



Digital Economy: Impact And Challenges On Indian Economy

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Abstract

The phrase "digital economy" refers to all online economic activity as a whole. It is often referred to as the Internet Economy or the Web Economy. The conventional and digital economies are combining as a result of technology advancement and globalization. Every civilization must grow its economy; it is only feasible when a society is able to understand the variables that influence the development of the economy. The use of technology to develop the economy is known as the "digital economy." The way we live, work, and do business is changing quickly as a result of technological and scientific advances. These modifications include problems for our businesses, workplaces, and neighborhoods. They also offer chances to improve wellbeing. India's adoption of digital technology was a significant review of this nation that moved India forward and brought about a phenomenal rise. Within this nation's economy. The digital world economy still swell and diversify in 2021. New technologies and consumes creates several opportunities and threats for businesses in several sectors in Indian economy. Hence, an effort has been made in this paper to describe the idea behind the federal government's implementation of the Digital India initiative as well as its ambition. The paper also discusses numerous obstacles or challenges to the program's execution, as well as future opportunities that might help India become the country of choice for digital activity.

Key words: Digital economy, digital India, Digitalization.

Introduction

In July 2015, the Indian government launched the 'Digital India' initiative to boost on-line infrastructure and increase internet availability among voters (for example, linking rural areas to high-speed internet networks); thereby, empowering the country to become additional digitally advanced. The initiative encompasses the subsequent 3 key objectives: Establish a secure and stable digital infrastructure Deliver digital services make sure that each national has access to the net. India's digital economy is likely to be worth US\$1 trillion by 2025 as part of the country's enhanced digital adoption among millions of Indians and small and medium-sized businesses as a result of the global public health pandemic, the Indian government projects that would be five times the economic value that the digital economy is currently generating. Therefore, the Indian government is working to improve the input of the digital economy from the current 7-8% to 20% of the Indian GDP in the succeeding five years. At present with 560 million internet users, India is one of the greatest and fastest-growing economies for digital consumers,

according to research from McKinsey. Khan (2015) Concluded that the digital India initiative offers a great chance to rethink India's service sector paradigms using the most cutting-edge technologies. It also made note of the fact that many projects could need to undergo some type of transformational process, reengineering, or filtering in order to meet their targeted service level goals. Laila Memdani (2015) Indian farmers are not any longer ancient and illiterate. they're capable to grab the opportunities they get and alter use of the accessible technology. Gupta and Arora (2015) studied that the impact of digital India project on India's rural sector found that several schemes are launched in digital India to spice up agriculture sector and entrepreneurship development in rural areas. Digital India programme has additionally set the stage for authorization of rural Indian women. Rani (2016) ended that the digital India project provides a large chance to use the latest technology to redefine India the standards of service industry. She additionally highlighted several comes that need some reframing procedure, reengineering, enhancements to attain the specified objectives. The Reserve Bank of India released information on how everyday Indians make close to 100 million digital transactions worth close to \$67bn, which is five times more than in 2016.

Objectives of the paper:

- 1.To present the concept of Digital India.
- 2.To identify the challenges of Digital Transaction System in India.
- 3.To understand the impact of Digitalization on Indian economy.

Research methodology

For this study secondary facts evaluation is generally performed to get in-intensity understanding of the "Digital India" initiative and "Digital Economy" Secondary facts evaluation includes amassing statistics, statistics, and different applicable facts at numerous degrees and on the whole the paper is primarily based totally at the statistics retrieved from the internet via journals, research papers and professional analyses on relevant topic.

What is Digital Economy

The digital economy the economic movement that results from billions of everyday on-line connections between people, businesses, devices, data, and processes. The mainstay of the digital economy is hyperconnectivity which implies rising connection of people, organisations, and machines that results from the Internet, mobile technology and the internet of things (IoT). The digital economy is taking form and undermining standard notions concerning how businesses are structured; how corporations interact; and the way shoppers acquire services, information, and goods. academician conductor Brenner of the University of St. Gallen in European country states: "The aggressive use of data is reworking business models, facilitating new merchandise and services, making new processes, generating larger utility, and first appearance a replacement culture of management."

Digital India

Digital India could be a flagship programme of the govt. of India with a vision to remodel India into a digitally authorised society and data economy. E-governance initiatives in India took a broader dimension within the middle 90s for wider sectoral applications with stress on citizen-centric services. the foremost ICT initiatives of the govt. included, inter alia, some major derives, comparable to railway computerization, land record computerisation etc., that centred in the main on the event of data systems. Later on, many nations started bold individual e-governance projects geared toward providing electronic services to citizens.

Impact of digitalization

Impact on Economy

India is underpinning its growth strategy by focusing on digitization, connectivity, a cashless/paperless economy and an innovative startup ecosystem. How focusing on digitization can make our country thrive. According to a report by economic analysts, the Digital India initiative could improve our GDP by around \$1 trillion by 2025. It could also be detrimental to play a major role. leadership in macroeconomic factors such as job creation, labour productivity, business development and income generation. Currently, India is the 2nd largest telecommunications market and 3rd largest Internet market in the world with nearly 259 million broadband users. This shows that there is a huge economic opportunity in India as the phone penetration rate in rural India is only 45% while more than 65% of the population lives in villages, mentioned in the newspaper. report of the World Bank. It shows that a 10% growth in mobile and broadband penetration increases GDP per capita from 0.81% to 1.38% in developing countries.

Impact Environment

The environment plays a huge role in our lives. Due to using a lot of paper, we cut down a lot of trees and it harms our lives. Digitization will help us by reducing our carbon footprint by reducing fuel consumption, waste management, greener workplaces and thus leading to a greener ecosystem. Every mission will become more flexible and you can carry out your mission without harming the nature. The ICT sector contributes to the efficient management and use of scarce and non-renewable resources. Cloud technology reduces carbon footprint by improving mobility and flexibility.

Impact on society

The Digital India program has an amazing impact on social issues. Or are we talking about education or healthcare or banking facilities, before there were many formalities and paperwork available. However, thanks to modern ICT, everything has become easier. The m-Education service facility has played an important role in reaching people in remote areas. According to a study, the digital literacy rate in India is only 6.5% and the Internet usage rate is 20.83 per 100 population. The Digital India project will be helpful in providing real-time education and partly solve the challenge of teacher shortage in the

education system through virtual and smart classrooms. Farmer and fisherman education can be provided through mobile devices.

Impact on Services

Digital transformation provides a better avenue to capture customer needs and also helps meet their requirements. Along with that, businesses can also increase sales and profits record. The goal of a digital strategy is to improve the customer experience and increase your organization's competitive advantage. In addition, digital transformation strives to improve business way. However, this change does not just happen. You need a strategy and tools that will support your strategic goals. Digital transformation is a journey with many intermediate goals connected at the end, towards continuous process optimization. This roadmap needs a clear plan and a plan The approach has a roadmap and it must involve everyone in the organization.

Impact on Manufacturing

Digitization in the manufacturing sector has a great influence on the development of Indian Economy. The manufacturing segment has grown as one of the high-growth sectors in India after digitization. GOI with the means to make India a global manufacturing hub promoted a program called "MAKE IN INDIA", with this program it is normal for India to come back. become the fifth largest manufacturing country in the world by the end of 2020. The government must reach 25% of the region's GDP supply and 100 million jobs by 2022. If an industrial revolution is observed, the manufacturing sector plays an important role in evolution. Around the world, manufacturing has taken over and helped productivity growth, which has yet to happen in India on a large scale, mainly because the process of automation and digitization is slow. If this gap has been filled, the production This industry has a very bright future in India due to its huge workforce and shows employment growth relative to other sectors and contribution to domestic revenue growth and great impact on the Indian economy

Challenges

It's been over five years since the Digital India mission inaugurated, but there are many challenges to successful implementation. Some of the challenges are as follows

1. High digital illiteracy rate is the biggest challenge and impediment to the success of digital India agenda in adapting to technology. According to the ASSOCHAM-Deloitte report on Digital India, November 2016, about 950 million Indians are still not connected to the Internet.
2. This program lacks awareness and guidance due to the public's unfamiliarity with its benefits.
3. Slow and delayed infrastructure development in India is the biggest problem challenges facing Digital India. India's digital infrastructure is completely inadequate to cope with the increasing rise of digital

4. There is a huge digital divide between urban and rural India, and finance is still unable to cover the cost of building rural infrastructure.
5. An important part of this vision is broadband internet at its core utilities to facilitate the online provision of various services. India has weak internet Quicks. According to Akamai's Q3 2016 Internet Speed Report, India is lagging behind when ranked 105 on average in the world Internet speed.
6. It is a huge and huge task to connect every village, town and city. Connecting 250,000 grams of panchayats via national fibre optic cable is no easy task. The biggest challenge is ensuring that each broadband panchayat point is fixed and functioning properly.
7. Private participation in government projects in India is poor due to lengthy and complicated adjustment processes.
8. Due to several languages in India (1600 languages and dialects), the lack of availability of digital services in local languages is a major barrier to digital literacy.
9. Authoritative private sector organizations cannot grasp request proposals from the government as they are not commercially viable. Currently, more than 55,000 villages still do not have cellular connectivity because providing mobile connectivity in these locations is not commercially viable.

Future Ahead

The increasing use of the Unified Payments Interface (UPI) clearly shows that more and more people in India are embracing a digital lifestyle. In addition, the number of transactions processed via UPI, which reached 2.73 billion (>2x) in March 2021, up from 1.25 billion in March 2020, underscores that the government initiative "Digital India" has helped the country to make significant digital advances achieve.

With the advent of technologies such as artificial intelligence, Internet of Things (IoT), cloud computing, blockchain and robotics, the government can leverage these new avenues to further fuel digital and technological growth in India. According to a McKinsey report, a digital economy is likely to create between 60 and 65 million jobs by 2025.

Opportunities

- ✓ The digital economy has the power to change the lives of millions of people in India.
- ✓ In the next three years, India will have more than 300 million new mobile subscribers.
- ✓ By 2025, it is likely that India will be the largest mobile market in the world.
- ✓ India is developing a "mobile-first" digital culture, with smartphones fuelling a boom in e-commerce and other forms of business.
- ✓ With a rapidly growing middle class and young, tech-savvy population, online personal services There's going to be a big leap.

- ✓ International companies looking to increase investment in India's digital economy.
- ✓ Improved telecommunications infrastructure as well as affordable smartphones now offer the possibility benefit from services such as banking and retail.
- ✓ According to industry experts, India has the potential to grow up to USD 2 to 3 trillion economy by 2022.
- ✓ The digital economy has the potential to create many jobs opportunities
- ✓ Digital skills have a lot of potential as India has a wealth of talent that can be harnessed to meet global demand the request.

Suggestions

1. Digital literacy is first step in empowering citizens. People should know how to secure their online data.

2. Digital division must be solved.

3. Content production is not the strength of the government. This quest requires content and service partnerships with service providers and other businesses.

4. PPP models must be explored for sustainable digital growth The infrastructure.

5. It is necessary to ensure the effective participation of different departments and requires commitment and effort. Different policies in different areas should support this goal.

6. To improve our cyber security skills, we need an introduction to network security courses at the university level and encourage international certification bodies introduces various skill-based cybersecurity courses.

7. The private sector must be encouraged to develop the last stage infrastructure in rural and remote areas. To encourage the private sector, it favorable tax policy, faster site clearance than projects.

8. Success of Digital India project depends on maximum connectivity with minimal cybersecurity risk. To do this, we need a strong anti-cyber security system Crime squads maintain the database and protect it around the clock.

9. For successful implementation, there must be changes in the Laws have long hindered the development of technology in India.

Conclusion

India is slowly transitioning from a cash-centric economy to one Digital economy. Benefits of the digital economy has now begun to come with more and more people switch to digital modes of reception and make payments. Traceable digital transactions, thus easily taxed, leaving no room for black money circulation. The whole country is modernized with money winning transactions, electronic payment services unprecedented growth. A large number Businesses, even street vendors, now accept

electronic payment, encourage people to learn how Transact digitally at a speed faster than ever before.

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