Application of Information Technology to Global Financial Crisis: Policy Response and Reforms in India

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ABSTRACT

The global financial crisis began to affect India from early 2008 through a withdrawal of capital from India’s financial markets. IT is potentially being applied in every sector of the Indian economy for growth. There are many ICT and e-government projects/services like MCA 21 (Ministry of Corporate Affairs), Mission Mode Project for Computerisation of Commercial Taxes (MMPCT), Tax Information Exchange System (TINXSYS), eBiz, eTrade, etc. for the economic growth. The methodology focuses on analytical techniques and descriptive study of various e-government projects. The paper identifies issues based on the literature, theoretical concepts, and current financial crisis taking place throughout the world and its impact on developing countries in context of business and trade. The paper is based on analysis of relevant reports and documentation published by various ministries of government of India. The article looks into how e-government and IT are being applied and used to tackle in economic crisis in India which is very useful for the policy makers, planners, and administrators since it focuses on efforts made by various ministries and banks and it could help them to formulate policy and guidelines on the basis of the performance of e-government project for economic improvement.

Keywords: Economic Growth, Economy, E-Govt, Financial Crisis, India, IT, Policy, Reform

INTRODUCTION

The global financial crisis from 2007 onwards is considered to be the worst financial crisis since the Great Depression of the 1930s. It resulted in the collapse of large financial institutions, the bailout of banks by national governments and downturns in stock markets around the world which contributed to the failure of key businesses, decline in consumer wealth, significant decline in economic

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activity and prolonged unemployment ultimately leading to a severe global recession in 2008.

The outlook for global growth continues to be grim. Global growth forecasts have been lowered by major global agencies (RBI, 2012, p.1). With its expanding market and deep talent pool, India remains the world’s top back office destination\(^1\). A globalized world is clearly one in which individual countries are more influenced by what happens elsewhere in terms of world prices, changes in world trade patterns and prices, changes in global market conditions and associated investor perceptions, changes in technology, etc. (GOI, 2008, p.265). Ever-evolving and increasingly powerful information and communication technologies (ICTs) have fundamentally changed the nature of global relationships, sources of competitive advantage and opportunities for economic and social development (GOI, 2006, p.1).

ICT is crucial for sustaining recovery and laying the foundations for economies that are competitive in the long term in developing countries like India. E-government is helping the way the government could check and control financial crisis, does business for the people. E-government with the help of IT is being used in every sector of the economy in India. There is substantial evidence that new information technologies are in many ways transforming the operations of modern economies. A number of policy responses and reforms to tackle financial crisis is being applied through IT in India like Ministry of Corporate Affairs (MCA) 21 project. Almost all acts, rules, regulations and guidelines relating to finance/economy have been put on the website of the departments/ministries. MCA 21 project (maintaining transparency) (an IT Project) initiated in July, 2007 has been reframed to tackle financial crisis issues. There is e-filing of Foreign Investment Promotion Board (FIPB) initiated by the Ministry of Finance. There are many projects/services like Mission Mode Project for Computerisation & Commercial Taxes (MMPCT), Tax Information Exchange System (TINXSYS), eBiz, eTrade, etc. for the economic growth, improving business, attracting FDI, making to do import-export process transparent and IT friendly, controlling fiscal crisis and working for reform in transparent way by ensuring accountability of the officers and civil servants as well politicians.

The main objective of the article is to find out whether e-government and IT strategies are being used to tackle financial crisis. Author looks into whether there are sufficient e-government projects for financial improvement and whether these are being implemented properly? It has been made effort to give attention on what efforts/strategies could be taken to improve financial condition in India. E-government helps to maintain economy as it advocates and develop to make less expenditure and save money. So, a number of e-government project and IT strategies have been designed, developed and implemented by the ministries in India. To tackle financial crisis in India, Ministries particularly Ministry of Finance and Ministry of IT as well
Towards a Successful E-Government Implementation
www.igi-global.com/chapter/towards-a-successful-e-government-implementation/127887?camid=4v1a