

# A STUDY ON GROWTH AND TRENDS IN DIGITALIZATION OF INDIA

\*Dr. S. CHANDRASEKARAN

Assistant Professor, Post Graduate & Research Department of Commerce, Vivekananda College, Tiruvedakam West, Madurai – 625 234.

\*\*Dr. B. RAJA

Assistant Professor, Post Graduate & Research Department of Commerce, Vivekananda College, Tiruvedakam West, Madurai – 625 234.

## ABSTRACT

*Digitalization of India involves promoting among the people, a system of cashless electronic payments for various transactions involving financial transfers and thus, weaning them away from the current system of largely cash based transfers. Since many of India's economic ills corruption, bribery, tax evasion, black money etc., are largely the result of India's cash-based economy, it therefore becomes imperative that the country should move speedily towards cash-lite or less cash e-payments system. In fact, one of the immediate and important objectives of demonetization has been to create less cash-based digitalized economy where most of the payments are made and received through digital means, i.e. through electronic payments mechanism. The cash –GDP ratio has stabilized suggesting a return to equilibrium. The evidence is that since about June 2017, the trend in currency is identical to that of pre-demonetization. The stabilization also permits examination of this impact of demonetization about 2.8 lakh crores less of cash (1.8 percent of GDP) and about 3.8 lakh crore less of high demonstration notes (2.5 percent of GDP).*

**Keywords:** *The digitalization of India* benefits of digitalization, efforts to promote digitalisation, trends in digitalisation.

## INTRODUCTION

Digital India was launched by the Prime Minister of India Narendra Modi on 1 July 2015 with an objective of connecting rural areas with high-speed Internet networks and improving digital literacy. The vision of Digitalization programme is inclusive growth in field of electronic services, products, manufacturing and job opportunities etc. and it is centered on three key field – Digital Infrastructure as a Utility to Every Citizen, Governance & Services on Demand and Digital Empowerment of Citizens.

According to World Economic Forum (WEF) 2016 report, nearly 33% of Indian population is functionally illiterate, one-third of youth do not attend secondary education. There are vast differences in urban centers such as metropolitan cities and remote rural areas, where an even basic service for example electricity is unavailable to run the Digital India program. India's growing economy and digital push have caught the attention of hackers and an increasing wave of cyber-attacks could soon badly impact the country. In fact, one of the immediate and important objectives of demonetization has been to create less cash-based digitalized economy where most of the payments are made and received through digital means, i.e. through electronic payments mechanism.

## LITERATURE REVIEW

Jain (2015) in his study concluded that some projects are under various stages of implementation which may require some transformational process to achieve desired objectives.

Sharma (2015) made a study and described that in this project every civilian has a bright prospect to transform the lives in many ways that were hard to envision just a couple of year's ago. It was concluded that more prospects will open for the youth that will boost the nation's economy.

## STATEMENT OF THE PROBLEM

In the modern days process to operate any work into touchable devices acquire maximum amount of time to perform the task. The objective is to reduce the unwanted paper work, cost and time taken during the completion of contextual operations.

## OBJECTIVES OF THE STUDY

- To understand the efforts to promote digitalization
- To find out the trends in digitalization

## BENEFITS OF DIGITALIZATION

In contrast, digital transactions involve some costs as well as inconvenience. They require the customers to have bank accounts (for credit and debit cards) cellphones, phone banking facilities, point of sale machines for shopkeepers, vendors and merchants and internet connectivity for all such operations. They also involve some extra cost in the form of transaction fee that the e-payment companies charge from customers and merchants. As against these costs and inconveniences, the digital transaction system has the advantage of bringing people out of the cash-based informal economy to the modern formal economy based on e-payments system. Such a shift is bound to increase financial transparency, thus increasing tax compliance and preventing tax evasion.

Looking at the economy from the digitalization angle, we can divide the society into three broad categories, viz. the poor who are outside the digital economy; the less affluent who have acquired Jan Dhan Bank accounts and are thus able to become a part of the digital economy; and the affluent people who are fully digitally integrated via credit and debit cards. To bring the poor and the less affluent sections of society into the digital system, the government must bear the cost of expanding the digital network and promote digitalization through some appropriate schemes that provide incentives to the poor and less affluent sections to take up the digital path.

## EFFORTS TO PROMOTE DIGITALISATION

To promote digitalization, the government announced awards to consumers and merchants for cashless transactions, under the two schemes named, Lucky Grahak Yojana and Digi-Dhan Vyapar Yojana started on December 25, 2016. Under the Lucky Grahak Yojana, 15000 consumers were awarded Rs. 1000 each under a daily lucky draw for a period of 100 days. Besides, there was also weekly bumper draws awarding Rs. 1 lakh, Rs. 10,000 and Rs. 5,000 to three lucky customers. The merchants were given weekly prizes of Rs. 50,000, Rs. 6,000 and Rs. 2,500 under the Digit-Dhan Vyapar Yojana. These schemes ended on Dr. B. R. Ambedkar's birth anniversary on April 14, 2017 with mega prize announcement of Rs. 1 Crore, Rs. 50 lakh and Rs. 25 lakh for consumers and Rs. 50 lakh, Rs. 25 lakh and Rs. 5 lakh to merchants for cashless business between December 25, 2016 to April 13, 2017.

The Reserve Bank of India has also unveiled a number of digital payment gateways to reduce dependence on cash transactions. The measures announced by the RBI include customer education with the launch of electronics bank of awareness and training (e-BAAT) programme for users. For faster and easier accessibility, ATMs and Point of Sale (POS) terminals are being increased. As people have started to use e-payments systems, they have discovered that it is more convenient to conduct financial activities electronically. And they are finding that such transactions are feasible in many more places.

## TRENDS IN DIGITALISATION

Despite governments push for a cash economy in the period following demonetization, cash transactions are again catching up rapidly as shown by the RBI data on cash withdrawals from Banks and ATM's. Withdrawals from the ATM's during March 2017 have been higher than in the corresponding period last year. According to Nirupama Sundarajan of Pahle India Foundation, "the March trends show that people are getting back to their old habits of using cash and the withdrawals have touched the same level despite restrictions and inadequate cash supply." Digital payments increased during the immediate post-demonetization period primarily because of the non-availability of adequate cash, but the inclination to use digital means of conducting transaction did not really catch up. Consequently with the greater available supply of cash, people are back to cash based transactions. According to AP Hota of the A National Payments Corporation of India (NPCI) it is a fact that lot of cash has come to the market. People who had adopted digital payment transactions out of no choice, now have a choice to really use cash."

Thus government post-demonetization measures to give a big push to economy towards digitalization do not seem to have yielded any long terms positive results. Promoting e-wallets and paying cash awards to both consumers and merchants adopting digital payment modes did not fully succeed in changing people's attitudes and inclinations towards accepting modern digital system of exchange. According to Ashwin Parekh of APA Services, "The country was not fully prepared for moving towards digitalization through disruptions, and now data seem to suggest that people may be going back to hoarding cash for emergency situations, the same way as during the pre-demonetization period." However, amidst all the gloom surroundings success of digitalization, Sangram singh of Axis bank sees a sure and clear ray to hope and argues, "Given that India is a growing economy, there has been a shift towards digital and there is awareness about electronic payments now. About one – third of customers opting for electronic payments were first timers during the demonetization period.

However, with the increased availability of new currency over time, the ratio of digital transactions declined almost to the pre-demonetization levels. This shows that India is still averse to digital transactions. Besides, the security aspect of digital transactions is also a major cause of concern- many people have lost large amounts of their bank balances due to fraudulent transactions by Internet Hackers. Yet demonetization has made some impact on cash supply in the market. With more facilities, infrastructure, and awareness for use of digital payments provided by the Government, now large number of people are willingly opting for e-payments rather than cash transactions. It should not be a great surprise, if in the coming years, India's digital economy expands in size that may be comparable with many developed economies.

## CONCLUSION

The outcome of digital India is to provide Wi-Fi to people, creating job, universal phone connection, high speed internet, digital inclusion, e-Services, e-governance, digitally motivated people, National Scholarships, Portal, Digital Lockers System, e-education and e-health making India to be pioneer in IT use solution. More employment prospects will open for the youth that will boost the nation's economy.

The achievement of this dream project lies not only in the hands of government but it requires all round support from the all citizens and other stakeholders of the nation. Although, digitalization programme is facing some barriers, yet it has a great impact on India to make the best future of every citizen. We Indians and others should work together to shape the knowledge economy. Let us all look forward and join hands for the successful implementation of this project for the brighter and prosperous India.

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