



Integration of Indian Economy to World Economy and Impact of Information Technology on Indian Economy

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Abstract- India occupies a major place in list of developing countries and is expected to have basic capabilities to compete with world economies. Before 1991, India adopted policy of self reliance but in this era of LPG, India's industrial and agricultural structure is being transformed into open and mixed economy. On the basis of various surveys and fact conducted by National and International Agencies, India is still lacking in the basic needs of livelihood, despite having occupied the position of third largest economy of the world. . Now the rising demand for the sustainability of Indian economy is to jump into development process, global integration and optimum use and magnitude of resources. Information technology is offering new techniques of sharing information and transacting business with the change in the nature of financial and other service sectors, providing the accurate means of using the individual and institutional worth of countries in both public and private sector. The basic emphasis of this paper is on the integration of world economy to Indian economy, considering various factors, risks and major contribution by leading organizations like BRICS, WTO etc. and the impact of Information Technology on Indian economy.

Keyword- LPG, UNO, UNDP, GDP, FDI

I. INTRODUCTION

The ultimate aim of global economy is to bring about sustained economic growth and development to humanity. The knowledge based economic patterns and information societies uniting networks of humans, firms and countries are linked electronically in independent manner at world level. Information technology is offering new techniques of sharing information and transacting business with the change in the nature of financial and other service sectors, providing the accurate means of using the individual and institutional worth of countries in both public and private sector. The setting up of secured debt system will provide long term- financial resources to support infrastructure projects, being finance as a major constraint. World economy is showing new facets of emerging challenges and opportunities to developing and developed nations. With the rise of globalization, India has identified certain emerging issues in international business economy. The climate change like global warming is expected to have impact on the provisions of bare needs like food and fresh water. The facts based on different surveys has shown that India still has not used its share of earth's carbon share and is unable to achieve the basic minimum standards of living to its entire population. The rising demand for the sustainability of Indian economy is to jump into development process, global integration and potential funding.

II. INDIAN ECONOMY

India occupies a major place in list of developing countries and is expected to have basic capabilities to compete with world economies. Before 1991, India adopted policy of self reliance but in this era of LPG, India's industrial and agricultural structure is being transformed into open and mixed economy. According to UNDP's annual report 2014 released on July 24, 2014, India has been ranked 135 out of 187 countries on the human development index. Life expectancy, education and income indices are the composite statistics of human development index.

In 2013, Indian government has met with challenging economic conditions like rising inflation and a fluctuating fiscal situation. But India is still having strong base to drive its economic growth on a leading path. Economic survey 2013-14 highlights:

- Economy to grow in range of 5.4% to 5.9% in 2014-15
- Foreign exchange reserves increased from \$ 292 billion in March 2013 to \$ 304 billion in March 2014.
- India has been ranked the second fastest growing services sector with a compound annual growth rate of 9%, just below china's 10% during 2001-2012
- Number of poor declined from 407 million in 2004-2005 to 269 million in 2011-2012 of which 216 million reside in rural India.
- Record production of food grain (264 million tons) and oil seeds (32 million tons) 2013-2014
- India is importing 79% of oil needs and half of its gas requirements. So urgent need is of bridging the gap of demand and domestic supply.
- Global crude oil price of Indian basket as computed by petroleum planning and analysis cell increased marginally to \$107 per bbl on 19may, 2014.

- Food grain production in 2013-2014 is likely to cross 264 MT (highest ever production). Many crops are likely to break earlier records.
- The production of important minerals showing positive growth during March, 2014 over March 2013. The production of mineral in March 2014 were: Coal 654 lakh tones, lignite 49 lakh tones, natural gas(utilized) 2795 million cu.m., petroleum(crude) 32 lakh tones etc.

On the basis of survey, consistency should be maintaining in the government infrastructure policies to support economic growth. The survey strikes a reformist’s role on aspects related to trade highlighting key issues such as rationalization of export promotion schemes and grater trade facilitation measure.

III. GLOBAL ECONOMY

The global economic situation has given rise to a fresh debate on the relative advantage of democratic economies and raised a question of managing a mixed economy in democratic and federal nation. On the basis of United Nations world economic situation and prospects 2014, the global is showing the signs to grow at 3.0 percent in 2014 and 3.3 % in 2015. With the final ending of recession in euro area, the emerging economies like India and china has managed to restore the original position and going forward modernity.

A. Challenging factors for world economy:

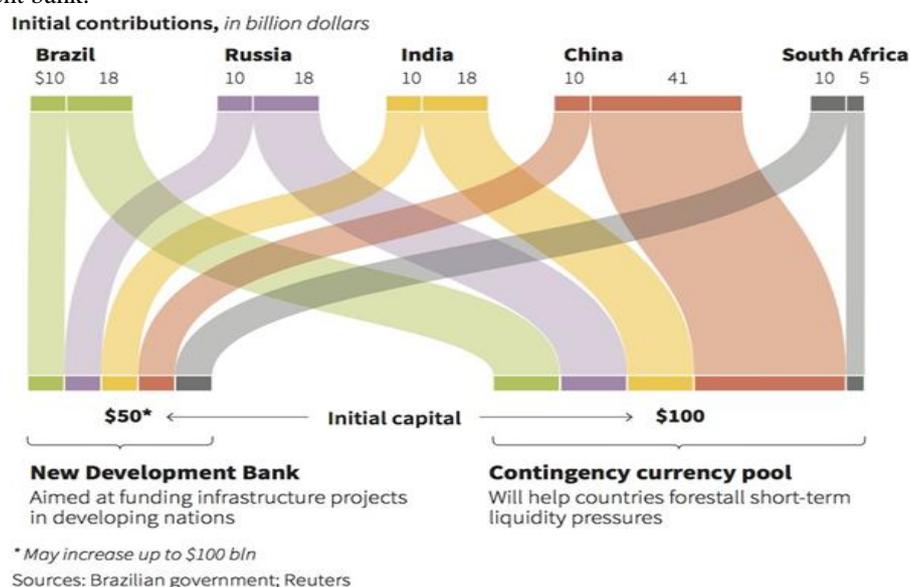
World is facing a speedy decline of capital inflows to developed economies. International economy situation is gripped into sudden rise in risk premium for external financing. The regular political wrangling and geo-political tensions also have greater influence on world economy. According to WESP report, uncertainty and risks, coming from misleading policies and non economic elements will remain global. According to UNO report 2014 on human development by UNDP says that 2.2 million people are poor or near to poor. This has also been found out while poverty is declining; 800 million people are on the verge of poverty. World economy can be broadly divided into developing and developed economies.

China has the potential of maintaining an 8 percent annual growth rate for another two decades. If China can maintain this growth rate in the coming years, it may contribute to the multipolar growth world in many other ways in addition to GDP growth and trade. Many developing countries are still major producers of agricultural and natural resource commodities. As China undergoes industrial upgrading to more sophisticated product markets, it will leave the market space for other developing countries to enter the more labor-intensive industries. Chinese enterprises are expected to relocate their existing production to other lower-wage countries as they upgrade to higher value-added industries, like Japan and East Asian economies did a few decades ago.

IV. INTEGRATION OF INDIAN ECONOMY TO WORLD ECONOMY

According to economic survey 2013-14, poor people in India will decline with annual fall at 2.2% in 8 years. On the other hand, facts given by UNDP (united nation development programme) 2.2 billion people overall the world are going to poor. The latest human development index states that at least 91 developing countries including India are lacking in health, education and proper living standard resulting in overall deprivation in social and economic setup.

The role of India in BRICS is catching new heights focusing on social upliftment and sustainable development. During the 6th BRICS summit an agreement was made on new development bank and establishment of contingency reserve arrangement. Leaders of BRICS emerging market nations launched a development bank and currency reserve pool in their first concrete step toward reshaping the western-dominated international financial system. The objective of bank will be to utilize resources for infrastructure and development projects in BRICS. India will assume the first presidency of new development bank.



India's economic Growth forecast has been upgraded by Asian Development Bank (ADB) to 6.3 % in 2015-16 with a hope of speedy reform prospects. ADB said that expansion in sub region is expected to reach 5.4 % in 2014 and growing to 6.1% in 2015, hoping on improved outlook for India. The stage is set for India to undertake reforms that can unlock its growth potential.

India has displaced Japan to become the world's third biggest economy in terms of purchasing power parity (PPP), according to a World Bank report.

V. IMPACT OF INFORMATION TECHNOLOGY ON INDIAN ECONOMY

It is hard to isolate information technology's effect on the economy. Indian IT's core competencies and strengths have placed it on the international canvas, attracting investments from major countries. According to data released by the Department of Industrial Policy and Promotion (DIPP), the computer software and hardware sector attracted foreign direct investment (FDI) worth Rs 60,503.21 crore (US\$ 10.01 billion) between April 2000 and June 2014. India faces a complex mix of development challenges that need to be tackled. With the help of IT application we can tackle these types can provide Although vast and multifaceted, some of these include:

A. Connecting India to global trade and finance:

Information technology provides efficient methods to run trade promoting functions. So using internet it has become easy to access online information on markets, regulations, prospecting buyers and foreign trade data. The use of computer technology for data processing will speed up delivery time by improving the external and internal networks, exporting facilities and reduce transaction cost. The widespread adoption of e-commerce and internet as the strong medium of e-commerce is giving a new shape to the globalization of professional services like legal, accounting, medical, education etc.

B. Better management of Macroeconomics and Public sector:

The introduction of information technology can benefit in a number of ways like stabilizing the macroeconomic environment, creating accountability and strengthening transparency of government working. Information systems support government in designing, implementing and accessing policy reforms as powerful instruments of public policies. In fiscal, state can use information technique to design and follow up the process of tax collection and validating its revenue collections against its expenditure. In public procurement, dependency on information technology can help in making easy the purchasing procedures through electronic advertising, tendering, selection and payment. Information systems can be best use to control the process of borrowing and debt repayment transaction with bilateral and multilateral creditors with a objective to improve efficiency and transparency in using foreign investment. Such applications are labor saving and can help government to update a small and well paid civil service.

C. Encouraging private firm development:

Information technology is being used to increasing the exchange of information on sources of technical and business matters, promoting vertical and horizontal linkage between the firms. IT application has become a basic need for growth and unification for enterprises. Various elements make it mandatory for Indian SMEs to keep itself update with new networks and alliances. Existing and new market are being opened up, as countries liberalize their goods and services under WTO and other types of regional trade areas. With the introduction of free trade area (FTA), few countries have changed their requirements and rules of competition. In this way, Indian firms can form strategic alliances with any strong foreign distributors to access new markets and to improve quality of their products. On the other hand, such collaborations can harm SMEs in the area of technical change. Excess use of technology in the form of new product, along with new production and management systems threaten most of Asian countries. Developments in education, technology, medical, government transparency and economic stability will favor India in holding a major share of competitive advantage.

D. Achieving agricultural and food security:

Despite having familiar to well advanced modern techniques, most of the Asian countries like India are still heavily dependent on agricultural production and security of natural resources. IT provides opportunities for the developments of information systems to monitor water and land resources, food security and crop diseases control. The activities like video conferencing between buyers and sellers, grown and extension officers can also play an important role in adopting agricultural practices. With information Technology, efficient distribution system to reduce food storage cost and access to worldwide knowledge about new techniques for improving agriculture production would be effectively enhanced.

E. Enviournmental management:

Some of the developing countries still continue to face natural calamities like drought, floods with adverse effects on both humans and environment. The capacity of such countries to protect itself from such disasters is limited by many factors, including lack of resources, inadequate early warning system and poor access of information. It is the responsibility of policy maker to make sure the availability and use of renewable and non-renewable resources and to share timely and accurate information. Specific information system has been introduce to forecast food crop output and to check out food shortages and famine. In this regard, development in geographic information system has lead to improved assessment and monitoring techniques of natural resources endowments.

VI. DISCUSSION

The revolutionary period is coming forward. The ultimate objective of industrial companies is customer satisfaction. The companies providing consumer products are now internet companies. Energy companies are imparting online information. And media and entertainment companies are becoming logistics companies. Even though IT explosion has attained a significant position on the world economy, still the benefits by IT services seemed not to be equally distributed among companies. The affective use of IT instruments needs many other supplementary investment factors like manpower capital and relevant telecommunication infrastructure. But still there is a global threat that poor countries are lacking behind by information revolution, trapping them in a critical condition leading to the decline in per capita income of ICT.

Some solid steps need to be taken like liberalization of FDI in multibrand trade, amendment in banking regulation act and establishment of an investment committee for approval and clearance of mega projects. The Indian government should accept the major recommendation of expert committee on General Anti Avoidance Rules (GAAR) for a better taxation system. To improve the economy of India, the Indian government has made Corporate Social Responsibility (CSR) mandatory in India for larger companies. Under new companies Act, 2013 all profitable companies with a sizable business will have to spend every year at least 2% of three-year average profit on CSR works. The new rules would be applicable from fiscal 2014-2015.

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