



## Digital India: Impact on Indian Economy

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**Abstract:** *The Digital India initiative, launched by the Government of India, has been a transformative force in the nation's economy, driving significant changes across various sectors. This article examines the multifaceted impact of Digital India on the Indian economy, focusing on the enhancement of digital infrastructure, the growth of the digital economy, and the proliferation of digital services. The study explores how initiatives such as digital payments, e-governance, and digital literacy programs have contributed to economic inclusivity, increased efficiency, and transparency. By analyzing statistical data and case studies, the article provides insights into the challenges and opportunities presented by the digital revolution in India. It also assesses the long-term implications for economic growth, employment, and social development.*

**Keywords:** *Digital India, Digital Economy, E-governance, Digital Infrastructure, Economic Growth*

### INTRODUCTION

The Digital India programme is one of the foundation programmes of Indian Government and was launched by the Government of India on July 1st, 2015. 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 bandwidth 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 the technological field so that the country moves towards being a digitally empowered economy. 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 when measured through nominal GDP and 3rd place when measured based on PPP (Purchasing Power Parity). Due to the growing industrialization in the country, it is considered one of 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 industrialization & 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, the agriculture sector, the industry sector and the service sector. The Digital India programme is designed in a three components structure. These are:

- Creation of digital infrastructure
- Digital delivery of government services.
- Increasing Digital literacy

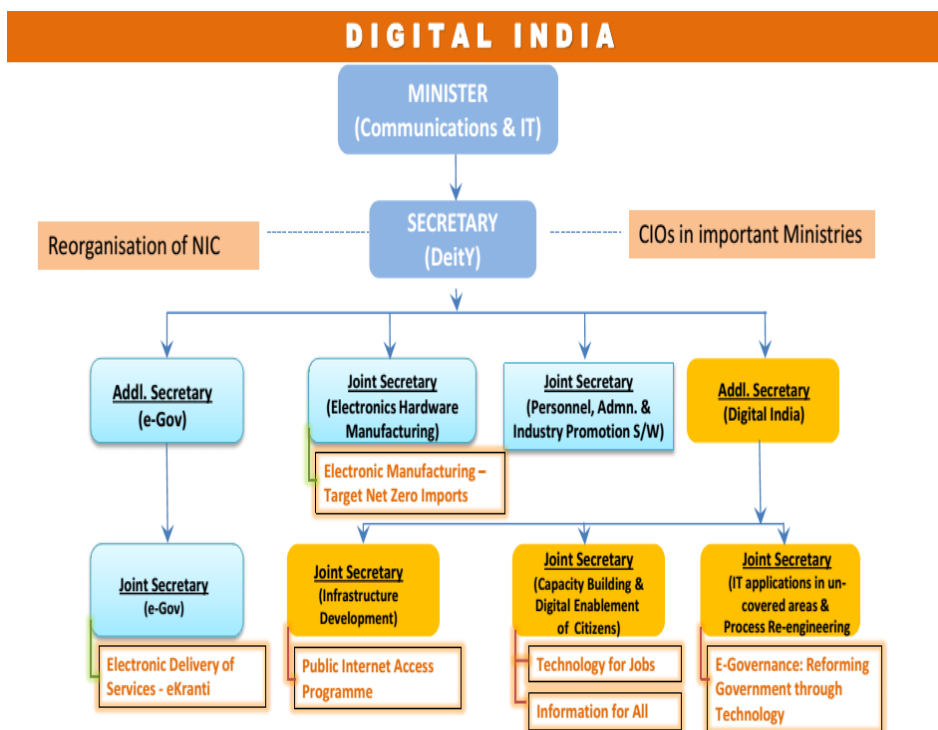
The Digital India Programme aims at overall and all-inclusive growth of the Indian Economy, be it agriculture, industry (manufacturing) or services. This programme will help in creating employment opportunities in the country so that the GDP and per capita income

increase, and the lifestyle of people can be improved. It circulates around three key areas. These are- Developing digital infrastructure, e-governance and digitally empowering the citizens. Some of the facilities provided under this program are, digital locker, e-mandi, e-education, e-hospitals, e-banking, e-government, e-sign, etc.

Hence, an attempt has been made in this paper to understand Digital India and its impact on Indian economy and the challenges of digital India.

### **Digital India programme**

The government of India has been providing its citizens with e-governance services on a broad scale since the 90s. The approach to e-governance is citizen-centric and service-oriented. The aim is to increase transparency and efficiency in government departments. The early initiatives taken to digitalized government did not cause any significant on the economy. So, the government came up with the National e-Governance Plan (NeGP) in 2006 to accomplish the task of digitalizing various government sectors, but the improvement has not been very significant. To remove the hindrances in the path and to speed up the process of digitalising the government came up with the Digital India Programme in 2015. To transform the whole economy into a techno-driven economy, the government needs to develop information technology, digitally empowered infrastructure, and digital literacy & knowledge.



## DIGITAL INDIA

The programme contains tasks that target to make sure that gov. services are available to people digitally and people get advantage of the newest information and connections technological innovation. Gandhiji felt that 'India resides in its villages, ' and technology will help the villages to grow and prosper. Digital libraries, online magazines, e-books can be made available for free which will further help in knowledge sharing. Prime Minister Sri Narendra Modi rightly said in his speech in San Jose, "I see technology as a means to empower and as a tool that bridges the distance between hope and opportunity. Social media is reducing social barriers. It connects people on the strength of human values, not identities." Technology is a bridge indeed, a bridge that connects the hope

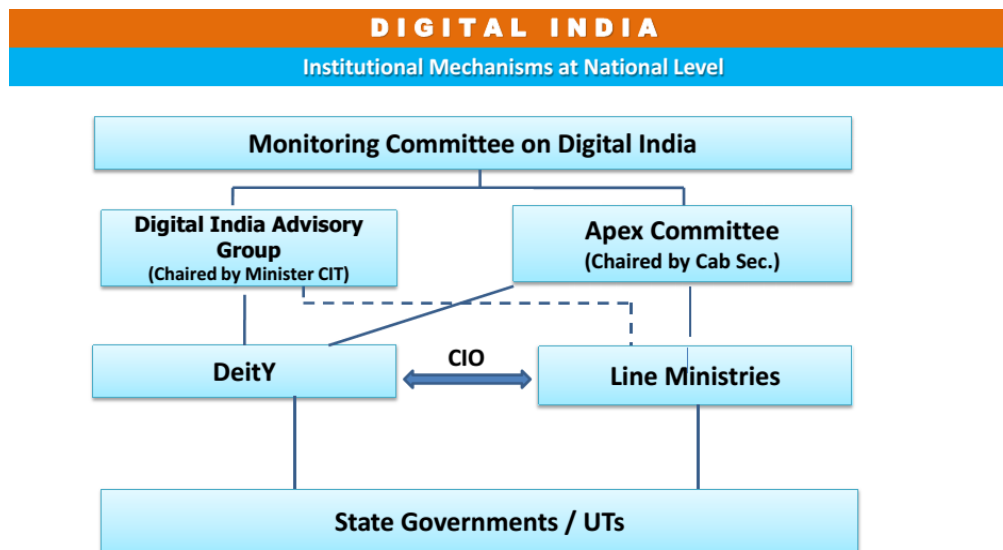
that India's villages will be educated and aware to the opportunity of internet and access to information from across the world. 'Digital India' is not just an initiative but a need for this country, where majority of population still does not have access to the world of internet. The Digital India initiative seeks to lay emphasis on e-governance and transform India into a digitally empowered society. It is to ensure that government services are available to citizens electronically. Digital India also aims to transform ease of doing business in the country. The Department of Electronics and Information Technology (deitY) anticipates that this program will have a huge impact on the Ministry of Communication and IT. The program is projected at Rs.1,13,000 crore which will



prepare the country for knowledge-based transformation.

It will focus on providing high speed internet services to its citizens and make services available in real time for both online and mobile platform.

Modi's government is focussing on providing broadband services in all villages of the country, tele-medicine and mobile healthcare services and making the governance more participative.



### MAJOR PROJECTS UNDER THE INITIATIVE

Digital India comprises of various initiatives under the single programme each targeted to prepare India for becoming a knowledge economy and for bringing good governance to citizens through synchronized and co-ordinated engagement of the entire Government. Nine projects have been undertaken. These are as follows:

1. Highways to have broadband services: The government aims to lay national optical fiber network in all 2.5 lakh gram panchayats. Broadband for the rural will be laid by December 2016 and broadband for all urban will mandate communication infrastructure in new urban development and buildings. By

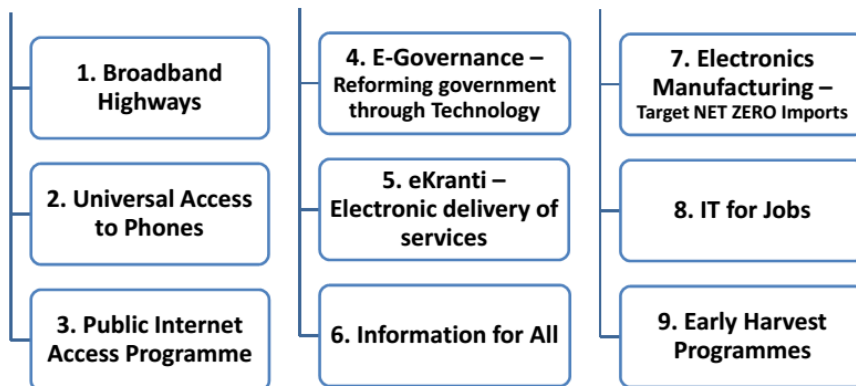
- March 2017, the government aims to provide nationwide information infrastructure.
2. Easy access to mobile connectivity: The government is taking steps to ensure that by 2018 all villages are covered through mobile connectivity. The aim is to increase network penetration and cover gaps in all 44,000 villages.
3. IT Training for Jobs: This initiative seeks to train 10 million people in towns and villages for IT sector jobs in five years. It also aims to train 0.3 million agents to run viable businesses delivering IT services. Additionally, the project involves training of 0.5 million rural IT workforce in five years and setting up of BPOs in each Northeastern state.



4. Manufacturing of electronics: The government is focusing on zero imports of electronics. To achieve this, the government aims to put up smart energy meters, micro ATMs, and mobile, consumer, and medical electronics.
1. Provide public internet access: The government aims to provide internet services to 2.5 lakh villages which comprises of one in every panchayat by March 2017 and 1.5 lakh post offices in the next two years. These post offices will become multi-service centers for the people.
5. E-Governance: The government aims to improve processes and delivery of services through e-Governance with UIDAI, payment gateway, EDI, and mobile platforms. School certificates and voter ID cards will be provided online. This aims for a faster examination of data.
2. E-Kranti: This service aims to deliver electronic services to people who deal with health, education, farmers, justice, security, and financial inclusion.
6. Global Information: Hosting data online and engaging social media platforms for governance is the aim of the government. Information is also easily available to the citizens.
7. MyGov.in is a website launched by the government for a 2-way communication
8. between citizens and the government. People can send in their suggestions and comment on various issues raised by the government, like net neutrality.
9. 10. Early harvest programs: Government plans to set up Wi-Fi facilities in all universities across the country. Email will be made the primary mode of communication. Aadhar Enabled Biometric Attendance System will be deployed in
10. all central government offices where recording of attendance will be made online

**DIGITAL INDIA**

**Nine Pillars of Digital India**





### IS INDIA DIGITALLY READY?

There is no doubt in it. India is ready for this. Immediately with the introduction of this campaign, many organizations came forward to lend their hands for achieving India a digitally equipped country. Organizations like BSNL, Reliance Ltd. are coming forward to spread digitalization among rural areas. And over 42000 villages all over India will be having seamless mobile connectivity by 2018. The Internet Saathi initiative aims to cover 4,500 villages over the next 18 months, starting with Gujarat, Rajasthan and Jharkhand. India is aiming to achieve universal digital literacy across the country. The prime importance is to make sure every individual can be able to leverage the potential of Digital India. The focus is at least one person in a household should transform into an e-literate. This can be achieved by BBNL which is planning to connect 2, 50,000 panchayats under the scheme. This will ensure the digitization and connectivity of local institutions like panchayats offices, schools, other government offices and libraries etc. India is reforming its government through technology in the name of E-Governance with the advancement of technology and digitalization. Under the e-governance programme, out of 252 schemes planned, 222 services have been provided in short span of time. The nine pillars of Digital India programme clearly confirms that India as a nation is at its nascent stage. One can easily assure that India will be digitally ready in the next three years.

### IMPACT

India's economy has witnessed a significant economic growth in the recent past by growing 7.3 per cent in 2015 as

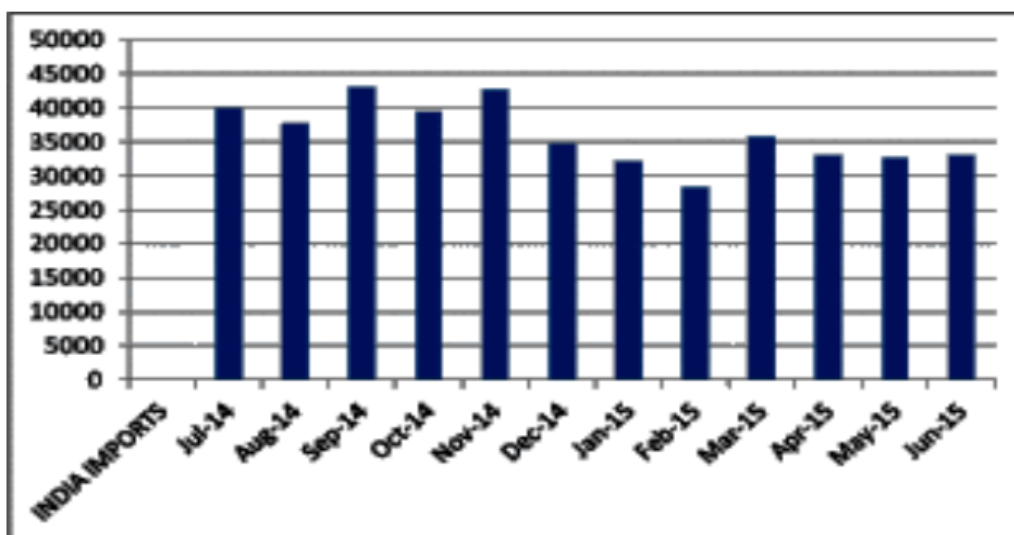
against 6.9 per cent in 2014. The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs 106.4 trillion (US\$ 1.596 trillion), as against Rs 99.21 trillion (US\$ 1.488 trillion) in 2013-14, registering a growth rate of 7.3 per cent. This clearly shows that the Digital India initiative introduced by Indian government has contributed a lot to boost the economy of the country. The Digital India project itself will create employment opportunities for 17 million people directly or indirectly which will help in fighting against unemployment problems in India. Government has planned to give IT training to 100 million students in smaller towns and villages as employment opportunity in IT sector is very high in India. In the next 5 years, India will emerge to be a leader in using IT in sectors like health, defence, education, agriculture and banking. Also the service sectors will be digitally empowered. In the field of education, it also assures broadband connectivity in all panchayats, schools, libraries and other public places. Apart from Broadband connectivity, every village is provided with universal phone connectivity across the country. Mobile and internet banking can improve the financial inclusion in the country and can create win-win situation for all parties in the value-chain by creating an interoperable ecosystem and revenue sharing business models. Telecom operators get additional revenue streams while the banks can reach new customer groups incurring lowest possible costs. The digital inclusion among the country ensures the manufacturing sector to revive the electronics manufacturing.



With the Make in India campaign and Digital India, the nation is planning to achieve net zero imports by 2020. This ensures the exports will be equal to the imports and this helps in the economic development of the nation. With the introduction of mobile connectivity in all villages, unique single portal can be maintained for all government related services. This ensures that all databases

and information should be in electronic form and not manual. Next to crude oil, Electronics hardware comprises major parts of imports in India. Since India is a service based country and till now we have focused only on software development, with the advent of Digital India, with its stress on making India a manufacturing hub will change the trend.

India’s Import of Software and Hardware in Million USD



World’s leading research firm McKinsey has commented that the adoption of new technologies and innovative ideas across sectors by the Digital India programme will help India boost its GDP by \$550 billion to \$1 trillion by 2025. Thus, the estimated impact of Digital India by 2019 would be cross cutting, ranging from broadband connectivity in all Panchayats, Wi-Fi in schools and universities and Public WiFi hotspots. The programme will generate huge number of IT, Telecom and Electronics jobs, both directly and indirectly. Success of this programme will

make India Digitally empowered and the leader in usage of IT in delivery of services related to various domains such as health, education, agriculture, banking, 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.

**Challenges for digital India:** Few of the challenges faced in the successful implementation of Digital India Programme are

**1. Lack of education** – Majority of population in the country is still not qualified enough to use digital devices



and technology. Most of people are not capable of using a simple mobile phone.

**2. Lack of infrastructure and required technology** – The Digital India campaign needs high quality infrastructure to be implemented efficiently. India still lacks the basic infrastructure required to move digitally ahead. The technological infrastructure and technology required for the campaign is still not available that easily in the country. The conditions are even more inadequate in the rural areas. Further, the servers are overloaded due to pressure of work.

**3. Financial and technical issues** – India is still a developing country. For a plan like this, huge financial resources are required and the country somehow lacks in that area. It requires financial assistance from other sources. Technical issues like appropriate band width, firewalls, filters, anti-virus software's, protection from hackers, buffering are some of the technical issues the country has to face.

**4. Attitude of citizens as well as government personnel** – For successful implementation of the programme, a wholesome effort is required of both the citizens and the government personnel. But the devil may care attitude is the hindrance in the path. Moreover, the older generation is set in their ways and find the traditional methods of doing things easy and convenient. Indian political power structure and lack of inter-departmental coordination add to the problem.

**5. Cyber-crimes and Lack of confidence** – Cyber safety is still not given as much importance as it should be given. People find it risky to make transactions online due to safety issues. Cyber laws are not paid that much heed

too. Also, most of people still have lack of confidence on machines and prefer hand done things. Inept cyber services are also one of the reasons for this.

**6. High costs** – The electronic devices and internet services are still by and large very costly for an average Indian citizen. When a lot of people don't have enough money for the basic life's necessities, spending on electronic devices get out of the picture.

**7. Training needs** – The personnel who are working on this campaign, to transform various government departments from man managed to machine managed, require proper training to do that effectively and efficiently. It's a tedious task to train so many people of different calibres and interest into one common discipline. Most of the population lack the basic technical qualification required for the job.

### Conclusion

Digitalisation improves effectiveness and efficiency of work being done. Digitalisation of governance activities, i.e., e-governance, enhances quality of life of its citizenry by increased transparency in Government departments and easing service delivery. It increases speed and reduces time duration requirements for performing various activities and functions. Cutting of costs and increased market span enhances profit margins and hence can accentuate returns in the sectors. Automation of agricultural sector reduces uncertainties in the sector and better utilisation of available resources. Automation of industry leads to better product designs and increased profit margins thereby leading to healthy competition and growth of the sector. Digitalisation of services will lead to enhanced customer satisfaction and





improved service quality by timely and wider reach of service delivery. Also, digitalisation of the service sector throws open wide scope and arenas for the development and growth of the sector. Digitalisation also impacts the employment scenario in the country. To shift Indian Economy from developing economies to developed economies, a lot of work need be done; enhancing and promoting digitalisation in the country is one step towards that goal. Various steps need to be taken to remove obstacles and hindrances from the path of digitalisation. Proper implementation of digital India programme will lead to better agricultural return per capita, better cost output ratio of industrial produce and better service quality. It enables transparency in all the systems and processes thereby improving quality of life.

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