

Digital Economy in India

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Abstract:

Digital economy is one collective term for all economic transactions that occur on the internet. It is also known as the Web Economy or the Internet Economy. With the advent of technology and the process of globalization, the digital and traditional economies are merging into one. Digital economy is defined as an economy that focuses on digital technologies. This research paper is based on secondary sources.

Key Word: Digital economy, Virtual malls, Indian Postal Payments Bank, Digital Empowerment

The digital economy refers to a broad range of economic activities that use digitized information and knowledge as key factors of production. The internet, cloud computing, big data and other new digital technologies are used to collect, store, analyze, and share information digitally and transform social interactions. The digitization of the economy creates benefits and efficiencies as digital technologies drive innovation and fuel job opportunities and economic growth. The digital economy also permeates all aspects of society, influencing the way people interact and bringing about broad sociological changes. Definitions of digital economy varies with the time. Various definitions of digital economy are based on the technological development of that time. In early age, Internet services were only used for defense purposes only. Later on its use started in academic institutions. After accomplishing some maturity level in Internet services, we start to use them in business applications. This becomes the breakthrough in world economy and various business transactions are done by using Internet. Earlier definitions of Digital Economy are based on Internet. Later on as new technical advancements came into the picture it automatically become the part of digital economy. When mobile computing era started people began to think business on mobile devices. Firstly it seems impossible to do business on mobile but high growth of technology made it possible. Nowadays mobile business become an inclusive part of economy. The emergence of newer technology like cloud computing, Internet of Things etc. added newer dimensions in definition of digital economy.

The digital economy consists of various components. Governments are an important component of the digital economy by virtue of their traditional role in providing primary funding for a country's communications infrastructure. They also have an important role to play in sustaining infrastructure development and improving e-readiness. Through national ICT policies, governments provide a national vision for infrastructure development that is aimed at enhancing digital services within their jurisdictions and beyond. A progressive government in the digital economy supplies businesses, citizens and organizations with a clear

roadmap for the adoption of technology. A government's investment in digital processes also helps to improve its own operations. ICT or telecommunication policies are fundamental in the digital economy. A conducive business environment is necessary for firms to thrive and benefit from ICTs. This requires a transparent, open and competitive business framework; clear, independent rules of law that are applicable to all firms; mechanisms for the easy set up and dissolution of businesses; transparent, simple and accessible corporate regulation; and equal and stable legal treatment for national and cross-border transactions .

Information technology and digital economy present new opportunities for all sectors of the economy. Today, economy is undergoing fundamental changes as a result of the rapid development of information technology and its use is also very fast. Especially the dynamics of the development of informatics and its products and business development opportunities based on the use of Internet technology have enabled the growth of the role and importance of using information technology in business processes in terms of the new economy or digital economy. In terms of the digital economy, information technology creates opportunities for specialization and cooperation between companies from different regions by reducing transaction costs, creating ease of access to foreign markets and facilitating the development of new models of electronic business. The WWW is a sub-network which was developed at CERN in Switzerland (the European Laboratory for Particle Physics) and is the fastest growing part of the Internet. Based on the Hypertext Transport Protocol (HTTP), it uses hypertext mark-up language (HTML) to create 'web pages' which can be easily navigated through numerous hypertext links contained within them .The WWW appears to be an ideal medium for businesses attempting to promote themselves and their wares. Setting up a site on the WWW, and thus gaining instant access to millions of people all over the globe, can be achieved at a small fraction of the cost using more conventional methods It is already possible to visit 'virtual malls' full of 'virtual shops', browse through catalogues and examine various products in vast detail, all courtesy of the Web. This has all been made possible by the multi-media capabilities that the Web provides. The advantages of a digital economy are evident and vast in number. This has been identified by organizations all over the world, including governments of many developed and developing countries, who have made conscious efforts to digitize the economy in order to improve the efficiency of tedious governmental processes as well as provide convenience to citizens. The features of a digital economy make it an inherently useful and advantageous system. Digitization has provided the solution for storage requirements of articles like books, music, film and newspaper.

It is natural to look at both sides of the metaphoric coin when forming opinions about it. One of the few drawbacks of a digital economy is that it requires a substantial initial capital investment when establishing the necessary framework for any system. Although digital technologies get cheaper with each innovative development, they require some seed money for research and development as well as implementation. However, it is natural for any new economic framework to have teething problems. Such shortcomings can be resolved by making available the monetary resources required for such a setup. Some argue that we're not technologically prepared for a cashless economy. In the event of a glitch or power outage, consumers might be

left unable to purchase basic essentials. Security is another top concern. Hackers have gone far beyond tapping into our laptops and smartphones. Any smart device can be hacked, including televisions, thermostats, garage doors, and refrigerators. If a cybercriminal managed to steal your account information in a cashless economy, you might not have any alternative funds to turn to. This is why many consumers are opting for banks that offer security features like real-time notifications and the ability to instantly lock your account from your mobile device.

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 (IoE), is expected to generate new market growth opportunities, jobs and become the biggest business opportunity of mankind in the next 30 to 40 years. Goldman Sachs predicts that India - comprising 15% of the world population, with a growth rate of 7 to 8%, could be the second largest economy by 2030. India’s new leadership considers the digital economy as a major growth enabler. When Prime Minister Narendra Modi strategically listed “Digital India” among the top priorities for the new central government, he delivered a resounding nod to the digital economy’s opportunities. India’s leaders also acknowledge the digital economy’s potential and have substantially invested in digitalization for public and private sectors. The commitment of India’s government to spend Rs1.13T (US\$19 billion) within the next five years strategically acknowledges the increasing value of Communication Technologies (ICTs). Nearly 40 percent of the global value at stake will have new winners and vendors in the next decade. This major opportunity of the digital economy has the power to change the lives of millions of people of India. It could be an important vehicle for change and it could provide the opportunity for India to dramatically expand its role and influence in the global economy and become a powerhouse of digital innovation.

India is arguably the most promising internet market in the world. It has attracted over \$20 billion of global venture capital, primarily from Silicon Valley. The Chinese will add billions more to this pool. We are the third hottest startup nation in the world—just behind the US and the UK, with over 4,000 startups. Also, the largest user base for Facebook, Google and WhatsApp is in India. Our mobile penetration has already crossed the billion mark. We’ve got 300 million smartphones, and growing. The government is on a mission to digitize the Indian economy. Amendments to the Foreign Direct Investment (FDI) policy to increase FDI inflow. Increased smartphone penetration, implementation of biometric identification system (Aadhaar), Goods and Services tax (GST), real-time payment interface - Unified Payments Interface (UPI) along with financial inclusion measures like ‘Jan Dhan Yojna’, have been the major pegs of India's digitization story. India's digital index rose by 56 percent during 2014-2017, from 18 to 29 on a scale of 1-100. This has placed the country second in terms of growth among 17 emerging and mature digital economies, according to McKinsey Global Institute (MGI). A robust digital infrastructure will help in driving India’s digital dream of becoming a trillion dollar digital economy.

India provides a unique and digitally verifiable identity to 1.21 billion people who can avail government services, sign documents digitally and utilize payment systems using their fingertips. Using progressive policy measures such as provisioning of New Age payment banks, small finance banks and interplaying it with this world-class digital infrastructure, India has prepared itself well. Based on government's mantra of bottom-up policy focused on inclusion and coverage, Indian Postal Payments Bank was created leveraging on this digital infrastructure and 1.55 lakh postal offices for providing banking services to every corner of India. This creates one of the biggest banking distribution system which enables banking at your doorstep in local languages and by trusted partners. India implemented the Jan Dhan programme which started as a yojana for providing zero balance bank accounts. It not only moved the erstwhile excluded population into the world of financial inclusion but also paved the way to access credit and other banking services. The 330 million Indians who have opened these bank accounts have reposed their faith by depositing more than Rs 85,000 crores. It's a momentous achievement for India that the Jan Dhan Yojana has become a movement, a mindset that every Indian has an equal right to banking services, for accessing credit and other savings products.

It has been felt that a lot more thrust is required to ensure e-Governance in the country promote inclusive growth that covers electronic services, products, devices and job opportunities. Moreover, electronic manufacturing in the country needs to be strengthened. In order to transform the entire ecosystem of public services through the use of information technology, the Government of India has launched the Digital India programme with the vision to transform India into a digitally empowered society and knowledge economy. The Digital India programme is centered on three key vision areas: Digital Infrastructure as a Utility to Every Citizen, Governance & Services on Demand, Digital Empowerment of Citizens.

According to analysts, the Digital India plan could boost GDP up to \$1 trillion by 2025. It can play a key role in macro-economic factors such as GDP growth, employment generation, labor productivity, growth in number of businesses and revenue leakages for the Government. As per the World Bank report, a 10% increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries. India is the 2nd largest telecom market in the world with 915 million wireless subscribers and world's 3rd largest Internet market with almost 259 million broadband users. There is still a huge economic opportunity in India as the tele-density in rural India is only 45% where more than 65% of the population lives. Future growth of telecommunication industry in terms of number of subscribers is expected to come from rural areas as urban areas are saturated with a tele-density of more than 160%.

Conclusion: Each digitization wave has a specific set of social and economic impacts. Computing, broadband and mobile telephony networks have been instrumental in relaxing industry scalability constraints, thereby allowing traditional sectors of the economy to grow more rapidly. The alleviation of the resource constraint has led to increased demand for labor in service industries. This "innovation effect" has yielded enhanced demand for labor in certain occupations linked to the development of digital services.

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