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Problems and Prospects of Digital Economy of India

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ABSTRACT: The digitalization of economies and societies holds many priorities and promises to spur innovations and technologies as well as generate efficiencies and improve services throughout the economy. Moreover, a successful transformation to a digital economy is a much necessary step and offers conditions toward a more inclusive and sustainable growth while enhancing the overall well-being. The digital economy can also improve the services and help address the policies challenges in a wide range of areas, such as health, education, agriculture, governance, tax, transports, and environment, among the others. It continues not just to innovate in processes and organizational arrangements, but at the same time, transform how individuals interact with one another and with the society as well. And, most importantly, it has the ability to change the structure and business models of the economy. Because the opportunities in this area are vast, the digital economy is likely to reach 4.2 trillion dollars by 2017 in the G-20 economies, which contribute to more than 5% of the GDP.

KEYWORDS: Digitalization, Economy, Business, Environment and agriculture.

I. INTRODUCTION

Digital is a new way of engaging with customers. And for others still, it represents an entirely new way of doing business. "Digital economy" is intertwined with the traditional economy making a clear delineation harder. Economy refers to an economy that is base computing technologies. The digital economy is also sometimes called the Internet Economy, the New Economy, or Web Economy.

During 1st July 2015 Modi government's flagship programme 'Digital India' was introduced. This programme is to transform the entire ecosystem of public services through the use of information technology. The services are provided to the people with the help of mobile phones, personal computers, laptops, tablets, televisions, radios and internet. The vision is to transform India into a digitally empowered society and knowledge economy electronically (McKinsey Global Institute 2017). It really focusses on making the government administration accessible to every citizens electronically by reducing paper work. This programme aims to remove the gap between the rural and urban people. This initiative consists of plans to connect rural areas with high speed internet networks. The Digital India programme covers agricultural, industrial, service sectors which constitutes the growth of the economy. It focusses on three core areas: digital infrastructure a utility to every citizen, digital empowerment of citizens, governance and services on demand. The project purposes to connect the 2.5 lakh villages across India through broadband highways, public internet access, universal access to mobile connectivity, e-governance, e-kranti, information services for all, a sturdy electronic manufacturing regime, early harvest programs, and IT for jobs—conferred as the nine pillars of Digital India. This big initiative came up with big investments in the technology sector with Rs 1.13 lakh crore which help in creating a participative, transparent and responsive government. It will push the usage of technology to connect and empower people in areas relating to health, education, labour and employment, commerce, etc. The programme creates employment opportunities in the country and thereby increases the GDP, per capita income and improve the lifestyle of the people. Digital India attracted more than 4 lakh crore investment and generated more than eighteen lakh job opportunities at its launch. The introduction of Reliance Jio was a catalyst to the Digital India programme. After its launch, mobile data consumption in the country had gone up from 20 crore of GB per month to nearly 370 crore GB per month. Introduction of Jio 4G sim and phones was a mile stone to the Digital India initiative, where in people was able use the data at free of cost.

. Digital India programme will boost GDP up to \$1 trillion by 2025 thus acting as key role in macro and micro economic factors such as employment generation, GDP growth, growth in number and labour productivity of businesses and revenue leakages for the government. Based on World Bank report, if mobile and broadband penetration increases by 10%, the per capita will increase by 0.81% and GDP by 1.38% respectively. There is huge economic opportunity at India since the tele-density in rural regions is at 45% implying that more than 65% of the population lives in digitalized communities. 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%.

The digitalization of economies and societies holds many priorities and promises to spur innovations and technologies as well as generate efficiencies and improve services throughout the economy. Moreover, a successful transformation to a digital economy is a much necessary step and offers conditions toward a more inclusive and sustainable growth while enhancing the overall well-being. The digital economy can also improve the services and help address the policies challenges in a wide range of areas, such as health, education, agriculture, governance, tax, transports, and environment, among the others. It continues not just to innovate in processes and organizational arrangements, but at the same time, transform how individuals interact with one another and with the society as well. And, most importantly, it has the ability to change the structure and business models of the economy. Because the opportunities in this area are vast, the digital economy is likely to reach 4.2 trillion dollars by 2017 in the G-20 economies, which contribute to more than 5% of the GDP.

II. REVIEW OF LITERATURE

Being a recent move, there have been various researches on different aspects of the initiative ranging from the economical to social and ethical dimensions. Some of these researches retrieved through internet searches have been reviewed here.

Singh (2016) The basic overview of what Digital India entails and led a discussion of conceptual structure of the program and examined the impact of “Digital India” initiative on the technological sector of India. He concluded that this initiative has to be supplemented with amendments in labor laws of India to make it a successful campaign.

Gupta and Arora (2015) Studied the impact of digital India project on India’s rural sector. The study found that many schemes have been launched in digital India to boost agriculture sector and entrepreneurship development in rural areas. Digital India programme has also set the stage for empowerment of rural Indian women.

Rani (2016) Concluded that the digital India project provides a huge opportunity to use the latest technology to redefine India the paradigms of service industry. It also pointed out that many projects may require some transformational process, reengineering, refinements to achieve the desired service level objectives.

Midha (2016) Concluded that digital India is a great plan to develop India for knowledge future but its improper implementation due to inaccessibility and inflexibility to requisite can lead to its failure. Though digital India programme is facing number of challenges yet if properly implemented it can make the best future of every citizen. So we Indians should work together to shape the knowledge economy.

III. METHODOLOGY

The method used in this paper is descriptive-evaluative method. The study is mainly review based. It is purely supported by secondary source of data, i.e. books, journals, papers and articles and internet.

IV. RESULT AND DISCUSSION

SKILLS REQUIRES FOR DIGITAL ECONOMY:

Increasing use of digital technologies at work is raising the demand for new skills along three lines. First, workers across an increasing range of occupations need to acquire generic ICT skills to be able to use such technologies in their daily work (for example, access information online or use software). Second, the production of ICT products and services— software, web pages, e-commerce, cloud and big data—requires ICT specialist skills to programme and develop applications and manage networks. Third, the use of ICTs is changing the way work is carried out and raising the demand for ICT-complementary skills, including the capability to process complex information, communicate with co-workers and clients, solve problems, plan in advance and adjust quickly. Last, but not least, the attainment of sound foundational skills constitutes a prerequisite for the development of proficient ICT generic, specific and complementary skills. Skills are a key factor affecting the industry specialization of a country and its integration in international markets. A better alignment of industrial and trade policies with skill policies is necessary for countries to preserve and enhance their comparative advantages.

FUTURE DEMAND OF DIGITAL INFRASTRUCTURES:

It is essential for any economy to continually invest in the development of digital infrastructures to meet existing and future demand. They provide the foundation for many new services, applications, and business models. They are also crucial in underpinning and enabling the digital innovations that are transforming production, including in the context of industries. High-speed infrastructures are one of the main building blocks for digital economies, alongside content and applications. These infrastructures are composed of a multitude of local, national and global networks owned by different entities. Moreover, the access afforded by Internet infrastructures brings societal gains, enabling new collaborative, scientific and social networks, and supporting the free flow of information and knowledge.

For all these reasons, digital infrastructures need to be of high quality, accessible to all and available at competitive prices.

The digital economy is expected to generate new market growth opportunities and jobs and become the biggest business opportunity of mankind in the next 20 to 30 years. India, comprising 15% of the world population and with a growth rate of 7% to 8% on an average, could be the second largest economy by 2030. India's new leadership considers the digital economy as a major growth enabler and the emphasis on programmes like DIGITAL INDIA are a testimony to this fact. The Indian government also acknowledges the digital economy's potential and has substantially invested in digitalization for public and private sectors. The commitment of the Indian government to spend 19 billion US dollars within the next five years strategically acknowledges the increasing value of communication technologies. All IoE Internet of things, internet of people, Internet of data and Internet of a process for India is expected to have a value at stake (VAS) of about half a trillion US dollars for the next ten years. For the Indian economy, investment and innovation in the digital sector has generated enormous opportunities and it has raised the economic and global profile of entire cities, created jobs and produced innovation and innovative technologies. This becomes even more important as we are switching over wide range and systems of digital payments across the sectors in a cashless economy, but it has flagged a number of challenges to the regulators to navigate and generate significant discussion among the bar and bench. A recent conference hosted by the Competition Law Bar Association and Competition Commission of India revealed that the latter recognizes its critical role in encouraging innovation and technologies in this area of the economy. The companies that find themselves at the top of an industry in this area have to work harder than ever to keep customers who can easily switch their allegiance to a better and cheaper competitor because of the low barriers to entry and high levels of innovations in the 21st century. It is interesting to examine how regulators outside of India have been examining the dynamic and fast-moving digital sector. The core and main principle remain that regulators have to protect competition in their own jurisdiction and should have focused on domestic consumers.

Government benefit from digital economy: By Implementing digital payment methods, like Digital Point of Sale (Digital POS), Unified Payments Interface (UPI), mobile wallets, Mobile Point of Sale (MPOS), etc., our country is moving towards creating a digital economy that will benefit the people and the government in various ways. Some of the primary advantages that government witnesses from the digital economy :,

Removal of Black Economy: When the transactions are made digitally, they can be easily monitored. Any payment made by any customer to any merchant will be recorded. This way, there will be no means for illegal transactions to occur. By restricting the cash-based Transactions and using only digital payments, the government can efficiently expel the black economy.

Increase in Revenues: This is one of the most obvious and common benefits of the digital economy. When the transactions are digitized, monitoring sales and taxes becomes convenient. Since each transaction is recorded, the customers will get a bill for their Purchase, and the merchants are bound to pay the sales tax to the government. This, in turn, increases the revenue of the government – thus resulting in growth of the overall financial status of the country.

Empowerment to People: One of the biggest advantages of moving towards digital economy is that it gives an empowerment to the citizens. When the payments move digital, each and every individual is bound to have a bank account, a mobile phone, etc. This way, the government can easily transfer the subsidies directly to Aadhaar-linked bank accounts of people. In short, people no longer have to wait to receive the incentives and subsidies that they are bound to receive from the government.

Paves the way to E-governance: The quicker, safer, and more efficient alternative to traditional governance, e-governance will be the ultimate outcome of the digital economy. From birth certificate to death certificate, everything is available online – thus it is convenient for people to access the information they need on the go. Digital economy will definitely pave a way to e-governance, where delivery of all government services would be done electronically.

Creation of new jobs: The digital economy has a lot of potentials to enhance job Opportunities in new markets as well as increasing employment opportunities in some of the existing occupations in the government. This way, the unemployment rate in the country is bound to decrease.

Opportunities:

Digital technology is spreading at a rapid pace and so are crimes: As per the HBR Digital Evolution Index 2017, at present, on the planet, more people have access to a mobile phone than to a toilet. While an increase was observed in cross-border flows of digitally transmitted data, incidents of cyber attacks have also increased widely with a much

deeper impact. The data breach report of a potential 120 Min user of Internet data provider reliance Jio is the most recent incidence.

Digital players have begin to dominate the market: As per stock prices on July 6 2017, the most valuable companies globally were Apple, Alphabet, Microsoft, Amazon, and Facebook. China's Alibaba gained the seventh position, overall.

Digital technologies will change the way work is done:As stated in the HBR Digital Evolution Index 2017, "Automation, big data, and artificial intelligence enabled by the application of digital technologies could affect 50% of the world economy." The present technology has the potential to automate over 1 billion jobs worth \$14.6 Trillion.

Public policy is essential to the success of the digital economy:Globally, economists should adopt public-private policies to foster innovation in a digital economy, including India. Also, they must encourage better integration of automation, data, and new technologies into the legacy economy. Steps must be taken to introduce skills required to thrive in a digital economy at early levels, specifically at schools.

Identifying a country's unique drivers of digital momentum is necessary:Considering factors such as the current state of digital economy and country size, growth drivers for digital economy must be identified and amplified. While developed economies need to priorities on innovation, developing economies should focus on institution.

Challenges: The digital global economy will continue to expand and diversify in 2017. New technologies, customer with new habits and global threats will open opportunities and threats for businesses in different sectors. This article summarizes some of them.

Technologies:In the next couple of years, Block chain technologies will consolidate and be applied to different and innovative uses increasing transparency and decentralization of information. New models will challenge how organizations store and manage data transactions and enable internet based companies develop new financial products and services. The expansion of internet of things will create zillions of data sources capable of measuring and combining physical and digital data to create and expand products and services, such as Biometrics authentication. Quantum computing will open new opportunities for a real-time based economy and mobile devices will have computing power.

New Competitors:After an early and atomized stage of fin techs entering the financial market, new large competitors will form digital banks and challenge conventional industries. Smaller fin techs will probably specialize in specific sectors and will concede space to large corporations such as Apple, Google and Facebook which will focus on online payments and general financial services to their clients.

New Regulations: New regulations such as the second version of Payments Service Directive (PSD2) and the General Data Protection Directive aim to transform the financial industry and stimulate competition in the financial sector and provide more security against fraud. In a more competitive, diversified and open market, companies will struggle to offer services at lower rates.

New Customers:Millennial and following native digital generations will tackle current digital challenges differently. The Robotization of the economy and new measures like the universal income become a reality. Citizens spend less time working and increase their capacity to consume. The debate about privacy will enter in a new phase and individual users will count on newer resources to exploit their personal data, such as personal data lockers. On the one hand, individuals will be less afraid of trading their data, and data collectors will have to pay more for the personal data they can collect.

New Business Models:A world without cash will become a reality soon. All transactions being digital will help companies gather a complete picture of their market and understand more clearly market opportunities. A completely digital world will make financial services more transparent and accessible, and will create opportunities for a multimodal explosion like augmented reality, will allow customers to analyze the value of a building or calculate the cost of a mortgage for a specific car. Data marketplaces will enable new business to acquire data they do not produce and generate new products and services. Crowd funding will leave space for crowd lending.



V.CONCLUSION

No doubt, the digital economy has the risks and problems of Security and Privacy which are more in the case of India subject to internal and external risk. The roll out of e-Government services in India is currently lightly well, but policies of digital inclusion should play an advanced role in this development, in order to encourage the bridging of the 'digital divide'. Many strengths and opportunities fuel the development of India, while at the same time new threats and challenges arise. India has understood this secret and they have embraced digital India campaign to enhance effective communication between citizen and government while providing essential services with easiness. So far, digital India campaign is successful since it has assisted India dramatically by creation of job opportunities, improving literacy rates, eliminating corruption, technological advancements as well as boosting gross domestic product. It also improved the social and economic condition of people living in rural areas through development of non-agricultural economic activities apart from providing access to education, health and financial services. The exponential growth in digitization and Internet connectivity is the backbone of the modern economic systems. New and emerging digital technologies are changing the way industries and business work. There are many instances where the market is adjusting well to digital transformation. The long term effects of Demonetization are yet to be ascertained. It is expected that it can improve the Indian economy in the long run by increasing tax compliance, financial inclusion, consequently improving the state of the economy. It can boost the GDP by increasing the availability of funds for lending and also by reducing transaction costs if the economy moves to digital modes of payments.

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