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Impact of digitalization on the Indian economy

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Abstract

The purpose of this paper is to study about the impact of digitalization on the Indian economy. Digitalization has been a Governmental initiative to give all services to every citizen on their web portals or electronically, to make the transactions transparent and smooth. It helps in transforming business landscapes and the world of work, and redefining the boundaries of production, consumption and distribution. This has created tremendous opportunities, as new products, processes and techniques have emerged. India is the fastest growing economy in the world. Indian economy is growing at a fast pace that requires the people to be financial literate to take judicious decisions. 1st July, 2015 is a day when an initiative was being taken by our honourable Prime Minister Narendra Modi towards “Making India Digital”. The campaign aimed to connect rural areas with high speed internet network and to improve the digital literacy. Digitalisation is radically reshaping business landscapes and the nature of work, as well as redefining the boundaries of production, distribution and consumption. Technology-driven innovations are transforming both manufacturing and services sectors through the increasing incorporation of artificial intelligence and automated systems for example online platforms, robotics, machine learning, big data, etc. These trends represent both threats and opportunities for employers and employees, who need to adjust work organisation, job allocation and skills. This paper will help to understand the concept of digitalization and its impact on the Indian economy.

Keywords: Digitalization, Indian economy

Introduction

This campaign focuses 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. It will lay its impact on other departments such as rural development, human resources and so on. This programme will be beneficial for all states and union territories. It would make sure that services are available to every citizen electronically. It would also ensure delivery of services to public electronically. Indian economy is growing at a fast pace. It is ranked among the top fast developing economies in the world. The Indian economy takes 7th place among the largest economies

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when measured through nominal GDP and 3rd place when measured on the basis of PPP (Purchasing Power Parity). Due to the growing industrialisation in the country, it is considered one among the major G-20 economies. The average growth rate of the economy has been around 7% for the last two decades. The Indian economy has piqued the interest of the world because of the increased rate of development due to industrialisation & automation, increasing customer base due to population explosion and increase in ease of trade due to reduction in regulation & entry barriers. The Indian economy has been divided into 3 major parts, namely, agriculture sector, industry sector and service sector.

Pillars of Digital India

1. Broadband highways – All the three of Broadband for all – Rural, Broadband for all – Urban and National Information Infrastructure (NII) are covered in this.

2. Universal access to mobile connectivity – Providing access to all through penetration of networks and filling all the gaps existing in connectivity structures.

3. Public internet access programme – Common Service Centres (CSCs) and Post Offices providing multiple services are the two components that are covered under this.

4. E-governance – Government Process Re-engineering and restructuring by using technical and IT tools, so that efficiency and transparency can be improved in governance. It is essential to fasten and simplify the government processes to transform governmental sectors technologically advanced and efficient.

5. E-kranti – Efforts have to be made at all the levels of governance to enhance the efficiency of delivering and ease of accessing of government services by people by providing online access to services. The aim is to move government and citizenry closer and within reach of each other.

6. Information for all – Information must be available for everyone through electronic means or network based resources. Regular interactions of government with citizens are essential through social media sites or web based programmes, for good e-governance.

7. Electronics manufacturing – Electronic equipment's are the basic requirement for the programme to be implemented successfully. Manufacturing indigenous technology is important to attract investment in the sector and to reduce imports.

8. IT for jobs – Providing training to youth in IT sector to enhance their employability skills and improving their prospects in securing a good job in today's digitally changing environment.

9. Early harvest programmes – These programmes are those which run with a deadline within which they have to be completed. The time span for these programmes consist of a short time period, i.e., within 3 years. Some of the projects included in it are biometric attendance, Wi-Fi in all universities, secure e-mail within government, school books

to be e-books, National portal for lost and found children, etc.

Impact of digitalisation on Indian economy

- **Impact on agriculture sector:** agriculturally dominated country; approximately 49% is engaged in agriculture and allied activities. Digitalisation will lead to the improvement of the sector's performance. Indian economy depends on the agriculture sector with it being one of the three wheels driving the economy. Automation can help in improving performance by:
 - Availability of data – Automation of the division will prompt the accessibility of auspicious and precise data. Convenient and right data about soil, richness, seeds, and climate conditions, different information sources, master conclusions, and so on. Will help ranchers in exchanging productively. Solid data can be given to the ranchers because of improved viability of agrarian innovative work.
 - Better business – Digitalisation will prompt better use of human labour in the area. There is over work in farming and on the off chance that the execution of the segment is improved all in all, at that point a similar work should be possible by less individuals and the rest of the labour can be utilized in other beneficial exercises.
 - Price control and cost cutting – Timely and right data about costs, contributions just as yields, in various markets, and slicing of expenses because of better use of assets, will prompt expanded benefits in the part.
 - Infrastructural improvement and irrigational offices – Digitalisation will prompt better infrastructural offices like distribution centres, green houses, ease in transportation and capacity of produce that will build the life of the produce. Indian horticulture depends a great deal on rainstorm. Digitalisation of the area will give ranchers better water system offices and less reliance on storm.
 - Increased returns and investment – Better agricultural facilities will lead to increase agricultural produce there by increasing the returns of the sector.
 - Agricultural literacy – With the help of automation, farmers have increased access to the information they require or any knowledge they want to acquire regarding farming. This increases the level of agricultural literacy in the country thereby improving the future prospects for agriculture.

Impact of digitalisation on industrial sector

- Ease in buy and stock control – The acquirement of crude materials will turn into a simple and successful procedure via mechanization. One can obtain the ideal amount and nature of materials at focused costs. Frameworks like JIT (Just in Time) stock framework, ABC, EOQ (Economic Order Quantity) framework, just as computerization of requesting, charging and instalment frameworks, prompts better stock control, in this manner decreasing stock administration costs. The inventory network the board will work easily.
- Wider client base and market reach – Customer base for merchandise is expanding because of accessibility of items through different online sources like internet shopping entrances, i.e., myntra, jabong, snap arrangement, or organization's website pages, i.e.,

dependence patterns, forest, pantaloons, Adidas and so on. Because of the inescapable idea of web, the makers can achieve their clients in each alcove and corner of the world inside seconds, in this manner growing the business sectors to no limits.

- New item blend and item development – The item blend of the mechanical part is experiencing changes as more inclination is being given to the FMCG and innovative items. New sort of items will likewise be presented having both physical and advanced qualities. This will prompt another time of item improvement.
- Trade relations and competition– Supplier-maker, maker client, work the executives, middle person relations just as all other exchange relations wind up firm because of expanded straightforwardness in exchange. The aggressive structure will change because of expanded remote challenge after progression, expanded productivity because of privatization and opening of new markets because of globalization. A sound challenge will result in better quality items at sensible costs, profiting the buyers.
- Employment varieties – The work situation will be double affected. On one hand, digitalisation will prompt joblessness on account of machines supplanting labor. What's more, then again, new occupations will be made as the segment will move towards development and extension.

Impact of digitalisation on service sector

- Information Technology and BPOs – IT and BPO are the fastest growing services in the country. It is because of the increased exports of the services outside India. There are also huge employment opportunities in these.
- Aviation – The offices like internet booking of tickets, online international ID application through Passport Seva Kendras, cost limits on development appointments, FDI's, expanded the travel industry because of web based advertising of visit bundles, diminished ticket costs because of increment in rivalry, and so on, has prompted an unanticipated development in aeronautics division.
- Banking and money – The expanded straightforwardness in performing banking exercises and overseeing ledgers because of various digitalised offices given by banks like, versatile banking, NEFT, internet banking, and so on has improved the future development prospects for the financial division. Getting advances and monetary help has additionally turned out to be simple and savvy because of digitisation of the part.
- Retail – Retail is developing after digitalisation of administrations like online bill instalments via card swiping, internet shopping destinations and site pages, web based promoting, cost limits on some specific cards and so forth.
- Electricity division – Online bill instalment, discounts, mechanized meter readings, and so forth has profited the power area. It's alleviation for subjects to not remain in lines for bill instalments.
- Infrastructure – 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.

- Education – Application of digital methods to education enhances the learning processes for students, teaching experience and ease for teachers and the overall learning procedures. Ease in availability of information and knowledge leads to a better educated society and enhances the standard of living in general.
- Entertainment industry – The accessibility of all sorts of excitement media documents online has on one hand given a lift to the business and on the other hampered it by issues like theft, hacking, spillages, and so on.
- Telecommunications – Telecommunication segment is becoming quickly after the presentation of new innovations in the area like, advanced mobile phones, tablets, I-cushions, android frameworks, windows worked frameworks, and so forth., different online applications, accessibility of web availability through telephones, have upgraded the future open doors for development in the division.
- E-business – web based business area is developing at a fast rate as the entire thing depends on computerized gear, procedures and strategies. Advanced upgrade is the most extreme necessity for web based business to develop. Accessibility of wide scope of items from nourishment to dress to gems to gadgets to home outfitting, and so forth., money down, simple returns, and so on has spiked the enthusiasm of customers in internet shopping.
- Insurance – People are winding up increasingly more mindful of the favourable circumstances and advantages protection gives and henceforth the part is developing constantly. Likewise, digitalisation of administrations like premium instalment, arrangement examinations, accessibility of imperative data, and so forth, has made the procedure a lot more straightforward.
- Tourism – Tourism is developing by different estimates taken by government to make the stay wonderful for the travellers. Additionally, digitalisation of economy is bringing about increment in the sightseers in the nation due to the straightforwardness it brings.
- Healthcare – Healthcare industry benefits by digitalisation as bill instalments, tracking patients, following records, talking about cases with different specialists, getting medications from far away arranged specialists, accessibility and acquirement of drugs on the web, free conference administrations, and so forth.

Conclusion

The digitalization brings advancement, simplicity of working, new openings for work and development in the economy. It gets straightforwardness the framework and progressively straight forward is the stream of assets in the economy less is the issue of tax avoidance, parallel economy and so on. Be that as it may, with every one of these advantages accessible it additionally makes it vital for the general population to have essential budgetary information and a push towards the significance of the monetary education. With the assistance of which they can secure their cash in circumstances like expansion, dejection, and think about various money related items and administrations to spare it for their better future. Digitalisation can likewise assume a critical job in accomplishment this objective as it can have a more noteworthy reach to the general population. By this we can reach on a resolution that the new innovation

needs to be well and for this it isn't just the accessibility yet in addition the learning to utilize it and get profits by it.

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