

OPPORTUNITIES AND CHALLENGES OF DIGITAL ECONOMY IN INDIA

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Abstract

Digital economies emerged as a core engine of global economic growth in the 21st century, and also addressed common global challenges effectively. It refers to a wide variety of economic activities including the use of digital knowledge, the successful use of ICT as an integral driver of productivity growth and economic structural optimisation. Internet, cloud computing, big data, the Internet of Things (IoT) and other new technologies are used for digitally capturing, storing, analysing and allocating information and transforming social communication.

The aim of this research paper is to understand Digital Economy,

Challenges and opportunities in Indian. This paper is focused on the secondary details. The Indian digital economy is not an economic practise that is generally promoted, and GDP figures do not account of the economic benefits of the digital economy such as savings on time, expanded opportunities and lower commodity prices. Our Digital India initiative has shown that digitisation has a tremendous power to solve many of the socioeconomic problems that lead to a more egalitarian society. We are introducing the programme "Digital India," with a mission to empower the country's common man with a vision on three main areas.

By 2025, India could build an \$800 billion to \$1 trillion digital economy (value equal to 18 to 23 per cent of the country's nominal GDP). It will raise GDP by enhancing lending funds and by transaction costs as the economy transitions into digital payment modes. It will help to conclude that digital systems are in the current and future period.

Keywords: Digital Economy, Information and Communication Technology, Internet of Things (IoT), Cloud Computing, Big Data, and Digital India.

INTRODUCTION

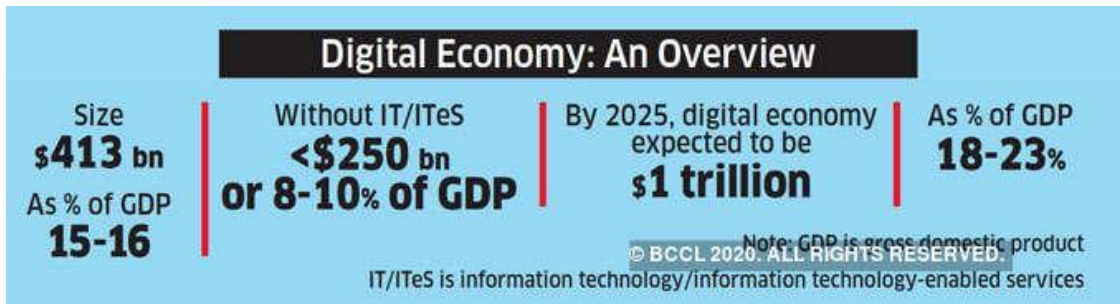
The word digital economy was coined in 1995, by technology analyst Don Tapscott, during the early days of electronic commerce. The digital economy is a new concept for the nation and it has different obstacles to tackle, while there are many opportunities waiting to be exchanged.

Digital: Digital is a modern way of getting involved with consumers or companies. It reflects a whole new way to do business.

Economy: The economy can be described as the place where people and the people conduct the process of production and consumption for the proper growth of the nation as a whole.

Digital Economy: Digital Economy applies to a technology driven economy. The Internet Economy or Online Economy is also called the digital economy.

The digital economy definition is the online trading mechanism that takes place amongst people living all together in different parts of states in India as well as around the world. The digital economy's preamble has contributed to globalisation, liberalisation, privatisation, virtualization and workstation creation at a commonplace making the trade process simple and competitive in a positive way.



This technology has helped many businesses and sectors as there is a shared forum where all information is given and the process is transparent and the efficiency has improved. But on the other has it given the businesses some drawbacks as most of the policies and plans are apparent to the public at large. The digital revolution has forced people in the industry to reconsider about their way of doing business and make sure that the demand or interest of the consumer is put above anything else.

OBJECTIVES OF THE STUDY

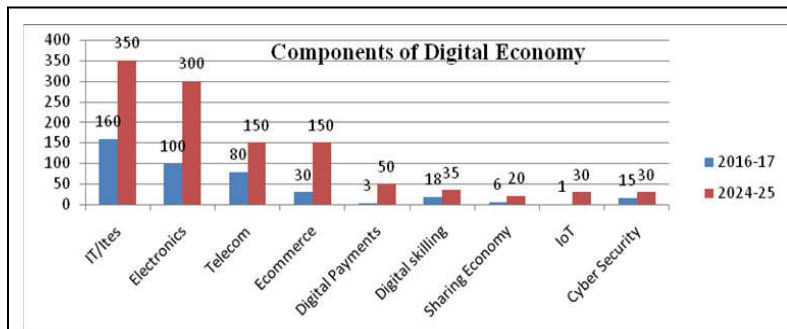
1. To understand Digital Economy Concepts, Challenges and Opportunities.
2. Comprehending the Government benefits from India's digital economy.
3. To conclude that digital systems present and future era.

Research Methodology

This paper builds on secondary data. The data were gathered from websites, research papers, news papers, workshops, national, and international conferences etc.

Digital Economy: - Components

It is made up of different elements, including internet government policies and regulations. WWW, telecommunications sector, digital service providers, ebusiness and ecommerce sectors, intellectual property rights, technology employees, research and development as well as new technologies.

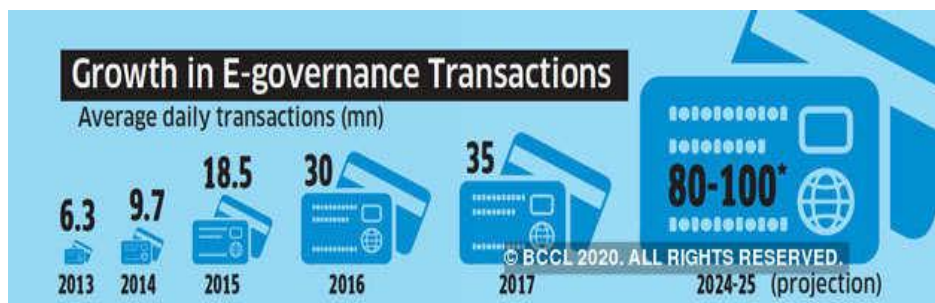


OPPORTUNITIES

Digital technology is rising quickly, with more people using cellular telephones on the world than toilets now, according to HBR Digital Evolution Index 2019. While there has been an increase in crossborder flows of digitally transmitted data. The latest incident is that the consumer of the Internet service provider Jio network may be informed by 120 min.

Digital technologies will change the work done:

"Automation, big data, and artificial intelligence permitted by the use of digital technology, according to the 2019 HBR digital evolution index, will impact 70 percent of the world economy." Current technology can automate over 1 trillion jobs worth 14.6 trillion dollars.



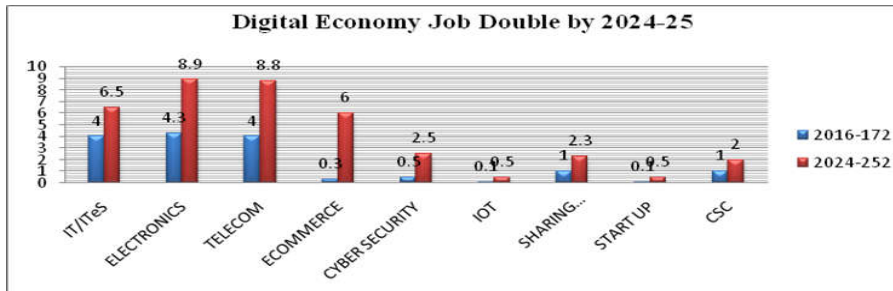
Public policy is critical to digital economy development, with economists proposing public private policies globally aimed at fostering digital economy innovation, like India.

We must further incorporate Big Data, Robotics, AI and other emerging technologies into the other traditional economy.

Identifying the specific of a country:

Digital economic growth drivers need to be identified and strengthened, given factors such as the digital economy's current state and country size. Although developed economies need expectations for innovation, emerging economies need institutional attention. Moreover, digital economy has the power to change the lives of millions in India. By 2025, India will add over 300 million new mobile subscribers by 2025; India is likely to be the world's largest mobile market. International companies seek to increase investment in India's digital economy. India has the potential, according to industry experts, to grow to USD 2 to 4 trillion by 2022.

Digital economy can generate huge employment opportunities. Digital skills have much potential, as India has a rich talent pool that can be used to meet global demand.



CHALLENGES:

The digital world economy is expected to grow and diversify further in 2019. New technology will open up opportunities and risks for the various segments of companies with changing preferences and global challenges. The digital economy of India will increase its economic value by up to \$ 1 billion by 2025.

India is among 17 leading economies, the world's second fastest digitisation economy. In order to accelerate growth in nine focus areas, thirty media trends can be nationally rescaled. The future digital economy of India would be able to produce sufficient productivity and production to support between 55 and 60 million jobs by 2025.

Technologies



Block chain technology will grow into a wide range of innovative applications in the coming years and increase innovation and data decentralisation. New models will challenge the storage and management of data transactions and promote the creation of new financial products and services through online companies.

Competitors, customers and regulations:

The new big players will enter digital banks after an early and atomized stage of Financial Industry Technology and challenge traditional industries. Smaller fin techs will focus on particular markets and large corporations like Apple, Google, and Facebook to focus on their customers' online purchases and general financial services. Most Indians have less work and healthier eating. Privacy debate would reach a new era, with individual users using different methods of accessing their personal data, including data lockers.

New regulations, such as the second version of the Payment Services Directive and the General

Data Protection Directive, aim at reforming the financial industry, promoting financial sector competition and ensuring greater fraud prevention. Companies will struggle to deliver services at lower rates in an increasingly dynamic, diverse, and flexible market.

Digital India, launched in July 2015, is India's flagship initiative that transforms India into a digital society. That's why India now has a massive opportunity to expand its digital economy. The Digital India initiative, launched in July 2015, is India's flagship initiative making the nation a knowledge society and a digitally-enabled economy. This is the cornerstone India now has an excellent chance to further develop its digital economy. Impact on the demonization of the Indian economy: on 8 November 2016 the Indian Government declared the withdrawal of 500 and 1000 rupee notes as a legal tender from midnight on. The bills constituted 86% of the country's cash supply volume. Citizens were permitted to deposit their old currency bills with new currency bills for rupee 500 and 2000 until December 31, 2016.

The government aimed to weave falsified currency, eliminate black money, counter tax avoidance, curb inflation, and promote cashless economy. Team India's competitive and cooperative spirit will be crucial across central and state governments, the private sector, industrial unions, and social sector. In the case, the minister said, 'India, working with all stakeholders, will build on the digital dynamism we've already created to deepen, expand and grow its digital economy in the years ahead.

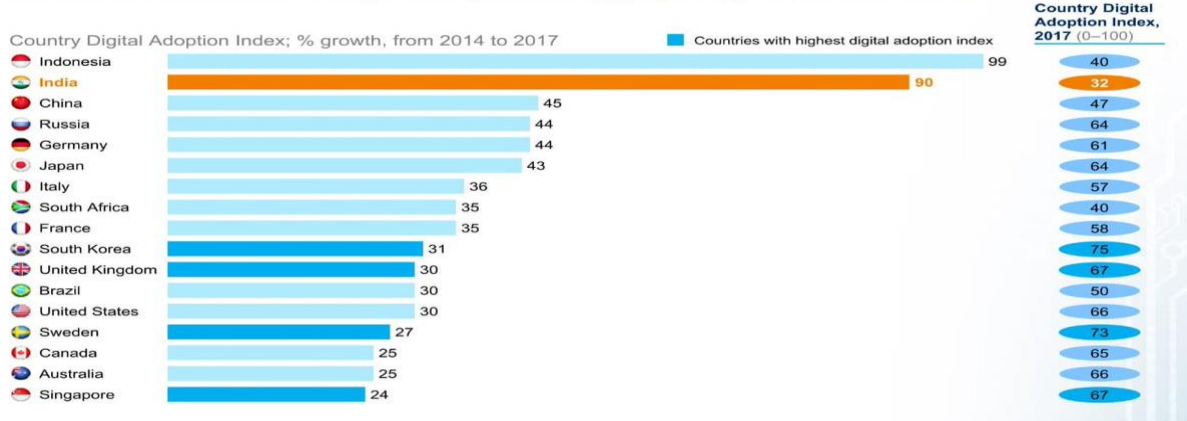


The report estimates that by 2025, India will generate up to \$ 1 trillion in economic value from its digital economy, with roughly half of its potential stemming from new digital ecosystems in various sectors. India's digital economy generates \$200 trillion in economic added value.

According to a recent report by Electronics and Informatics Ministry and McKinsey & Co, India could generate up to \$ 1 trillion in 2025 to benefit the digital economy. Research titled "India's Trillion Dollar Digital Potential" at Mumbai's Nasscom Technology and Leadership Forum, Ravi Shankar Prasad, Electronics and IT Minister.

According to the Country Digital Index, India is the world's second fastest digitisation sector, based on 30 digital adoption indicators in 17 mature and emerging digital economies, including Brazil, China, Indonesia, Russia, South Korea, Sweden and the US.

India is the second-fastest digital adopter among major digital economies in the world



SWOT ANALYSIS

The process of SWOT involves four areas and need to compare with economy and digital economy factor of India in terms of SWOT.

STRENGTHS		
S.No	INDIAN ECONOMY	DIGITAL ECONOMY
1	Massive labour energy	Great Innovation and vision
2	High cultivate land and Diversified nature	Saving expensive employment costs
3	Skilled manpower availability	Make India mission by government
4	High growth rate of economy	Borrow solutions from others sector
5	Rapid growth of IT	Recruitment option of foreign technology
6	Normal resources	Conversion to skill force
WEAKNESSES		
S.No	INDIAN ECONOMY	DIGITAL ECONOMY
1	Agriculture which contributes 23% of GDP	Unemployment (unskilled)
2	High unemployment rate due to Low literacy rates	Government websites are unfriendly-user
3	Poor infrastructural amenities	High illiteracy rates related to IT
4	Low productivity	IT specialized HR moved to other nation
5	Low level of mechanization	Workers and older generation are computer illiterate
6	Unequal distribution of wealth	Infrastructure need huge money
OPPORTUNITIES		
S.No	INDIAN ECONOMY	DIGITAL ECONOMY
1	Huge agricultural resources, fishing, plantation	Political willingness crops.

2	Vast forest area and diverse wildlife	Broadband facilitates faster connection
3	Huge population of Indian Diaspora in foreign	Increase citizen participation
4	Entry of private firms in various sectors	Reduce opportunities for corruption and transparency
5	FDI inflows are likely to increase in many sectors	IT-proficient can have better opportunity for employment
THREATS		
S.No	INDIAN ECONOMY	DIGITAL ECONOMY
1	Global economy recession/slowdown	Cyber terrorism and cyber crimes
2	High fiscal deficit	Higher broadband subscription
3	Volatility in crude oil prices across the world.	Revolution of the public sector
4	Population explosion, rate of growth of population	The rapid development of mobile.
5	Agriculture excessively dependent on monsoons.	Social and ethical concerns

Recent changes in digital economy in India

- ♣ Mobile devices and services like smartphones, laptops, cellular data networks, and WiFi connectivity become ever more relevant.
- ♣ The importance of computing resources is increasing. Services "internet," machine distributed.
- ♣ The other equipment is increasing in value. Equipment for correspondence, electronic medical devices, instruments.

FINDINGS

This research paper summarizes some of the highlight findings.

- ♣ Key challenge is unequal access to the internet.
- ♣ The gender gap in mobile ownership
- ♣ Cyber security is a major challenge. Cybercrime and cyber terrorism have become more rampant.
- ♣ Service charges remain a challenge for people at the bottom of the digital pyramid.
- ♣ Uninterrupted access to power is essential. However, around 22% of rural households across the country still do not have access to electricity.
- ♣ A recent study shows that 19% of the Indian population remains unbanked or financially excluded.

CONCLUSION

Increased the role and impact of India in the international economy, and a powerhouse of digital innovation, the digital economy could be a key driver of change. The scale of digitalization has helped India to grow in the fields of technology. In the next 30 to 40 years, it is expected that the Digital rebellion ("Internet Economy") will open new opportunities to market growth and jobs. As an economy and society, we must be ready to respond to change and to look at new ages. Modern and changing digital technologies change the way companies and industries operate.

The industry responds well to the digital transformation in a variety of cases. The long term effects of demonetization have not yet been calculated. In the longer term, the Indian economy is expected to increase by increasing fiscal regulation, financial inclusion and eventually improving the state of the economy. It will increase GDP through expanded access to loans and reduce transaction costs as business moves into digital modes of payment.

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