



Digital Economy – Opportunities and Challenges in India

Dr.K.Kishore Kumar Reddy*

Dr. Siddarapu Haribabu**

ABSTRACT

Every day people, businesses, organizations, communities and the Government use digital technology to make decisions, to make goods and to deliver services more efficiently and more quickly. The digital economy refers to both the digital access of goods and services, and the use of digital technology to help businesses. Digital economy is a term that is often used to cover this activity, but is hard to define. The Indian digital economy is not a conventionally marketed economic activity, and GDP figures do not take account of economic benefits of the digital economy, such as time saved, increased choice, and lower cost of products. Technology is going to revolutionize or is already revolutionizing business, transforming virtually all aspects of the economy and society. The digital economy is the new productivity platform that some experts regard as the third industrial revolution. Digital revolution, also known as The Internet Economy or Internet of Everything is expected to generate new market growth opportunities. Digital economy describes the range of economic and social activities that are enabled by information and communications technologies. It includes activities like banking, buying and selling, and accessing education or entertainment using the internet and connected devices. The digital economy is not separate to the economy. It impacts all industries and business types and influences the way we interact with each other every day. It also recognizes that as sectors become data driven their economic structures change, industry boundaries blur, and the basis of competition changes. The main objectives of this paper are opportunities and challenges of digital economy in India.

Key Words: Digital, Communications, Technologies, Economic, Opportunities, challenges

INTRODUCTION

Digital: Digital is a new way of engaging with customers. And for others still, it represents an entirely new way of doing business. Digital Economy: "Digital economy" is intertwined with the traditional economy making a clear delineation harder. Economy refers to an economy that is base computing technologies. The digital economy is also sometimes called the Internet Economy, the New Economy, or Web Economy. Abraham Lincoln rightly said, "Government of the people, by the people, for the people, shall not perish from the earth whatever the government benefits from digital economy, directly have a positive impact on every citizen's life.

Demonetization impact on Indian Economy on November 8, 2016, the Indian government declared that the 500 and 1000 rupee notes will be stripped of their status as legal tender effective from midnight. These notes accounted for 86 percent of the country's cash supply by value. Citizens were given time till December 31, 2016 to deposit their old currency notes and exchange them for the new currency notes of rupee 500 and 2000. The government's aim was to root out counterfeit currency, fight tax evasion, curb inflation,

eliminate black money and terror-funding, and to promote a cashless economy. When a currency note of a particular denomination ceases to be a legal tender, it is termed as demonetization. Legal tender refers to money which can be legally used to make payments of debts or other obligations. A creditor is obliged by law to receive such money in payment of due debt to him.

The term demonetization is not new to the Indian economy. The highest denomination note ever printed by the Reserve Bank of India was the 10,000 rupee note in 1938 and again in 1954. It was demonetized first in 1946 and then in 1978. Since not many people had access to such notes at the time, this did not have a big impact on the country. The latest round of demonetization has undoubtedly affected the common public and bankers. It has had many short term effects which are visible. The long term effects are yet to be experienced and felt.¹

OBJECTIVES

1. Objective of the paper is to understand Economy, Sharing, challenges, opportunities.
2. It also aims to understanding the from digital economy.
3. It will help to conclude that the digital systems.

OPPORTUNITIES

Digital technology is spreading at a rapid pace and so are crimes: As per the HBR Digital Evolution Index 2017, at present, on the planet, more people have access to a mobile phone than to a toilet. While an increase was observed in cross-border flows of digitally transmitted data, incidents of cyber attacks have also increased widely with a much deeper impact. The data breach report of a potential 120 Min user of Internet data provider reliance Jio is the most recent incidence.

Digital players have begin to dominate the market

As per stock prices on July 6 2017, the most valuable companies globally were Apple, Alphabet, Microsoft, Amazon, and Facebook. China's Alibaba gained the seventh position, overall.

Digital technologies will change the way work is done

As stated in the HBR Digital Evolution Index 2017, "Automation, big data, and artificial intelligence enabled by the application of digital technologies could affect 50% of the world economy." The present technology has the potential to automate over 1 billion jobs worth \$14.6 Trillion.

Public policy is essential to the success of the digital economy

Globally, economists should adopt public-private policies to foster innovation in a digital economy, including India. Also, they must encourage better integration of automation, data, and new technologies into the legacy economy. Steps must be taken to introduce skills required to thrive in a digital economy at early levels, specifically at schools.

Identifying a country's unique drivers of digital momentum is necessary

Considering factors such as the current state of digital economy and country size, growth drivers for digital economy must be identified and amplified. While developed economies need to priorities on innovation, developing economies should focus on institution.

CHALLENGES

The digital global economy will continue to expand and diversify in 2017. New technologies, customer with new habits and global threats will open opportunities and threats for businesses in different sectors. This article summarizes some of them.

Technologies

In the next couple of years, Block chain technologies will consolidate and be applied to different and innovative uses increasing transparency and decentralization of information. New models will challenge how organizations store and manage data transactions and enable internet based companies develop new financial products and services. The expansion of internet of things will create zillions of data sources capable of measuring and combining physical and digital data to create and expand products and services, such as Biometrics authentication. Quantum computing will open new opportunities for a real-time based economy and mobile devices will have computing power.

New competitors

After an early and atomized stage of fin techs entering the financial market, new large competitors will form digital banks and challenge conventional industries. Smaller fin techs will probably specialize in specific sectors and will concede space to large corporations such as Apple, Google and Facebook which will focus on online payments and general financial services to their clients.

New regulations

New regulations such as the second version of Payments Service Directive (PSD2) and the General Data Protection Directive aim to transform the financial industry and stimulate competition in the financial sector and provide more security against fraud. In a more competitive, diversified and open market, companies will struggle to offer services at lower rates.

New customers

Millennial and following native digital generations will tackle current digital challenges differently. The Robotization of the economy and new measures like the universal income become a reality. Citizens spend less time working and increase their capacity to consume. The debate about privacy will enter in a new phase and individual users will count on newer resources to exploit their personal data, such as personal data lockers. On the one hand, individuals will be less afraid of trading their data, and data collectors will have to pay more for the personal data they can collect.

New business models

A world without cash will become a reality soon. All transactions being digital will help companies gather a complete picture of their market and understand more clearly market opportunities. A completely digital world will make financial services more transparent and accessible, and will create opportunities for a multimodal explosion like augmented reality, will allow customers to analyze the value of a building or calculate the cost of a mortgage for a specific car. Data marketplaces will enable new business to acquire data they do not produce and generate new products and services. Crowd funding will leave space for crowd lending.

New global threats

New global threats will continue to expand and transform the economy. The sharing economy will find a better legal framework and continue to advance. Massive hacking will force countries and companies to heavily invest in security and political systems will suffer recurring crisis derived from the persistent security crisis.

Measurement and classification challenges

1. Data and Privacy
2. Internet access and Governance
3. Work and Wage effects
4. Skill, Capability, Infrastructure gaps
5. Policy-making for a Digital era
6. Cyber security

CONCLUSION

India will be the largest consumer of digital technologies in times to come. Another reason is that the world-over, there are several channels of communication to access goods and services and digital channel happens to be the latest and the most convenient. The private sector and government, working together, must address these problems in ways that make the Internet a safe environment while not impeding its commercial development. Digital revolution, also known as 'The Internet Economy' or Internet of Everything (IoE) is expected to generate new market growth opportunities, jobs and become the biggest business opportunity of mankind in the next 30 to 40 years. We need to be ready, as an economy and a community, to respond to change and to grasp the opportunities of the digital economy. New and emerging digital technologies are changing the way industries and business work. There are many instances where the market is adjusting well to digital transformation. The long term effects of Demonetization are yet to be ascertained. It is expected that it can improve the Indian economy in the long run by increasing tax compliance, financial inclusion, consequently improving the state of the economy. It can boost the GDP by increasing the availability of funds for lending and also by reducing transaction costs if the economy moves to digital modes of payments.

REFERENCE

1. Ramija, B. (2018), “Research article Indian Digital Economy – Opportunities and Challenges”, International Journal of Current Research Vol. 10, Issue, 10, pp.74338-74344, October, 2018