International Journal of Finance and Commerce
www.commercejournals.com
Online ISSN: 2664-715X; Print ISSN: 2664-7141; Impact Factor: RJIF 5.42
Received: 25-09-2020; Accepted: 12-10-2020; Published: 29-10-2020
Volume 2; Issue 2; 2020; Page No. 61-64

Digital economy of India, challenges and prospects

Pappu Kumar Paswan Research Scholar
Research Scholar, Department of Commerce and Business Administration, L.N. Mithila University, Darbhanga, Bihar, India

Abstract
Every day people, businesses, organizations, communities and the Government use digital technology to make decisions, to make goods and to deliver services more efficiently and more quickly. Digital Economy refers to an economy that is based on digital technologies. The growth integration and sophistication of information technology and communications is changing our society and economy. Digital technology in the form of the personal computer and the internet has already transformed work, education, government, entertainment, generating new market opportunities and having a major economic impact across a broad range of sectors. The Indian digital economy is not a conventionally marketed economic activity, and GDP figures do not take account of economic benefits of the digital economy, such as time saved, increased choice, and lower cost of products. Technology is going to revolutionize or is already revolutionizing business, transforming virtually all aspects of the economy and society. The digital economy is the new productivity platform that some experts regard as the third industrial revolution. Digital revolution, also known as The Internet Economy or Internet of Everything is expected to generate new market growth opportunities.

Keywords: digital economy, internet economy, information technology and communication

Introductio

India is the fastest growing economy in the world. The Indian economy is the fifth largest economy in the world measured by GDP and third largest by purchasing power parity (PPP) after US and China. The Indian economy has seen a lot of changes from being self-reliant to opening its door for global trading by allowing LPG(Liberalization, Privatization and Globalization) in 1991 under the then Finance Minister Mr Manmohan Singh. And since then there is no seeing back. According to the latest Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17. According to Fitch Ratings Agency, India's Gross Domestic Product (GDP) will likely grow by 7.7 per cent in FY 2016-17 and slowly accelerate to 8 per cent by FY 2018-19, driven by the gradual implementation of structural reforms, higher disposable income and improvement in economic activity. The recent steps of the Indian government have shown positive results in the growth of the GDP. According to a Goldman Sachs report released in September 2015, India could grow at a potential 8 per cent on average during from fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

Digital India programme is one of the foundation programmes of Indian Government and was launched by the Government of India on July 1st, 2015. This campaign focusses on digital development of the country by providing the citizens with such facilities and services so that they are all connected to each other virtually and electronically. The aim is to provide the citizens with such digitally and electronically advanced means so that the rural areas are connected to the urban areas through network devices and services. The programme is designed to ensure that the government services are accessible even to the poor and downtrodden people, through electronic means, thereby, fastening the rendering of services and improving the quality of life of even the lowest stratum of society. To accomplish the vision, steps are being taken to improve the digital infrastructure in the country and to increase the access to network devices through increased band width and advanced digital technologies. Initiatives are also being taken to increase the digital literacy of the population so that the majority of citizens become capable of operating digital gadgets and equipment. This will boost the generation and growth of employment opportunities in the country. To connect the whole country virtually, major innovations and advancements need to be done in technological field so that the country moves towards being a digitally empowered economy.

Economic impact of digitalisation

The consequences of the developments in the technicalities of Information and Communication Technology introduce the concept of digitization. The transformation from print to digital media for communication of information to the larger community is resulted from the growth of the Internet and now enables the tremendous amount of information accessible to everyone. By the process of digitization, knowledge to an ever greater amount is being produced, processed, communicated and preserved digitally. The economics related to the concept of digitization is two-fold. The first one, how economic is the process of digitization? and second, its impact on the economy of the countries. The economy related to the process of digitization is mainly realized through the ways that involves in creation, preservation, dissemination and use of digital information. Digitization of information seems to be quite valuable and economical for the present society. However, the process of digitization at its preliminary stages is not considered economical, but its inexpensive impact can be realized in later

stages, in terms of increasing returns, zero marginal cost and long-term usage of digitized content by the larger community. Digitization, despite being expensive at the initiative level such as designing a website, scanning of documents, well-edited text and navigational aids, fast hardware, software packages and good connections/ bandwidths, continual migration to new technology, etc., it saves much of the production costs and reasonable in comparison to the conventional form of distributing system of information. The cost that saves in the digitizing technology is other way round and it reduces the marginal cost of production of documents. The cost lie in the staff digitizing the work, the computer system and the effective flow of information over the internet is mainly fixed cost or first copy cost. The marginal cost of issuing many copies of one document is quite less. Digitization provides long-term benefits for the society, although it may take many years to realize these benefits fully. Thus, the economy of digitization involves short-term investments and in return get long run benefits.

Impact on economy

In any geography, the factors related to adoption and usage of digital technology, such as pricing, reliability, speed, and ease of use determine the level of digitization, which in turn has a proven impact on reducing unemployment, improving quality of life, and boosting citizens, access to public services. Digitization allows governments to operate with greater transparency and efficiency, and it has a dramatic effect on economic growth, but not all at once. In the current sluggish worldwide economy, the use of digital technologies is served as a means of boosting economic activities. The mass adoption of digital technologies through connected services and devices has proven to accelerate economic growth and facilitate job creation, however, its impact is not uniform in each country. ―Developed economies enjoy higher economic growth benefits from digitization, such as growth and productivity, but, as compare with emerging economies have less gain in terms of jobs. The main reason for the differing effects of digitization is the economic structures of developed and emerging economies.

Impact of economy

The introduction and advancement in Information and Communication Technology has a greater impact on employment, as it creates more jobs in the IT sector, which may be related to software development, Outsourcing, hardware manufacturing and other IT related businesses. In addition, the impact of these technologies has been realized on other service sectors, like in trade, industry, financial and health care services. El-Darwiche, Singh & Ganediwalla, (2012) presented a Booz & Company‘s econometric that analyzed a reduction in nation‘s unemployment rate by 0.84 % due to 10% increase in digital activities. By the advancement in digitization related activities, there an estimated 19 million jobs were added to the global economy from 2009 to 2010. During 2007 to 2008, a more five % increase is seen in estimated 18 million jobs. In another study of Booz & Company‘s, it is observed that digitization in 2011, produced a US$193 billion boost to world economic production and generated 6 million new jobs in 2011. In the same year in the Middle East and North Africa alone, digitization resulted in an extra $16.5 billion in output and nearly 380,000 new jobs. This global creation of hundreds of millions of jobs in the last few years has brought a great boom in the society that can highly contribute to the economy of the country. Thus, digitization accelerates economic growth and prosperity of the country by facilitating job opportunities to the peoples.

Opportunities

- It's one among the steps haunted within the recent times to rework India into an empowered society with access to Information Technology for everybody. the most objective of this program is concentrated on providing every citizen the digital infrastructure as a core utility, services and e-governance, and digital empowerment of citizens.
- Once the change is brought it could change the Indian education system, with all the Gram Panchayats having access to internet will provide access to different teaching aids and materials and empowers everyone and increases the literacy levels in the country.
- With two-thirds of rural population and only 30 percent reach of internet, the penetration of Internet into rural India would help farmers in accessing information regarding cropping techniques, seeds and various government schemes and hence can enlighten their lives.
- With e-healthcare, e-commerce, e-ticketing etc., with handy benefits people of every age, gender and region to easily communicate with each other and make their lives comfortable bringing everything to one’s door step.
- Red tapism hinders the progress of any project for that matter, this program in fact is to eliminate the red tapism, bureaucracy and improve the transparency. Since the changing trends of penetration of mobiles and internet and growing demand for e- services the way things are currently going, Digital India project is no longer a dream, it is in action and government is taking steps to ensure its completion. Moreover, a committee headed by Shri Narendra Modi is formed to monitor the strict completion schedules of the project.

Challenges

Few of the Challenges are:

- **High level of digital illiteracy:** Elevated level of computerized ignorance is the greatest test in the accomplishment of Digital India program. Low computerized proficiency is key prevention in adjustment of innovations.
- **Connectivity to Remote Areas:** It is an enormous task to possess connectivity with each and each village, town and city. The difficulty of connectivity may be a complex issue as every state has different laws concerning its implementation. Also, it's challenging for the central authorities to form a database where such huge information are often stored.
- **Cyber Crime:** There is cyber risk everywhere the world and digital India won't be any exemption. Hence, we've to a robust anti cyber-crime team which maintain the database and protect it round the clock.
- **Compatibility with Centre State Databases:** Every state has various internet protocols because every state is diversified. Diversified not only within the sense of faith but also in language. Therefore, software compatibility with the

middle may be a critical subject. Information shall be saved cautiously.

- **Net Neutrality:** The problem remains on the table and that we are blindly following the digital India. Net neutrality has to and that we should make confident that digital India exclusive of net neutrality would be an excellent blow to entrepreneurs and citizens of India.
- **Inter Departmental Coordination:** Inside the govt there are a spread of departments which should be integrated. Integration has technical also as corporate problem. Corporate within the sense self-ego of the officers and staff of our government services are obstacle within the change. Also, the center man strategy are going to be eliminating completely due to digital India, hence there'll be imminent resistance from the working staff.
- **Finance:** Though there are resources with India but there's a huge cost of capital which is to be invested and therefore the fruits of the investment are going to be expected after few years.
- **Exchange of information:** The information stored should even be employed by other government offices. For example, police, surveillance and other security issues are often easily assail with digital India but its co-ordination may be a massive task. It's not only a technological difficulty but also deals with the question of privacy and safety.
- **Changing the Mindset:** This point will inherit picture when you've got allocated the required resources and material but when it involves implementing them, most of them are going to be uncertain to vary. People are conversant in years of same of practice that they're not prepared to vary.

Suggestions

- Digital literacy is first step in empowering citizens. People should be familiar with how to protect and safe their online data.
- To make this programme successful, a huge awareness programme has got to be conducted. There's pressing need to educate and inform the citizens, especially in rural and remote areas, about the advantages of internet services to extend the expansion of internet usage.
- Digital divide needs to be addressed.
- PPP models must be explored for sustainable growth of digital communications.
- Private sector should be encouraged for development of last mile infrastructure in rural and remote areas. To encourage private sector, there must be favourable taxation policies, quicker clearance of projects.
- To improve skill in cyber security, we need to introduce cyber security course at graduate level and support international certification bodies to introduce various skill based cyber security courses.
- There is need for successful participation of varied departments and demanding commitment and diligence. a spread of policies in several areas should support this objective.
- For successful implementation, there must be amendments in various legislations that have for long hindered the expansion of technology in India.
- The success of digital India programs depends upon the maximum connectivity with minimum cyber security risks. For this we'd like a robust anti cyber-crime team which maintains the database and protects it around the clock.
- Manufacturing content is not government's strength. This mission needs service partnerships with telecom companies and other firms.

Conclusion

Digitalisation improves effectiveness and efficiency of work being done. Digitalisation of governance activities, i.e., e-governance, enhances quality of life of its citizenry by increased transparency in Government departments and easing service delivery. It increases speed and reduces time duration requirements for performing various activities and functions. Cutting of costs and increased market span enhances profit margins and hence can accentuate returns in the sectors. Automation of agricultural sector reduces uncertainties in the sector and better utilisation of available resources. Automation of industry leads to better product designs and increased profit margins thereby leading to healthy competition and growth of the sector. Digitalisation of services will lead to enhanced customer satisfaction and improved service quality by timely and wider reach of service delivery. Also, digitalisation of the service sector throws open wide scope and arenas for development and growth of the sector. Digitalisation also impacts the employment scenario in the country. To shift Indian Economy from developing economies to developed economies, a lot of work need be done; enhancing and promoting digitalisation in the country is one step towards that goal. Various steps need to be taken to remove obstacles and hindrances from the path of digitalisation. Proper implementation of digital India programme will lead to better agricultural return per capita, better cost output ratio of industrial produce and better service quality. It enables transparency in all the systems and processes thereby improving quality of life.

Reference

1. Arms WY (2000).Economic Models for Open Access Publishing. Retrieved, 2013. http://www.cs.cornell.edu/wya/papers/iMP-2000.html
2. Ashman A. Digitization. In J. Feather & P. Sturges (Eds.), International Encyclopedia of Information Science (2nd ed., p. 138.). London: Routleg Taylor and Francis Group, 2003.
3. Bhatt RK. Libraries in India: collection to connectivity. New Delhi: Ane Books, 2011.
4. Condon H. Digitization allows companies to go green. 2013, http://www.papersave.com/blog/bid/117544/Digitization-allows-companies-togo-green, 2013.
5. Das AK. Open Access to Knowledge and Information: Scholarly Literature and Digital Library Initiatives: The South Asian Scenario. New Delhi: UNESCO. Retrieved November, 2008.
6. Davidson LA. The End of Print: Digitization and Its Consequence: Revolutionary Changes in Scholarly and Social Communication and in Scientific Research. International Journal of Toxicology. 2005; 24(1):25-34. Retrieved from, 13, 2013, from http://www.ncbi.nlm.nih.gov/pubmed/15981737
7. Mesenbourg TL. Measuring the Digital Economy, U.S. Bureau of the Census, 2001.

8. Deloitte & Touche Consulting, At the Dawn of E-Government: The Citizen as Customer, 2000.
9. McKinsey & Company, Digital Consumer Research, 2012.
10. Department of Telecommunications, Draft National Telecom Policy, 2012.
11. World Economic Forum, Global information technology report, 2010, 2011.