

The Impact of Globalisation on India's Information Technology Industry

Over the past decade, there has been growing interest in the nature, scope and impact of state policy to stimulate economic development through more rapid technological advances and expansion of productive capabilities for both domestic and foreign markets. The focus in more recent years has increasingly been on high technology industries such as information technology (IT), characterized by product complexity and rapidity of technological change. In many countries throughout the world, the East Asian newly industrialized economies being only the latest examples, IT is being seen as a driving force in economic development and state policy as the means to explicitly facilitate its use and production.

The rationale behind the deliberate promotion of an IT industry in countries like India immediately draws into question the domestic capability of developing economies to exploit international technological developments and harness them for their economic development. Different schools of thought within the realm of development studies, and particularly within studies of high technology-based industrialization, continue to treat this as a contentious issue. For instance, while the dependency school sees less developed economies as being permanently entwined in relations of dependency with the economically and technologically advanced countries, the bargaining school contends that international technological change tends to constrain the range of choice for less industrialized countries in their relations with the international system. Therefore, their adaptive capabilities in high technology areas are severely limited. However, the development strategies of many Asian countries, and particularly their experiences with IT, have necessitated a rethinking on these widely prevalent and generalized assumptions about the so called developing or Third World as a whole. Therefore, an adequate understanding of historical and economic processes calls for a rigorous analysis of specific cases.