

ICTs and the economy

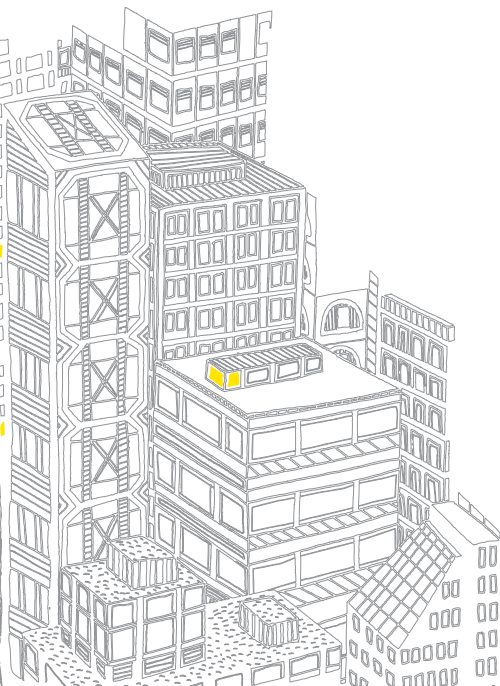
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“Together all of us can learn how to provide the world’s consumers with faster and more powerful services to help bring prosperity and freedom to the entire globe.”

Forum speaker

The role of ICT in economic growth is well understood. Studies have shown that for every 10% increase in mobile penetration growth, GDP growth is boosted by between 0.6% and 1.2%.¹ This correlation also applies to broadband services, whereby a 10 percentage point increase in penetration boosts GDP per capita growth by up to 1.38%.²

Yet straightforward analogies such as these contain hidden ambiguities. One panellist countered that it is GDP growth that stimulates ICT penetration, not the other way around. Even if you accept the causal relationship, productivity benefits are seen to only kick in once a region has passed a certain threshold penetration rate – 25% in mobile according to one study³ – which highlights the pivotal importance of bridging the digital divide. This has implications for state ICT agendas, which must contend with digital literacy and inclusiveness policies while at the same time assessing the optimal investment model for cutting-edge services like super-fast broadband.



¹ India Council for Research on International Economic Relations, London School of Economics

² World Bank *Information and Communications for Development 2009*

³ India Council for Research on International Economic Relations