

## **IMPACT OF DIGITALIZATION ON INDIAN ECONOMY**

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### **Abstract**

The Digital India Programme, an initiative of honourable Prime Minister Mr. Narendra Modi, will transpire new development in every sector. The motive behind the concept is to build participative, transparent and responsive system. The Digital India drive is a dream project of the Indian Government to remodel India into a knowledgeable economy and digitally empowered society, with good governance for citizens by bringing management and co-ordination in public accountability, digitally connecting and delivering the government programs and services to mobilize the capability of information technology across government departments. India is one of the largest and fastest growing economies of the world, but what has been the most disturbing fact about its growth is that its growth has not only been uneven but also discrete. It has been uneven in the sense that there has been no uniformity in its growth performance and it has been discrete and disconnected with regard to growth and distribution of growth benefits to certain sectors of economy. Access to finance refers to the possibility that individuals or enterprises can access financial services, including credit, deposit, payment, insurance, and other risk management services. Access to financial inclusion allows the people to make investments to increase their source of income for smooth, safe and fulfilling lives. In spite of intense financial sector reforms in India, the picture of society in terms of access to financial services is changing very slowly. The present research paper is to make an assessment on the position of access to finance inclusion in India.

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## **Introduction**

Digital India is the next big thing that India is witnessing. It aims at profoundly touching the lives of everyone with the transformation travelling the paths of both rural and urban India. Digital India programme is the beginning of digital revolution. It is a big initiative to empower people of the country. Today, the world has transformed from a knowledge savvy to techno knowledge savvy. Digitalization has emerged as a game changer for the under-served as well as un-served low income households and micro and small enterprises. Hence with the prospects of getting near to billions of customers, both banks and non-banks started offering the digital financial services. The basic requirements for Digital financial services are: a digital transactional platform, agent network and customer's access to device. The most impactful technological invention to expend has been the mobile phone. Digitalization is one of the most precious strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. The primary point behind the monetary consideration is to cover the all segment of population under monetary administrations. The concept which is main on the agenda of government from decades is financial inclusion. The initiative has great impact on the economy. It made easy the path of financial inclusion. By using the electronic means government can now easily reach the unbanked people of India. So, the main motive of this initiative is to provide infrastructure and electronic services on demand. This initiative will surely increase the speed of the growth of the economy.

## **Objectives of the study:**

- To study the concept of digitalization
- To study the impact of digitalization in Indian economy
- To provide suggestions

## **Research Methodology**

This research paper relies on secondary data from the authorized Indian journal of Economics - RBI Bulletin, Economic Survey of India, Working Papers, Review of World Economics, and from the website of google.com and the Ministry of Human resources, Government of India.

### **Concept of Digitalization**

As defined by Reitz (2008), digitization is “the process of converting data to digital format for processing by a computer. In information systems, digitization usually refers to the conversion of printed text or images (photographs, illustrations, maps, etc.) into binary signals using some kind of scanning device that enables the result to be displayed on a computer screen.” She also defines digital library as the “library in which a significant proportion of the resources are available in machine-readable format (as opposed to print or micro-form), accessible by means of computers”.

Digitalization, by contrast, refers to “the adoption or increase in use of digital or computer technology by an organization, industry, country. Without digital information, No Big data based solution possible" Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business. The idea of Digitalization is to bring abroad commitments to invest towards this initiative so that the investments would be utilized towards making internet devices and smart phones at an affordable price in India which would help in generating jobs, reduction in the time and cost of importing them from abroad. Digital India comprises of various initiatives under the single programme each targeted to prepare India as a knowledge economy and for bringing good governance to citizens through synchronized and coordinated engagement of the entire Government.

The basic idea of digitization is to make full use of ICT facilities for accessing worldwide resources and beneficial for society at the same time. As going digital is the need of the hour, to remain environment healthy and safe. Various organizations are involved in digitizing their material because they remain influenced of the enduring value of such resources for learning. Digitization also raises the reputation of the institutions as global users can know the institutional collection and utilize these resources from distant locations. The main reasons to digitize are to enhance access and improve preservation. By digitizing their collection, institutions can make information accessible that was previously only available to a select group of users. Digitization can also help preserve materials making high-quality digital images available electronically and may reduce wear and tear on brittle and fragile documents. 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.

- **Agricultural Sector:**

The Indian Agricultural sector provides employment to about 65% of the labour force, accounts for 27% of GDP, contributes 21% of total exports, and raw materials to several industries. Researchers show that 68% of the entire population of India is covered by the rural area and 58% of people depend on agriculture as their main source of livelihood. The fast Growing Population demands 50% of the increase in the production of the food to feed all. At the same time, the traditional inefficient practices, water scarcity for irrigation, less productive lands, double cropping, lack of crop rotation, and lack of time for soil recreation are putting pressure on fertility and yields followed by the exploitation of the middlemen preventing the farmers from getting the best price for their products. Under such circumstances, the concept of Digitization of Agricultural Sector becomes more vital. There is a necessity of empowering the rural community by creating digital Infrastructure, providing various digital services, and Promoting digital literacy. Digitization in Agriculture can be defined as ICT and data ecosystems to support the development and delivery of timely, targeted information and services to make farming profitable and sustainable. The distinct vision of our Prime Minister assures regarding several initiatives taken to provide “Protective shield” to the farmers to increase production, Improve storage and connectivity with the consumers for better supply and profit.

- **Industrial Sector:**

The procurement of raw materials will become an easy and effective process by automation. One can procure the desired quantity and quality of materials at competitive prices. Systems like JIT inventory system, as well as automation of ordering, billing and payment systems, leads to better inventory control, thereby reducing inventory management costs. The product mix of the industrial sector is undergoing changes as more preference is being given to the FMCG and

technological products. New kind of products will also be introduced having both physical and digital characteristics. This will lead to a new era of product development. The employment scenario will be dual impacted. On one hand, digitalisation will lead to unemployment because of machines replacing man power. And on the other hand, new jobs will be created as the sector will move towards growth and expansion. The job requirements and specifications will change with the changing scenario.

- **Service Sector:**

The increased ease in performing banking activities and managing bank accounts due to numerous digitalised facilities provided by banks like, mobile banking, NEFT, online banking, etc. has improved the future growth prospects for the banking sector. Getting loans and financial assistance has also become easy and cost effective due to digitisation of the sector.– Infrastructural developments pick up pace with the help of digitalisation. It saves a lot of paper work, man power, time and cost savings, etc. The infrastructural development of will develop the economy as a whole. Telecommunication sector is growing speedily after the introduction of new technologies in the sector like, smartphones, tablets, i-pads, android systems, windows operated systems, etc., various online applications, availability of internet connectivity through phones, have enhanced the future opportunities for growth in the sector.

### **Impact of Digitalization on Indian Economy**

The digital India project provides a huge opportunity to use the latest technology to redefine India the paradigms of service industry. A digitally connected India can help in improving social and economic condition of people living in different geographical area It can play a key role in macro-economic factors such as Gross Domestic Products growth, employment generation, labour productivity, growth in number of businesses and revenue leakages for the government. Social sectors such as education, healthcare, and banking are unable to reach out to the citizens due to obstructions and limitations such as middleman, illiteracy, poverty, lack of funds, living locality and investments. Modern ICT makes it easier for people to obtain access to services and resources. The penetration of mobile devices may be highly useful as a complementary channel to public service delivery apart from creation of entirely new services. The major changes in the technology space have not only brought changes to the economic system but are contributing to

the environment changes. The next generation technologies are helping in lowering the carbon footprint by reducing fuel consumption, waste management, greener management, greener workplaces and thus leading to a greener ecosystem.

The governance will shift from e-governance to m governance i.e. is mobile governance. Farmers can access all kind of information though their mobile phones as when required which will boost this sector also. Social sectors such as education, healthcare, and banking are unable to reach out to the citizens due to obstructions and limitations such as middleman, illiteracy, ignorance, poverty, lack of funds, information and investments. These challenges have led to an imbalanced growth in the rural and urban areas with marked differences in the economic and social status of the people in these areas. Modern Information and Communications Technology (ICT) makes it easier for people to obtain access to services and resources. The penetration of mobile devices may be highly useful as a complementary channel to public service delivery apart from creation of entirely new services which may have an enormous impact on the quality of life of the users and lead to social modernization. The poor literacy rate in India is due to unavailability of physical infrastructure in rural and remote areas. This is where m-Education services can play an important role by reaching remote masses. According to estimates, the digital literacy in India is just 6.5% and the internet penetration is 20.83 out of 100 populations. The digital India will be helpful in providing real-time education and partly address the challenge of lack of teachers in education system through smart and virtual classrooms. Education to farmers, fisher men can be provided through mobile devices. The high speed network can provide the adequate infrastructure for online education platforms like Massive Open Online Courses (MOOCs).

## **Conclusion**

Digitalization is an inclusive technique of preservation and access by which all the institution's assets are transformed into digital and creating high-quality copies in digital format. It provides advanced opportunities for preservation and access to knowledge contents, also it changes the ways in which collections are used and accessed. Emerging digitalization initiatives and ways in which institutions are becoming digital are causing various effects on economy, society and academics as well. Digital conversion of print sources has improved rapidly in the past few years.

Digitalization is the social transformation started by the massive adoption of digital technologies to generate process, share and manage digital information. A digitally connected India can help in improving social and economic condition of people through development of non-agricultural economic activities apart from providing access to education, health and financial services. However, it is important to note that Information and Communications Technology alone cannot directly lead to overall development of the nation. The overall growth and development can be realized through supporting and enhancing elements such as literacy, basic infrastructure, overall business environment, regulatory environment, etc. The Digital India program is just the beginning of a digital revolution, once implemented properly it will open various new opportunities for the citizens.

Technology can act as very important tool in bridging this gap and can assist in developing a platform in remote areas to extend the financial services. Women entrepreneurs should be more encouraged to wipe out the difficulties faced by them. It will take time to connect every citizen to the banking system but now it seems easy to reach to the people by the electronic modes. With the digital India initiative every person would like to make payments through electronic means. Use of electronic means will increase the banking habits of the low income section of the society. Another major concern is to make cashless transaction modes available to all the section of society especially to the poorer ones. The students should be educated about the pros and cons regarding the cashless transaction which will help them to get prevented from the fraud at the time of transaction. Students make up the future of the economy. So, educating them will enhance the use of cashless model to the maximum.

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