



Growth of India as a Digital Nation: An Assessment

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Abstract:

The Indian economy is growing rapidly. With rising number of internet users and digitalization of all the services have helped in achieving its goal of transforming itself as a digital country. The results are due to the efforts of the government in form of providing appropriate infrastructure, growth of Fintech Industry, new startups coming as providers of platforms facilitating financial services. All this together have increased the digitalization in the country. The present paper has analyzed the growth of digitalization in the country using data of volume of digital transactions, UPI transactions and its future etc and some recommendations have been made to further strengthen the growth of digitalization in the country. The paper has used secondary data collected from various authentic sources like research papers, reports and websites.

Key words: Digitalization, UPI, Digital Payment Index

Received 10 Nov., 2022; Revised 22 Nov., 2022; Accepted 24 Nov., 2022 © The author(s) 2022.

Published with open access at www.questjournals.org

I. Introduction:

India is on the way towards making itself a 5 Trillion Economy in the coming time. The country has high percentage of youth population that is committed towards the overall growth of the country. This young population is technology friendly and has a strong inclination towards the new and emerging technologies that can help them in doing things at faster speed. This has paved way for rising number of digital platforms and services. The variety of digital platforms that we see study range from Internet banking, mobile wallets, UPI services, and many more such kind of digital platforms which are hugely used by people of our country. The credit of these rising digital platforms goes to the flagship programme of the Government 'Digital India Movement' which was initiated in 2015 with the sole object of making India cent-percent digital economy which is empowered digitally. The various initiatives taken under the scheme are giving results in the form of rising digitalization that we are seeing today. As per the world Population Review, India had 658 Million Internet user in the month of January, 2022. As per report of Statista, in the financial year 2022, about 71 Billion digital payments were recorded in India. This rising number of internet users has compelled the service providers to come with new and innovative ways of digital financial services. The present study analyses the growth of digitalization using available data.

II. Literature Reviewed:

Prakash, M. (2020) highlighted in his paper that India's growth into a digital society is mainly because of movements like Digital India. Gaur, Ashutosh(2016) in the paper highlighted that digital India movement is very essential for improving the overall growth of the economy. Varma, Aparna(2021) In her research focused that all the stakeholders at the delivering end of digital services need to make digital services more accessible so that they may be more successful. Dua, Bindu (2018) in her paper highlighted that in order to make Digital India movement a success there is a strong need to have good infrastructure and cyber security in every corner of the country. Angamuthu, B. (2020) in his paper reported an overall growth in digital payments in terms of volume and value during the period of study from 2012-2019.

Objective of the study:

- To assess the growth of digital transactions in India using parameters like UPI transactions, DPI etc
- To suggest the ways for further increasing Digitalization in the country.

Source of information:

The present Study is analytical in nature and has used secondary data for the purpose of analysis collected from various published sources like articles, research papers and websites of various agencies dealing with digital platforms.

Limitation of the study: The study is based only on secondary data collected from various sources and the results interpreted are through the available and collected secondary data only.

Analysis and Discussion:

This part deals with the various data that shows the rise in digital transaction over the years in terms of growth of volume of digital transactions etc.

Volume of Digital Transactions

As per RBI, the data related to the volume of digital transaction in past three years stands as:

- In 2018-19, the volume of digital transactions stood at 232602 Lakhs
- In 2019-20, there was a surge in number of digital transactions leading to 340025 Lakhs ,
- In 2020-2021, the volume of digital transactions was 437445 Lakhs

UPI Usage in India

The rapid digitalization in the country has happened due to a high preference towards UPI amongst the users in the country. The following data supports the growth of UPI and its contribution towards making India a digital economy.

- In 2021, the value of transactions that were carried on UPI was almost equal to 31 Percent of India's GDP.
- UPI recorded 6.3 Billion transactions in July,2022 which was its all time highest number since its inception from 2016(India FINTECH Report,2022)
- The UPI transaction increased to 730 Crores in October ,2022 as of 678 crores in September, 2022

RBI – DPI (Digital Payment Index)

The RBI-DPI was introduced in 2020 to measure the extent of digitization of payments in the economy. It is the indicator of the growth of digitalization across all sections including urban, semi-urban, rural etc of the country based on its parameters.

The recent RBI-DPI index has shown an increase representing the growth of increased adoption of digital payments. The following data from **RBI** supports the growth in the RBI-DPI since 2020

- In September,2020 the DPI was 217.74
- In March 2021, it was 270.59
- In September 2021, it was 304.06
- In March 2022, it has become 349.30

This rise in the index in the past two years is mainly because of digitalization of various services and the new sectors which are enabling themselves as tech based and digital. This also includes the MSMEs of the country as they are also adopting the growth of technology of the present time.

Growth of India's Digital Economy

As per McKinsey Global Institute Brief, by 2025 India's core digital sectors will be able to double their GDP level to \$355 billion to \$435 billion and the newly digitized sectors like energy; logistics etc would also be benefitted because of digital application as it will help them to increase output with reduced cost.

Hon'ble Finance Minister also highlighted during one of her speeches that with the rapid rise in internet users and rising income, the India's digital Economy will see a growth to \$800 Billion by 2030 and apart from that a large number of Startups and Unicorns are also getting registered in the area of Fintech and at present about 6300 Fintech are there in the country offering various financial services to the people.

This shows that the digitalization would take a hike in the coming time making India a digitally empowered country.

Recommendations:

- Availability of appropriate infrastructure in every area including the remote villages of the country will enable the growth of digitalization in the country.
- The efforts of the government even though have risen towards financial literacy but this further need to be increased for promoting its usage by the people.
- The regulatory system needs to be strengthened for reducing frauds related to the use of digital payment services.

- User friendly platforms that can be used even by a layman not having much digital knowledge needs to be brought.
- Transparency and accountability needs to be presented from the part of service providers that in turn will increase the confidence of the users on these platforms.

III. Conclusion:

With the world adopting technology and digitalization, India is also taking the same path. As India is moving towards becoming a global leader and the role of digitalization in this will be very important. The success of the entire digitalization will depend upon the required infrastructure in every corner of the country, literacy among the users regarding using digital platforms safely and easily and emerging platforms and services that the service providers will be offering to the users whose demand keep changing frequently. All this together can help in making India a completely digital country of the world which is ready to prove itself as the most promising country to be the global leader.

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