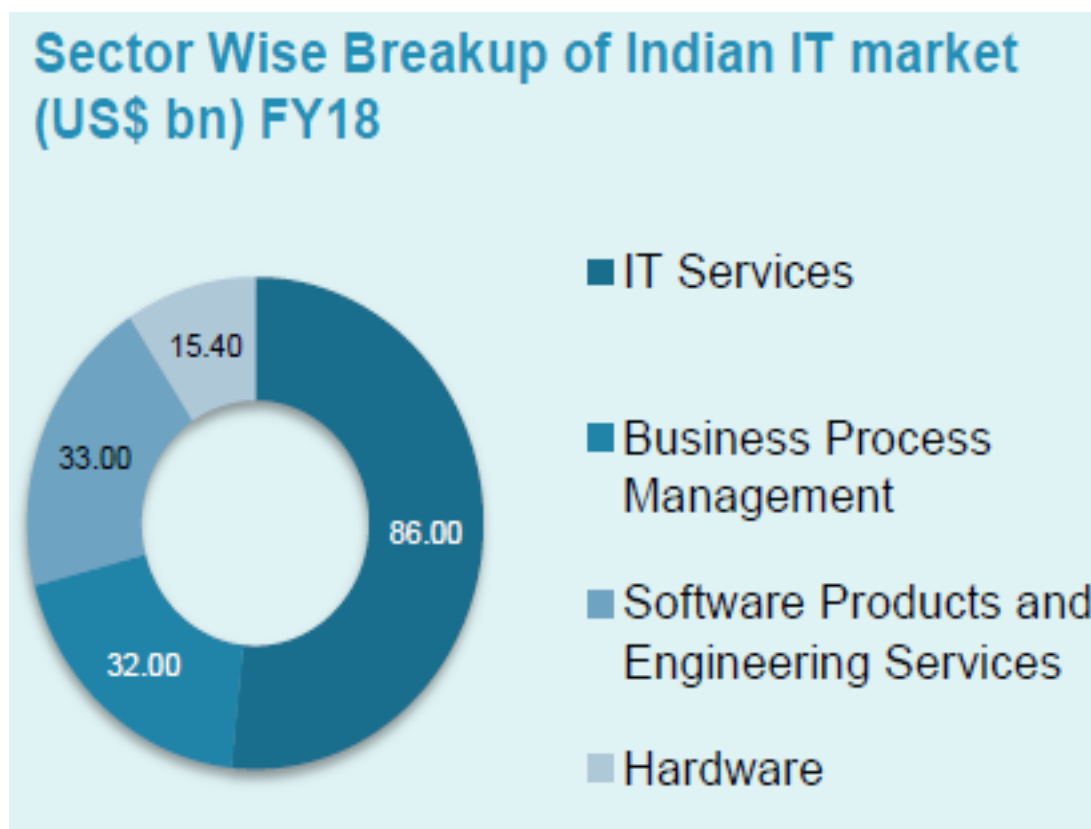
- To understand information technology in India
- To study the governmental initiatives of India towards IT.
- To analyse the contribution of Information Technology on Indian Economy

## RESEARCH METHODOLOGY

The research study is descriptive cum exploratory in nature. The study is based on secondary data. For this purpose, various magazines, journals, research articles, newspapers and research reports have been used as it is a conceptual paper. Thus, the focus of the study is to know more about the concepts of Information technology and its contribution in Indian economy. Therefore, quantitative and qualitative data have been used.

## INFORMATION TECHNOLOGY IN INDIA

Information Technology pronounced as "I.T." stands for "Information Technology," and refers to somewhat associated with computing technology, like networking, hardware, software, the net, or those who work with these technologies.



Nowadays, numerous companies have IT departments for dealing with the computers, networks, and other technical areas related to their businesses. Information Technology's job incorporates programming, network administration, computer engineering, Web development, technical support, and many other related occupations. Since we tend to board the "information age," info technology has turned into part and parcel of our everyday lives. That implies the expression "IT," as of now exceptionally over utilized, is here to live.

Progression of Information Technology (IT) Industry in India—The origin of I.T. industry in India can be followed back to year 1967 with the foundation of the Tata Groups in

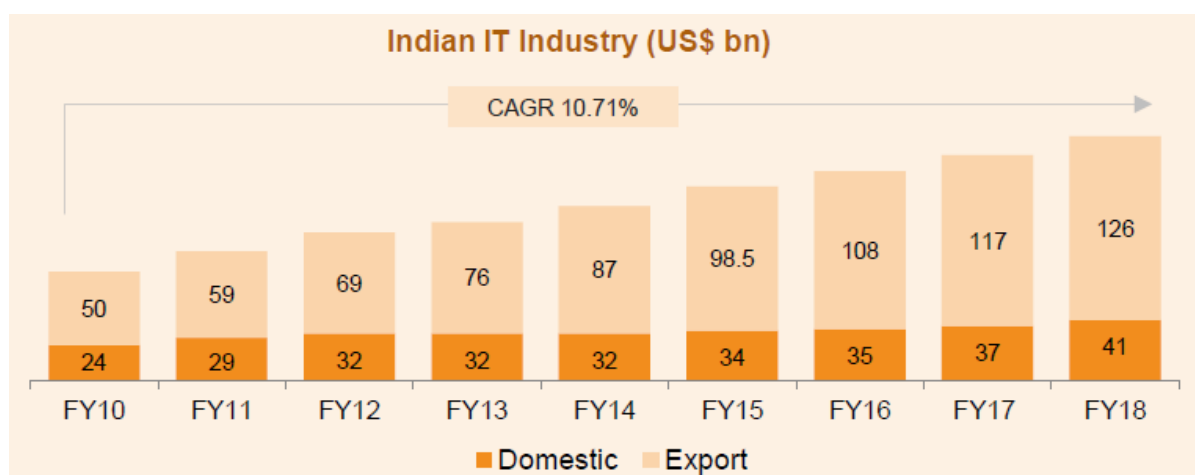
partnerships with Burroughs corporations, United States. With that mission the growth of TCS is presently a 10 billion dollar company. Other IT companies likewise also started their development stories with modest early stages, WIPRO in year 1966 and Infosys in year 1981. Be that as it may, the outcomes were not encouraging; there were some issues with government policies such as export of software was dependent on the imports of hardware. The entire IT industry was under a great deal of pressure; there were no suitable infrastructure facilities for software development.

In the midst of 1991 period, there were some considerable changes in Indian economy. Due to liberalization, a stream of foreign investments came in India and numerous Multinational Corporations (MNCs) were presented. After year 2000, IT industry developed at a speedy rate. Special Economic Zone (SEZ) Act was passed in 2005. Information technology Act gave a lift to internet business which was introduced in 2000. Many kind of advancement has been amid 1998-2000 like expanding use of Computers in every area such as banks, railway stations, offices, airports tax departments and so on.

After 2010, India has become world's largest sourcing destination for IT Industry, some sectors are contributing to speedy growth of IT industry like online retailing, cloud computing and e-commerce.

### Market Size

By 2020, the internet industry in India is likely to two times to reach US\$ 250 billion, rising to 7.5 per cent of gross domestic product (GDP) and by 2020, the number of internet users in India is expected to arrive at 730 million, by using the adoption of digital technology, according to a statement by National Association of Software and Services Companies (NASSCOM).

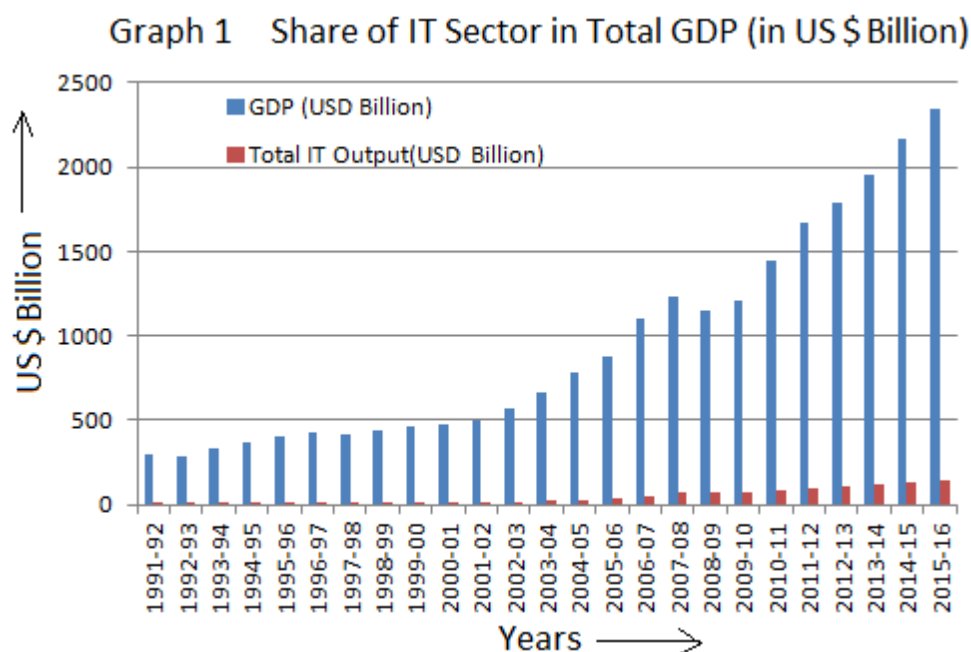


Source: NASSCOM [https://www.ibef.org/uploads/industry/it\\_ites\\_02092015.jpg](https://www.ibef.org/uploads/industry/it_ites_02092015.jpg)

### Contribution of Information Technology Sector to Indian Economy

After the phase of economic reform information technology industry accomplished sensational development. The new financial changes routine, quick mechanical headway, declined costs of PC equipment, mushrooming of software engineering and Technology training, preparation of a huge pool of ability to the business comfortable cost, all together have made huge job to the development of this industry amid the most recent 25 years.

This is apparent from the contribution of IT sector to National Gross Domestic Product (GDP) that India is emerging as one of the preferred destinations for business process outsourcing (BPO) as far as IT enables services are concerned and the services are boosting Indian economy. The part of IT industry has developed manifold during the period 1991-92 to 2015-16 as depicted in graph-1



**Source:** NASSCOM [https://www.ibef.org/uploads/industry/it\\_ites\\_02092015.jpg](https://www.ibef.org/uploads/industry/it_ites_02092015.jpg)

The Fortune 500 and Global 2000 organizations are sourcing its larger part of IT-ITES from India. There are roughly six hundred centres set up by Indian Information Technology (IT) sector in seventy eight nations taking into account the IT connected prerequisites of individuals in more than two hundred urban communities. As per NASSCOM examination reports they are performing immense and appearing twofold digit development as far as national GDP.

A number of foreign investors are engaged in investing in software industry in India, in form of foreign direct investment (FDI) and foreign institutional investment (FII) etc.

FDI Equity Inflows for Computer Software & Hardware from April 2000 to December 2016 were ₹ 124,333 crores (US dollars 22,832 million) according to the Department of Industrial Policy & Promotion (Government of India, Ministry of Commerce and Industry). It was seven percent of the total FDI Equity Inflows.

Table 1: Employment in IT-ITeS Industry (in millions)

Year	IT Services & Exports	BPO Exports	Domestic Markets	Total Employment
2001-02	0.17	0.11	0.25	0.52
2002-03	0.21	0.18	0.29	0.67
2003-04	0.3	0.22	0.32	0.83
2004-05	0.39	0.32	0.35	1.06
2005-06	0.51	0.42	0.38	1.29
2006-07	0.69	0.55	0.38	1.62
2007-08	0.86	0.7	0.45	2.01
2008-09	0.92	0.79	0.5	2.21
2009-10	0.99	0.78	0.52	2.29
2010-11	1.15	0.83	0.56	2.54
2011-12	1.15	0.83	0.56	2.54
2012-13	1.29	0.88	0.6	2.77
2013-14	1.6	0.989	0.699	3.288
2014-15	1.74	1.03	0.745	3.515
2015-16*	1.844	1.086	0.758	3.688
* estimated				
Source: NASSCOM <a href="http://www.mit.gov.in/content/employment">http://www.mit.gov.in/content/employment</a>				

Indian economy is a well-established and digital economy which is largely driven by the consumers. Approximately seventy five percent of the population is mobile enabled and 278 million are internet users. Online population is mounting at a fast speed and the e-commerce market is approximately fourteen billion US Dollars showing a growth rate of further than thirty percent.

The shortage of cash is occurred after demonetization, and the reason of mobilizing more and more people to go digital is cash crunches. a number of incentives are provided by the Govt to people to go digital. Various mobile apps have been launched by the government i.e. Paytm (BHIM), UPI etc. Digital India campaign policy is devised to ensure mobile connectivity throughout the nation, developing a cashless society, promoting e-services to the people.

## CONCLUSION

The Information Technology (IT) Industry is a vital part of the Indian economy and it has witnessed amazing development over the most recent two decades. The Information Technology industry of India preceded with progress is giving a major raise to business and is required to give incomes up to 300 billion USD by 2020. Along with this the road ahead is filled with difficulties like protectionism, financial instability, challenge, client getting and so on. The concerned parties need to address every one of these difficulties very carefully. Furthermore State government and centre government policies should be devised in such a way as to encourage the IT sector. It should be directed towards removal of general

restrictions to do business along with setting up appropriate laws and regulations rather than forming of industrial policy.

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