International Journal of Financial Management and Economics

P-ISSN: 2617-9210
E-ISSN: 2617-9229
IJFME 2024; 7(1): 440-444
www.theeconomicsjournal.com
Received: 09-02-2024
Accepted: 17-03-2024

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Growth of digital trade: A case study of Indian economy

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DOI: https://doi.org/10.33545/26179210.2024.v7.i1.642

Abstract
The digital economy encompasses the online availability of goods and services, as well as the application of digital technologies to facilitate company operations. The term 'digital economy' frequently encompasses this activity; however, it is challenging to define. The digital revolution, referred to as the Internet Economy or the Internet of Everything, is anticipated to create new market growth potential. The digital economy encompasses the spectrum of commercial and social activities facilitated by information and communications technologies. It encompasses activities such as banking, commerce, and accessing educational or entertainment resources via the internet and connected gadgets. The digital economy is integral to the overall economy. It affects all sectors and business categories, shaping our daily interactions. It acknowledges that when sectors become data-driven, their economic frameworks evolve, industry boundaries become indistinct, and the foundations of competitiveness transform.
This study primarily aims to explore the potential and problems presented by the digital economy in India. The Digital India plan seeks to link underserved populations via a broadband network, ensure universal mobile connectivity, and implement a public internet access program. The Digital India initiative enhances infrastructure and implements strategies to guarantee residents access to electronic services, manufacture of devices/products, and job opportunities, hence fostering a knowledge economy that encourages inclusive growth. The objective of digitally transforming India will be very challenging without public awareness. This research report aims to examine the youth's awareness of Digital India.

Keywords: Digital revolution, growth, commerce, opportunities, internet economy

Introduction
Digital represents an innovative approach to customer engagement. For others, it signifies a completely novel approach to conducting business. The digital economy is intricately linked with the old economy, complicating the establishment of a distinct separation. The economy pertains to one that is founded on computing technologies. The digital economy is occasionally referred to as the Internet Economy, the New Economy, or the Web Economy. Abraham Lincoln aptly stated, “Government of the people, by the people, for the people, shall not perish from the earth,” as the advantages derived from the digital economy positively influence the lives of all citizens. The effects of demonetization on the Indian economy On November 8, 2016, the Indian government announced that the 500 and 1000 rupee notes would cease to be legal currency effective at midnight. These notes represented 86 percent of the nation's cash supply by value. Citizens were allotted till December 31, 20, to deposit their obsolete currency notes and exchange them for the new denominations of rupee 500 and 2000. The government's objective was to eradicate counterfeit currency, combat tax evasion, mitigate inflation, abolish black money and terror financing, and create a cashless economy. Demonetization refers to the cessation of a currency note's status as legal tender for a specific denomination. Legal tender denotes currency that is officially recognized for the settlement of debts and other financial obligations. A creditor is legally required to accept such payment for the obligation owed to him.
The concept of demonetization is not unfamiliar to the Indian economy. The Reserve Bank of India printed the biggest denomination note, the 10,000 rupee note, in 1938 and again in 1954. It was first demonetized in 1946 and subsequently in 1978.

The limited access to such notes at the time resulted in minimal impact on the country. The recent phase of demonetization has indisputably impacted the general populace and banking professionals. It has exhibited numerous observable short-term impacts. The long-term ramifications have yet to be realized.

Digitalization's Origins in India

India commenced the liberalization of its economy and increased its accessibility to globalization in the early 1990s, marking the onset of the country's digitization. During this period, the information technology (IT) and software services sectors experienced significant growth, with prominent technological centers such as Bangalore rising. The National Informatics Centre (NIC), established in 1976, has significantly contributed to the advancement of digitalization activities through the provision of e-governance technologies.

Key Milestones of Digitalization in India

Digitalization significantly influences a nation's economic performance by enhancing productivity, innovation, and efficiency across several sectors. The digital revolution has significantly influenced India, enhancing its economy. The subsequent list underscores notable contributions and accomplishments resulting from the digitalization of the Indian economy:

- The Expansion of Financial Inclusion through Digital Payments
- Enhanced Accessibility to Services and Information
- E-commerce platforms and marketplaces
- Digital enterprises and commercial initiatives
- Government initiatives, including Aadhaar and Digital Identity
- Urban Development and Intelligent Cities
- Advancement of digital competencies and education
- Advancement of Internet and telecommunications infrastructure

These achievements have collectively fostered the growth of India's economy by enhancing productivity, broadening access to services, and promoting entrepreneurship and innovation. Digitalization has significantly transformed numerous businesses inside the Indian economy.

Review of Literature

Maiti, M. and Kayal, P (2017) [1]. The author undertook research to dissect the Digital India program and assess its possible effects on different fields. Case studies, expert interviews, and a thorough examination of government policies comprise the study's qualitative methodology. Potentially fruitful domains covered by the research include e-governance, digital infrastructure, and professional development. On the other hand, it brings attention to problems with the digital divide, cybersecurity, and the execution of policies.

Reddy and Roy (2018) [8] sought to assess how well the e-NAM platform served to increase farmers' revenue and access to markets in India. The research makes use of a case study approach, analyzing e-NAM platform transaction data in addition to conducting surveys and site visits. Findings show that farmers that use the e-NAM platform see a significant uptick in both market participation and income. It goes on to say that things like infrastructure and awareness could use some more work.

Sharma and Singh (2020) [10] conducted a study to evaluate how digital financial services have contributed to greater access to and inclusion in India's financial system. Combining primary and secondary sources of information, this study uses a mixed-methods strategy. More people are able to access financial services when more people use digital financial services, according to the study. It emphasizes how programs like UPI and Jan DhanYojana are helping to broaden people's access to banking.

Gupta *et al*., (2021) [9] A study to determine how well online education was able to lessen the impact of the pandemic on educational institutions. Using data collected from online learning platforms in conjunction with surveys of both students and instructors, this study takes a mixed-methods approach. Findings from the study emphasize the difficulties that teachers and students encounter while moving to online education. Access to technology and pedagogical techniques are among the elements that are identified as impacting the efficacy of online education.

Problem Statement

Several parts of India's economy have been drastically altered by the fast speed of digitization. Research on digitalization's effects is crucial for understanding its ramifications on technical, social, and economic fronts. Economic gains from digital technology adoption can be better measured with the support of research on digitalization's effects. It provides a means for stakeholders and legislators to assess the level of development and growth made possible by digitization. To evaluate digitalization's contribution to fostering socioeconomic inclusiveness, one must first comprehend its consequences. This aids in the detection of inequalities and the development of policies to guarantee that all parts of society may reap the advantages of digitization (Narayanan *et al*., 2020) [5]. Policymakers can optimize digitalization initiatives and policies with the use of research findings. It helps pave the way for digital technology and related industries to expand sustainably.

In order to make educated decisions and establish effective policies, research on the effects of digitalization in India is crucial. Economic growth, socioeconomic inclusion, and policy optimization can all be better measured with its help. Future studies will be more in-depth and relevant if research gaps are filled by sector-specific analyses, longitudinal studies, and policy evaluation.

Study Procedure

Data for this paper came from a variety of secondary sources, including journals, articles, libraries, and newspapers, and the methodology employed was the secondary method. The publicly available data analysis based on the annual reports of different E-business businesses. This study used descriptive methodology since it was based on an analysis of data extracted from a relevant research article.

Research Objective

- The purpose of this paper is to gain a better understanding of the economy, sharing, difficulties, and possibilities.
- The digital economy is also one of its intended foci.
- We can draw the conclusion that digital systems will be useful.

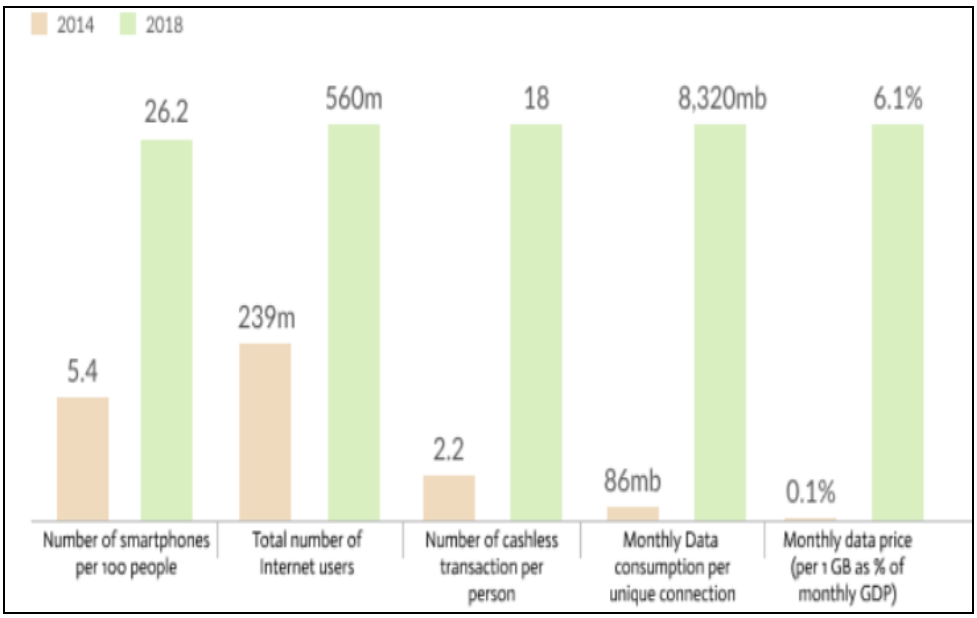
Opportunities

- Criminal activity is expanding in tandem with the proliferation of digital technology: The 2017 HBR Digital Evolution Index found that more people have access to mobile phones than toilets on Earth right now. Cyberattacks have become more common and have a far more profound effect, even if there has been an uptick in the international transfer of digitally transmitted data. The most recent incident is the data breach report of a prospective 120-minute customer of Jio, an internet data provider.
- Market share has started to shift toward digital players. Apple, Alphabet, Microsoft, Amazon, and Facebook were the most valuable firms in the world on July 6, 2017, according to stock prices. Alibaba, based in China, rose to the number seven spot globally. Work is going to be done differently because of digital technologies. "The application of digital technologies could affect half of the world economy," according to the HBR Digital Evolution Index 2017, which also mentioned "automation, big data, and artificial intelligence." More than one billion occupations, with a combined value of $14.6 trillion, might be mechanized with current technology.
- The success of the internet economy depends on public policies. Economists around the world, including those in India, should implement public-private partnerships to encourage innovation in the digital economy. Additionally, they need to push for the legacy economy to better incorporate data, automation, and new technology. The abilities necessary to succeed in today's digital economy need to be instilled in students as early as possible, ideally in the classroom.
- Finding the specific factors that propel a country's digital economy forward is essential. Considering factors such as the current state of digital economy and country size, growth drivers for digital economy must be identified and amplified. Developing nations should prioritise institutions, while industrialised nations should prioritise innovation.

The use of Digital Technologies in India's Many Sectors

The term "digitalization" refers to the process of transferring analog data or processes into a digital format, which entails modifying and improving operations, services, or goods using digital technology.

- Digital Payments: The transition from cash-based transactions to electronic payment methods is facilitated by digital technology. Digital payments have undergone a revolution since the Unified Payments Interface (UPI) was implemented in India. in the year 2019 (NPCI).
- E-Governance: The provision of information, communication, and government services to citizens through the use of digital technology. The Government of India's "Digital India" plan seeks to create a society in which technology is empowering. (Government of India, 2015).
- E-Commerce: Digital platforms enable the purchasing and selling of products and services over the internet. By enabling online buying, platforms like Flipkart and Amazon India have changed the retail scene.



***Source*:** MeitY, Government of India

Fig 1: Digital Usage in India

- "Digital Education" refers to the methods that make use of the internet and other kinds of digital technology to impart knowledge and skills to students. Access to an extensive collection of educational materials is made possible by initiatives such as the National Digital Library of India. N.d., NDLI.
- **Telemedicine:** The delivery of medical treatment through the use of electronic communication networks In India, telemedicine saw a boom during the COVID-19 pandemic, allowing patients to have online consultations with doctors. (Indian government, 2020).

Utilizing digital technology, data analytics, and Internet of Things (IoT) devices to enhance agricultural practices is known as "smart agriculture." Soil health monitoring and irrigation automation through the use of Internet of Things (IoT) sensors and precision agriculture methods (ICAR, 2021).

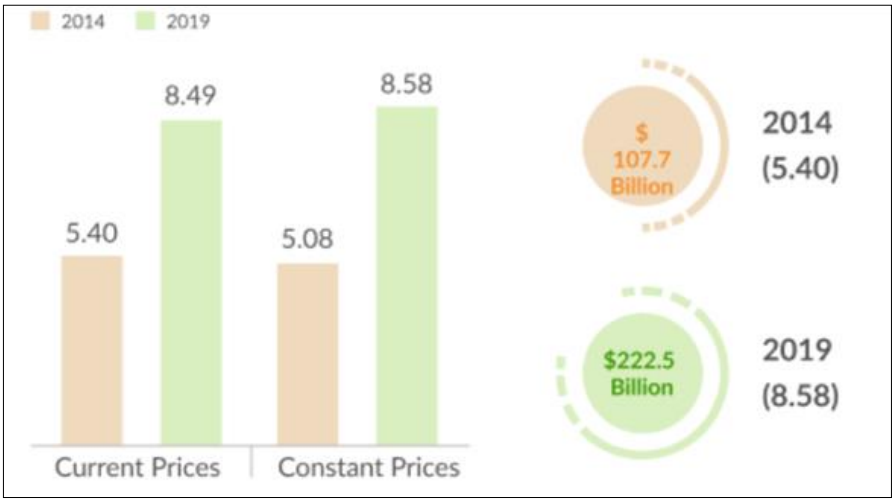
Most notably, we have implemented digitization in a

number of well-known Indian fields.

Effects of the Electronic Age

The term "digitization" is a by product of advances in the nitty-gritty of information and communication technology. The proliferation of the Internet has caused a shift away from print media and toward digital ones, making previously inaccessible vast amounts of information available to everyone. Knowledge is being created, processed, shared, and kept digitally at an ever-increasing rate through digitization.

i) **Financial Effects:** Experts predict that by 2025, digitization in India might increase GDP by as much as $1 trillion. It has the potential to significantly impact broad economic variables including gross domestic product (GDP), employment, productivity in the workplace, the expansion of companies, and government revenue losses. A 10% increase in mobile penetration raises developing nations' per capita GDP by 0.81% and 1.38%, respectively, according to a World Bank analysis. With 915 million wireless customers, India is the world's second-largest telecom market. With about 259 million broadband users, it ranks third-largest Internet market. With a tele-density of barely 45% in rural India, home to over 65% of the population, the country continues to offer enormous economic potential. Due to the saturation of metropolitan regions with a tele-density of over 160%, the future subscriber growth of the telecom industry is anticipated to originate from rural areas.



***Source*:** MeitY, Government of India

Fig 2: Size of Digital Economy (in %)

ii) **Social Impact:** There are a lot of barriers and constraints that prevent social sectors like banking, education, and healthcare from reaching out to the people. These include things like middlemen, illiteracy, ignorance, poverty, a lack of resources, and investments. As a result of these difficulties, there is now a significant gap in the socioeconomic level of people living in urban and rural regions, and this gap has become wider over time. People now have easier access to resources and services thanks to modern ICT.

In addition to facilitating the development of brand-new services that have the potential to significantly improve users' quality of life and bring about social modernization, the widespread usage of mobile devices could prove to be an extremely valuable supplementary channel for the delivery of public services.

iii) **External Impact:** Technological advancements will have an effect on the environment as a whole, in addition to the economy. A greener ecosystem will be the result of next-generation technology that lessen our impact on the environment through improved waste management, less fuel usage, and more environmentally friendly workplaces. Information and communication technology (ICT) aids in the effective administration and use of finite, non-renewable resources. The increased portability and adaptability made possible by cloud computing significantly reduces the need for fossil fuels.

Conclusion

There will be more innovation, easier work, more job prospects, and economic growth as a result of digitalization. More openness about where money is going in the economy means less room for issues like tax evasion and the shadow economy to flourish. Because of this, we can deduce that the new technology must be effectively harnessed, and that this requires not just the availability of the technology but also the expertise to put it to good use. The goal is to make India a knowledge economy and society that is fully able to use technology. Efforts to build India are commendable. Despite certain setbacks, the digital India program is making a significant influence on India and ensuring a bright future for its citizens. Everyone, even us Indians, needs to pitch in to make the knowledge economy what it is today. The Digital India program is an encouraging first step toward making India a digital powerhouse in the future.

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