

Information-Technology-Enabled Services and India's Growth Prospects

T. N. Srinivasan, Yale University

Brookings Trade Forum 2005

The emergence of India as a major exporter of software and information-technology (IT)-enabled services, including, importantly, business process outsourcing, is in many ways surprising. India is still a low-income country, with low levels of IT indicators such as the number of personal computers and Internet users per 1,000 persons, and low expenditures on IT as compared to those of low-income countries as a whole and of China in particular. This paper traces the development of India's IT sector, its contribution to India's rapid GDP growth in the past twenty-five years (and its expected future contribution), as well as the continuing role of the Indian IT diaspora in the Silicon Valley in India's success. The paper also touches on possible domestic and external constraints that could limit India's prospects of realizing the high expectations for its IT sector.