

Digital Economy in India- An Overview

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Abstract

Digital Economy refers to an economy that is based on digital technology, although increasingly perceive this as conducting business through markets based on the internet and the World Wide Web.

Digital India is a flagship programme to transform the entire ecosystem of public service through the use of information technology, with a vision to transform India into a digitally empowered society and it is expected to further accelerate into awareness, availability and adoption of Digital Technologies in India.

The researcher concluded that cashless payment transaction system is still at a budding stage. The retailers are not aware of non-cash payments, and sometimes charge extra if payments are being done through debit or credit cards. However, the demonetization move leads to huge changes in the cashless payment system. Most of the people have started transacting in cheques, debit and credit cards. All small and large merchants, street dwellers have started accepting mobile wallet payments. This is certainly flourishing the cashless transaction in banking system in India.

Keywords: Cashless, Digital Payments, Demonetisation, Paperless



I. INTRODUCTION

Digital Economy refers to an economy that is based on digital technology, although increasingly perceive this as conducting business through markets based on the internet and the World Wide Web. The Demonetisation in November 2016, and “Digital India” initiative in 2015 have provided substantial boost to the digital ecosystem, with initiatives such as “DigiShala” and the Government aims to build a comfortable ecosystem for “Cashless Economy”.

II. METHODOLOGY

This paper is based on secondary information collected from various books, journals and websites

PROMOTING CASHLESS ECONOMY

India is largely cash based economy with cash accounting for more than 78% of all retail payments. Compared to

some other nations, like China, Mexico and Brazil, India ranks very low relating to Non-cash transactions by non-banks per capita per annum as well as number of pay points (for online payments) per million people. To develop the digital payments in our country.

PROMOTING DIGITAL PAYMENTS

Digitalisation of transactions is an obligation for India; it will benefit the poor, middle class, businesses and nation. India is significantly behind peers on digital transactions, and digitalisation will create a multiplier benefit in efficiency of capital and resource allocation through greater transparency, traceability of transactions, enforceability of law and significantly buoyed tax revenues which will augment State’s resources for social welfare.

- Other initiatives are as follows
- The National Optical Fibre Network (NOFN),
- Introduction of Unified Payment Interface (UPI), and

- Bharat Interface for Money (BHIM) help to support faster adoption and transition to Digital

FIGURE 1 FACTORS PROMOTING DIGITAL PAYMENTS

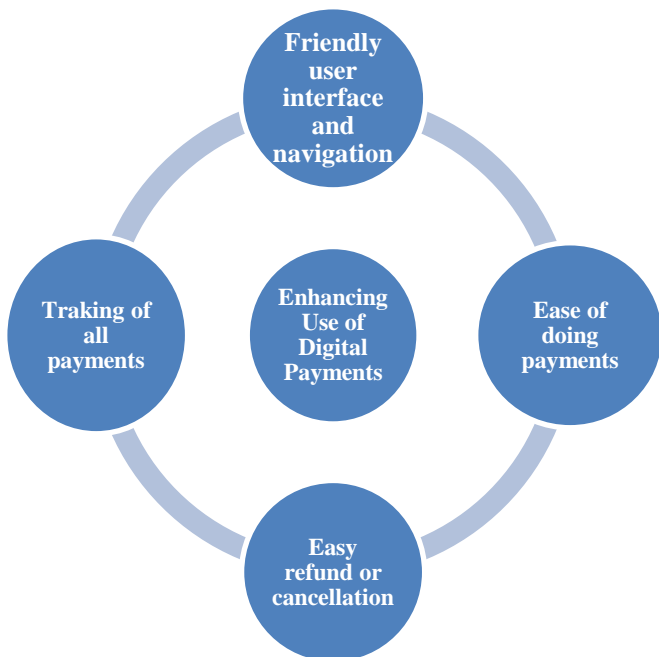


FIGURE 2 NINE PILLARS OF DIGITAL INDIA



TABLE 1 DETAILS ABOUT DIGITAL COUNTRY
In Millions

Year	People	Mobile Phone User	Internet User	Smart Phone
2015	1250	1000	300	240
2020	1350	1200	650	520

III. BENEFITS OF DIGITAL ECONOMY

- **Removal of Black Economy:** When the transactions are made digitally, they can be easily monitored. By establishing the cash-based transactions and using only digital payments, the government can promote digital economy.
- **Increase in Revenues:** This is one of the most important and common basic benefits of the digital economy. When the transactions are digitized, monitoring sales and taxes becomes convenient and comfortable.
- **Empowerment to People:** One of the biggest merits of moving towards digital economy is that it gives an empowerment to the citizens. To be good to eradicate black money and corruption.
- **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.
- **Creation of new jobs:** The digital economy has a lot of potentials to enhance job opportunities in new markets as well as increasing employment

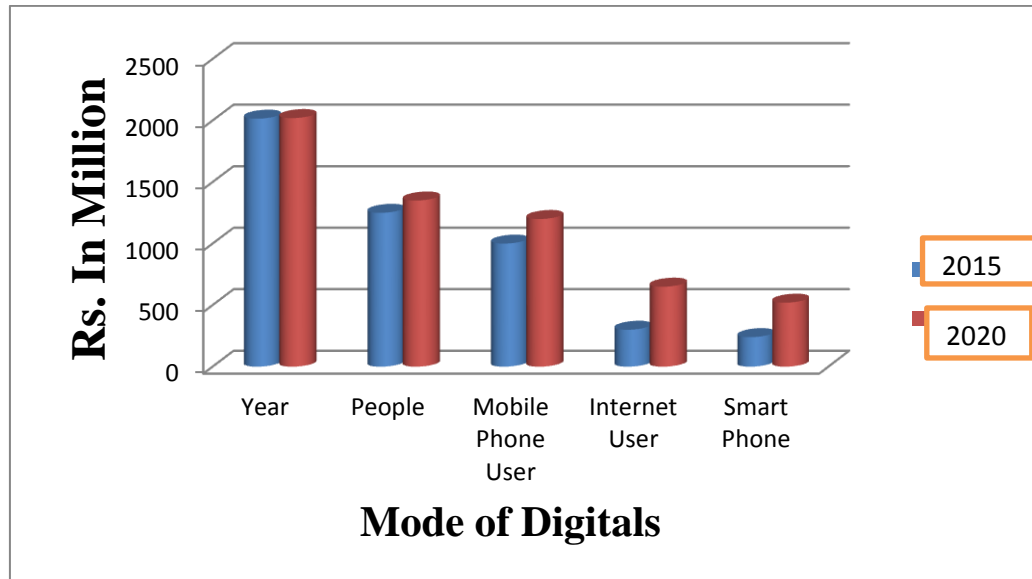
Source: e-Marketer, Ericsson, UN estimates, BCG Research

Table 1 shows that India stands second in the world's population, and it is going to increase 8 per cent of the population in 2020. Out of 1250 million people, 80 per cent of the people using Mobile phones and it is going to increase 88 per cent in 2020. Out of 1000 million users 30

per cent of the people are internet users and it is going to increase 54.16 per cent in 2020. Out of 300 million internet users 80 per cent of the people are using smart phones and

it is going to increase the same in 2020. This table indicates the development of the people using digital aspect of the country.

FIGURE 3 TREND IN DIGITAL INDIA



IV. CONCLUSION

The cashless payment transaction system is still at a budding stage. The retailers are not aware of non-cash payments, and sometimes charge extra if payments are being done through debit or credit cards. However, the demonetization move leads to huge changes in the cashless payment system. Most of the people have started transacting in cheques, debit and credit cards. All small and large merchants, street dwellers have started accepting mobile wallet payments. This is certainly flourishing the cashless transaction in banking system in India.

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