Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Jyoti Vig, University of Minnesota

TITLE: Information Technology and Indian Economy

TIME: 11:30 AM.


PLACE: Seminar Room 2

Abstract:

This paper attempts to study the impact of information technology on explaining the structural features of the Indian economy such as an increasing share of services in GDP and an increase in contribution of services in the acceleration in output per worker since 1993-2004 (Bosworth and Collins 2008). Using a multi-sector framework with three final goods and one intermediate good (stylized as information technology) we ask if this framework can reproduce the above structural features.

Simulating greater absorption of IT in the economy (Jorgenson 2001) we observe that our benchmark model allows for a close fit of GDP and sector outputs for the period 1991 to 2003, however the model severally undershoots for the period thereafter. To mimic the impact of greater IT absorption in the domestic economy we apply a parametric experiment and call it the “Jorgenson Effect”. We ask whether this new economy can account for the sharp acceleration in GDP and sectoral outputs observed in the benchmark. Though we observe a closer fit of the data, the new economy still undershoots growth for the period 2003-2009.

http://www.isid.ac.in/~pu/seminar.html