# IMPACT OF DIGITAL INDIA ON FOSTERING FINANCIAL INCLUSION & ECONOMIC GROWTH

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*Abstract:* The Digital India program, launched in 2015, is a government initiative to transform India into a digitally empowered and knowledge economy. The nine pillars of Digital India include broadband infrastructure, mobile connectivity, public internet access, e-governance, electronic delivery of services, information for all, electronics manufacturing, IT for jobs, and early harvest programs. The program aims to provide various advantages, such as increased electronic transactions, improved internet connectivity, and the establishment of digital villages.The impact of Digital India includes increased financial inclusion, India's third position in digital payments globally, the establishment of a world-class fintech hub, and the growth of startups.UPI's popularity and its substantial growth with the total transaction value reaching INR 125.95 trillion by the end of 2022 has contributed significantly to the growth of the digital economy in India.The growth of internet and smartphone penetration has fuelled the e-commerce market, expected to reach $200 billion by 2026, contributing to the expansion of the digital payments ecosystem.DigiDhan Mission focuses on creating digital infrastructure for financial transactions.In conclusion, Digital India has made remarkable progress in various sectors, fostering economic growth, financial inclusion, and the adoption of digital technologies across the country.

*Keywords:* Digital India, Financial Inclusion, Economic Growth, Digital Infrastructure, Global FinTech Hub – GIFT City, Startup Growth, Digital Payments

## INTRODUCTION

Digital India is a flagship programme[2] of the government of India with a vision to transform India into a digitally empowered and knowledge economy. The programme was launched on July 1, 2015 by Honourable Prime Minister Shri Narendra Modi as a beneficiary to other government schemes including Make in India, Bharatmala, Sagarmala, Startup India, Bharat Net, and Standup India. The key vision areas of Digital India encompasses: Digital Infrastructure as a utility to every citizen, Governance and services on demand and digital empowerment of citizens. This has led to a remarkable digital transformation in the country especially due to the increased internet connectivity. The fast-paced digitalization has significantly impacted the country's economic growth, with tremendous opportunities for continued growth in the digital economy. With the government's continued focus on digital transformation and investments in digital technologies, India is well-positioned to continue to drive economic growth.

## NINE PILLARS OF DIGITAL INDIA

Digital India aims to provide the much-needed thrust to the nine pillars of growth areas. Each of these areas is a complex programme in itself and cuts across multiple Ministries and Departments. The nine pillars[1] of Digital India are given below:

**1.Broadband Highways**– This covers three sub components, namely Broadband for All – Rural, Broadband for All – Urban and National Information Infrastructure (NII).

**2.Universal Access to Mobile Connectivity-** This initiative focuses on network penetration and filling the gaps in connectivity in the country.

**3.Public Internet Access Programme-** The two sub components of Public Internet Access Programme are Common Services Centres (CSCs) and Post Offices as multi-service centres.

**4.e-Governance-** Reforming Government through Technology- Government Process Re-engineering using IT to simplify and make the government processes more efficient is critical for transformation to make the delivery of government services more effective across various government domains and therefore needs to be implemented by all Ministries/ Departments.

**5.e-Kranti –** Electronic Delivery of Services- To improve the delivery of public services and simplify the process of accessing them. In this regard, several e-governance initiatives have been undertaken by various State Governments and Central Ministries to usher in an era of e-Government. e-Governance in India has steadily evolved from the computerization of Government Departments to initiatives that encapsulate the finer points of Governance, such as citizen centricity, service orientation and transparency.

**6.Information for All-** This pillar aims to ensure transparency and availability of reliable data generated by the line ministries for use, reuse and redistribution for the people of India.

**7.Electronics Manufacturing-** This pillar focuses on promoting electronics manufacturing in the country.

**8.IT for Jobs-** This pillar focuses on providing training to the youth in the skills required for availing employment opportunities in the IT/ITES sector.

**9.Early Harvest Programmes-** This pillar consists of a group of different short-term projects which have immediate effect on the Indian digital ecosystem like IT platform for mass messaging, crowd Sourcing of eGreetings, biometric attendance in the government offices, WI-FI in all universities etc.

## ADVANTAGES OF DIGITAL INDIA

Digital India Mission is an initiative that encompasses plans to connect the rural areas of the country with high-speed internet networks. Public Internet Access Programme is one among the nine pillars of digital India. On the platform of digital adoption, recently the International Institute for Management Development (IMD) released the World Digital Competitiveness Ranking. Economies of a total of 64 countries have been included in this ranking. In the year 2023, India ranked 49th in this index. Advantages of digital India are:[5]

**1.**There is an increase in electronic transactions related to e-governance.

**2.**An optical fiber network of 2, 74,246 km has connected over 1.15 lakh Gram Panchayats under the Bharat Net programme.

**3.**A Common Service Center (CSC) is created under the National e-Governance Project of the Indian government which provides access for information and communication technology (ICT). Through computer and Internet access, the CSCs provide multimedia content related to e-governance, education, health, telemedicine, entertainment, and other government and private services.

**4.**Establishment of digital villages along with well-equipped facilities such as solar lighting, LED assembly unit, sanitary napkin production unit, and Wi-Fi choupal.

**5.**Internet data is used as a major tool for the delivery of the services and the urban internet penetration has reached 64%.

## CHALLENGES OF DIGITAL INDIA

The government of India has taken an initiative through the Digital India Mission[9] to connect the rural areas of the country with high-speed internet networks. Apart from the various initiatives taken by Digital India, there are several challenges faced by it.Some of the challenges and drawbacks of Digital Mission are mentioned below:

**1.** The daily internet speed, as well as the Wi-Fi hotspots, are slow as compared to other developed nations.

**2.** Most of the small and medium scale industry has to struggle a lot for adapting to the new modern technology.

**3.** Limited capability of entry-level smartphones for smooth internet access.

**4.** Lack of skilled manpower in the field of digital technology.

**5.** To look for about one million cybersecurity experts to check and monitor the growing menace of digital crime.

**6.** Lack of user education.

## DIGITAL INDIA INITIATIVES

The Government has taken up many initiatives under the Digital India campaign. Amongst them few such important initiatives are:[9]

**1. DigiLockers –** This flagship initiative aims at 'Digital Empowerment' of the citizen by providing access to authentic digital documents to citizen's digital document wallet.

**2. E-Hospitals –** It is a Hospital Management Information System (HMIS) which is a one-stop solution in connecting patients, hospitals and doctors through a single digital platform. Till February 2021, as many as 420 e-Hospitals had been established under the Digital India campaign.

**3. E-Pathshala –** Developed by NCERT, e-Pathshala showcases and disseminates all educational e-resources including textbooks, audio, video, periodicals and a variety of other print and non-print materials through the website and mobile app.

**4. BHIM –** Bharat Interface for Money is an app that makes payment transactions simple, easy and quick using Unified Payments Interface (UPI).

## IMPACT OF DIGITAL INDIA CAMPAIGN[8]

**According to Economic Survey 2023, since the launch of Digital India in 2015**

### I PROVISION OF HEALTHCARE, EDUCATION SERVICES AND FINANCIAL INCLUSION

Keeping with the winds of change around the globe, India has placed great emphasis on the development of country's digital infrastructure, in terms of usability, inter-operability and accessibility. The country has seen a great multiplier effect on social and economic growth through the different uses of digital enablement led by mobile phone and the Aadhar number to target the beneficiary identification for various benefits, provision of healthcare and education services and financial inclusion.

### II INDIA SECURED THIRD POSITION IN DIGITAL PAYMENTS AND HAS THE HIGHEST FINTECH ADOPTION RATE

India's Unified Payments Interface (UPI) travelled internationally with select adoption and global acclaim. According to the Economic survey 2023, "India secured $3^{rd}$ position in digital payments only after US and China, signifying that India has an untapped market with the highest FinTech adoption rate of 87 percent among the public compared to the global average of 67 percent."

## III    ESTABLISHMENT OF WORLD CLASS FINTECH HUB – GIFT CITY&DIGITAL INDIA PLAN COULD BOOST GDP UP TO $1 TRILLION BY 2025.

World class Fin Tech Hub at Gujarat International Finance Tech City (GIFT) International Financial Services Centre has been developed by Indian Government. As a result Digital public infrastructure products like e-rupi, e-way bill, TReDS for MSMEs  etc have ensured real value for money to consumers while reducing the compliance burden for producers and with the vision of $ 1 trillion digital economy by 2025 with an aim to provide more and more e-governance based services.

## IV TESTING TIMES OF PANDEMIC ACCELERATED ACCEPTANCE OF INDIA'S DIGITAL JOURNEY

India's digital journey predates the pandemic, it would be rational to say that  the testing times of the pandemic have accelerated its acceptance, application a application and coverage in many ways. The adaptability displayed by the citizen towards technology-driven changes was very encouraging. This confluence of digitisation and innovation acted as a game changer for India.

## V PROGRESS TOWARDS FINANCIAL INCLUSION ACHIEVED IN INDIA IN JUST ABOUT 10 YEARS

A Bank for International Settlements (BIS) working paper has estimated that progress towards financial inclusion, which would have taken almost half a century had India followed traditional growth processes, was achieved in India in just about ten years.

The survey noted that in 2009, only 17 per cent of adults in India had bank accounts, 15 per cent used digital payments, 1 in 25 had a unique ID document, and about 37 per cent had mobile phones.Today, these numbers have seen a meteoric rise, tele density has reached up to  93 per cent, over a billion people have a digital ID document, more than 80 per cent have bank accounts, and as of 2022, over 600 crore of digital payment transactions are completed per month.

## VISTARTUPS – THE SPINE OF NEW INDIA

Capitalising on the digital infrastructure support, India has also emerged as one of the world's most vibrant destinations for start-up ecosystems. Start-ups  are being envisioned as the spine of new India, as they encourage the youth to become job creators rather than job seekers.

In January 2023 Honourable President Draupadi Murmu in her speech stated, "In 2015, India was 81st in the global innovation index. Today, however, we are ranked 40. Seven years ago, there were hundreds of registered startups in the Country, today this number has grown to around 90,000."

## VII    DIGITAL PAYMENTS DRIVING THE GROWTH OF DIGITAL ECONOMY

UPI (Unified Payments Interface) has seen significant growth in India since its launch in 2016 by National Payments Corporation of India (NPCI). Here are some highlights of the UPI journey in India with YoY (Year-on-Year) growth statistics till Jan 2023:

**Volume (In Mn)**
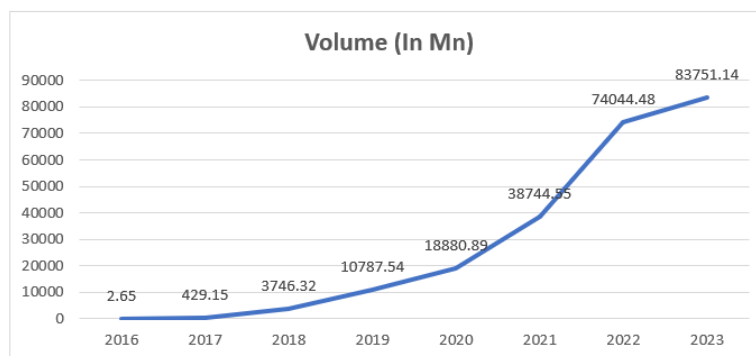


- In 2017, UPI recorded a YoY growth of 900%, processing over 100 million transactions worth INR 67 billion.
- In 2018, the YoY growth was 246% with transactions worth over INR 1.5 trillion processed.
- In 2019, the YoY growth was 67% with transactions worth over INR 2.9 trillion processed.
- In 2020, UPI recorded an YoY growth of 63% with transactions worth over INR 4.3 trillion processed in December 2020.
- In 2021, the YoY growth was 72% with over 1.49 billion transactions worth INR 5.6 trillion processed in June 2021.
- At the end of the calendar year 2022, UPI's total transaction value stood at INR 125.95 trillion, up 1.75 X year-on-year (YoY), as per the NPCI.
- Interestingly, the total UPI transaction value accounted for nearly 86% of India's GDP in FY22. At the end of the calendar year 2023, UPI's total transaction volume stands on 83.75 Billion.

These statistics showcase the increasing popularity and adoption of UPI as a convenient and secure platform for digital transactions in India.

## VIII    e-COMMERCE MARKET IN INDIA IS EXPECTED TO GROW AT A CAGR OF 31% AND REACH $200 BILLION BY 2026

The increase in internet and smartphone penetration in India has also played a major role in the growth of the digital payments ecosystem. E-commerce has also been a major driver of the growth of the digital payments ecosystem in India. The e-commerce market in India is expected to grow at a CAGR of 31% and reach $200 billion by 2026.

The growth of the e-commerce market has led to an increase in the number of online shoppers in India, which is expected to reach 220 million by 2025. The digital payments ecosystem in India is also supported by a number of other private players as well. These players offer a range of digital payment services such as mobile wallets, UPI payments, and QR code-based payments.

| S.No. | Payment Modes |
|-------|---------------|
| 1. | AEPS |
| 2. | BHIM Aadhaar |
| 3. | BHIM UPI |
| 4. | Closed Loop Wallet |
| 5. | Credit Card |
| 6. | Debit Card |
| 7. | IMPS |
| 8. | Internet Banking |
| 9. | Mobile Banking |
| 10. | NACH |
| 11. | NEFT |
| 12. | NETC |
| 13. | Others |
| 14. | PPI |
| 15. | RTGS |
| 16. | USSD |

## IXDIGIDHAN MISSION CREATED DIGITAL INFRASTRUCTURE FOR FINANCIAL TRANSACTIONS

DigiDhanMission[11] has been the creation of a digital infrastructure for financial transactions. The government has implemented a number of measures to promote the use of digital payments, including the launch of the Aadhaar-enabled. The DigiDhan Mission has also aimed to increase the number of digital transactions in India. The government has set a target of 25 billion digital transactions by March 2018, which was exceeded with 40 billion digital transactions. The government has also launched several initiatives to promote the use of digital payments in rural areas, including the launch of the Common Service Centers (CSCs), which provide digital services to citizens in rural areas.

DigiDhan Dashboard Application is a platform created by the National Informatics Centre, Ministry of Electronics & Information Technology, Govt. of India to track and monitor the usage of digital payments in the country. The dashboard provides real-time data on the number and value of digital transactions, as well as information on the types of transactions and the platforms being used.

Year on Year growth for Digital Payments in India has been significant and can be referred below:
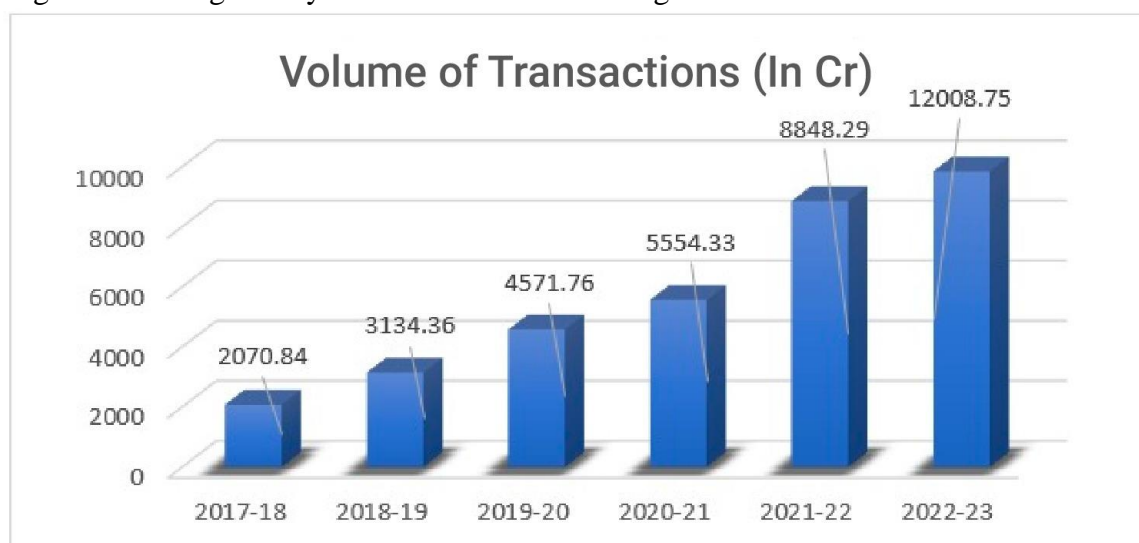


Digital Payment Dashboard has been integrated with Integrated with 118 public sector, private sector, payments, regional rural and foreign banks. In FY 2021-22, 8,840 Crores Digital Payment Transactions were achieved with

87.20% Current & Savings Accounts seeded with Aadhaar Number, 81.05% Current & Savings Accounts seeded with Mobile Number[7].

## CONCLUSION:

The impact of Digital India includes increased financial inclusion, India's third position in digital payments globally, the establishment of a world-class fintech hub, and the growth of startups. The COVID-19 pandemic has accelerated the acceptance and application of digital technologies in the country.The Unified Payments Interface (UPI) has seen substantial growth, with the total transaction value reaching INR 125.95 trillion by the end of 2022. UPI's popularity has contributed to the growth of the digital economy in India.The growth of internet and smartphone penetration has fuelled the e-commerce market, expected to reach $200 billion by 2026, contributing to the expansion of the digital payments ecosystem. DigiDhan Mission focuses on creating digital infrastructure for financial transactions. The government aims to promote digital payments, and initiatives like the Aadhaar-enabled system have resulted in significant growth in digital transactions. Hence, Digital India has made remarkable progress in various sectors, fostering economic growth, financial inclusion, and the adoption of digital technologies across the country.

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