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Role of digitalization in economic growth in India

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Abstract

In recent time, the information was secured manually. As there was some problem also regarding its sharing and transforming etc. All the problems attached with the manual data retention is removed by digitalizing the content. It is a process by which analog data is converted into binary form which makes it easy to retain, transform and share it anywhere and at anytime. It helps in economic growth of the country. In this paper, we will study how the digitalization is beneficial and helpful in economic growth and what types of measures are taken by the government to improve this.

Keywords: Digitalization, ICT, economic growth

1. Introduction

It is an important concept in business that everything must be reach on right time, at right place, to the right person and in right way whether it is product, service or information. For physical products there are many intimidators to move the goods from one place to another. For service or information, Information and Communication Technology (ICT) plays an important role in it.

ICT helps in smooth flow of various service and data information. All this can be done with the help of digitalization of data. Here, digitalization is the process in which analog material is transformed into binary (electronic) form. This form of data is used and stored in computers and can be sent anywhere by electronic means. These types of data can be read by people in electronic form. ICT is normally the combination of digital communication and information technology. Here, digital communication is related with the internet and smartphones whereas information technology is related with the digitalization of data with the help of computers. It can be further classified as- IT services, softwares and IT enabled services.

In today's time, most of the population is technouser then ICT is helpful in data formation, collection and maintain proper flow. Any person who is faraway from any other person is able to get information. For this a number of devices like cameras, scanners etc are used. Digitalization of data converts the form of any type of data, picture, photograph or sound. It makes easy for a number of users to access the data at the same time from anywhere. It is very difficult to take the hardcopy of information at somewhere, it is time consuming and expensive too. But with the help of digitalization, this trouble is also removed as data can be reached from one corner to another in whole world without taking time and in non expensive way.

2. Need of digitalization

In today's time, every person is technouser. People want to access information in a short time period without any hindrance. According to report of International Telecommunication Union, over 3 billion people are now online. The number of internet users in developing countries has doubled in last five years in which 2/3rd of all people online now living in developing countries.

Due to this, today many industries are now digitizing their material so as to reach all the customers (current and prospective). As the time is passed, the users of online platform are going on increasing. The scope of many new online businesses is also increased due to ICT like online food delivery, online taxi booking etc. It also gives push to the economy of the country.

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3. Benefits of digitalization

It is very easy to keep the any type of data, picture or sound in digital mode. There are a number of benefits of digitalization of data electronically. The following are the some benefits of digitalizing the data-

1. It is very easy to keep the record safe.
2. Because of now data is in electronic form, there is less wear and tear.
3. It is very easy to send the data anywhere in the world in short time period.
4. Data is to be kept in its original form for a number of years.
5. The document can be viewed from anywhere, at any time.
6. Digitization is beneficial for some new business set up also.

So, in this way we see that by digitalizing we can keep the data for a long time and it has many other benefits too. It reduces the paper requirements also that is beneficial for our environment also as it eco friendly.

4. Digitalization and economic growth

India is one of the fastest growing IT market in the whole world as it is world’s largest sourcing destination for the IT sector with 55% market share in the global market in 2017-18 with 8% contribution in India’s GDP. IT sector is expected to contribute 10% in India’s GDP by 2025. As this sector involved technology, end user privacy, data security and business processing. IT sector contributes in growth of Indian market as it has large revenue share in its various segments. It can be understand by following table-

Years/Segment	2013-14	2014-15	2015-16	2016-17	2017-18
Software Products	3.35	3.85	4.15	5.0	5.0
IT Services	10.85	12.2	13.35	15.0	16.95
Business Processing	2.92	3.2	3.5	4.0	4.0
Total	17.13	19.24	21.0	24.0	25.95

Source: <http://meity.gov.in/content/performance-contribution-towards-exports-it-ITeS-industry>

In this table we see that IT service has maximum contribution in this. Here, contribution of all these segments

are also in increasing trend as it is 25.95 US\$ billion in 2017-18 which was only 17.13 US\$ billion in 2013-14.

Export and domestic revenue of it sector

Year/Description	2013-14	2014-15	2015-16	2016-17	2017-18	CAGR% (2013-18)
Exports	87.3	97.8	107.8	117.0	126.0	10.40
Domestic	19.0	21.0	21.7	24.0	25.0	5.42
Total	106.3	118.8	129.5	141.0	151.0	9.55

Source: <http://meity.gov.in/content/performance-contribution-towards-exports-it-ITeS-industry>

As this table shows that revenue trend of IT sector is increasing from last some years. The export is 126 US\$ billion in 2017-18, which was 117 US\$ billion in 216-17 and only 87.3 US\$ billion in 2013-14. Like this domestic revenue is also 25 US\$ billion in 2017-18, which was 24 US\$ billion in 2016-17 and only 19 US\$ billion in 2013-14. Likewise, total revenue of this sector is 151 US\$ billion in 2017-18, which was only 141 US\$ billion in 2016-17 and only 106.3 US\$ billion in 2013-14. Total export revenue of the industry is expected to grow 8.3% in or 136 US\$ billion in financial year 2019. This table indicates the importance of this sector in economic growth of the country.

There are various IT companies contributes in it like Tech. Mahindra, Infosys, Wipro, Tata Consultancy Services and HCL Tech etc. IT sector has 3rd rank in FDI up to 2017-18. All these factors grow up the IT sector in India a lot. Many new business ideas also comes in the market due to the digitalization.

5. Government initiatives

Government has introduced a number of policies and programmes for the growth of IT sector. Some of these are following-

1. National Policy on Information Technology, 2012
2. National Cyber Security Policy, 2013
3. India BPO Promotion Scheme (IBPS)
4. Digital India Programme, 2015
5. Internet of Things (IoT) Policy, 2013
6. Software Technology Parks of India

In this way, we see that government also make efforts in digitalizing the economy by various types of policies and programmes. It helps in increasing the scope of digitalization and boost up the economy.

7. Conclusion

Digitalization is the process in which data is converted into electronic form. It makes possible to easy access for all the users. By this sharing and preservation of content is also become easy. It has positive effect on economy also. Not only in India but in whole world the scope of digitalization is increasing no due to increasing the internet users and so many other benefits of it. So, it is fruitful to increase the digitalization that helpful in our economic growth as it is also increases the employment opportunities also.

Beside all these benefits, the digital format of any content is not a replacement of original content. It requires regular and proper maintenance and transformation. For the best utilization of digitalization, business must select the content which is to be digitalized and keep it safe for the long run properly for best usage.

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