



Impact and Challenges of Digitalisation on Indian Economy: A Post Pandemic Content Analysis

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ABSTRACT

The COVID-19 pandemic has made significant changes in Indian Economy, further strengthening the transition of the global system from the classical economy to the digital economy. The digitalisation in economy is considered as an effective measure to mitigate the negative economic impact of the Corona Virus Disease 2019 (COVID-19) epidemic. Digitalisation in economy has a significantly positive effect on their economic growth as well as challenges. The research paper focus on digital infrastructure that took years to build proved to be crucial in fulfilling pertinent and important business transactions, peer-to-peer transfers and also direct benefit transfers. Furthermore, COVID-19 has generally boosted the demand for the digital economy, and the impact from the demand side is much larger than that from the supply side. On the contrast, COVID-19 has brought adverse impacts to the digital industries in India. The study is based on descriptive research design which is qualitative in nature.

This paper demonstrates the impact & challenges with present and future scenario of 'Digital Indian. Furthermore, this paper highlights the 'Digital economy' strategies in India as its revolutionary emergence and strong economy in the Global market.

Key Words: - Digital economy, Digitalisation, post-COVID-19 period, Economic system, Indian Economy.

1. INTRODUCTION

Economies around the world are disrupted due to the COVID-19 pandemic. However, these challenges provide an opportunity for enterprises to thrive by adapting to a new reality, becoming contactless and digital. Digitalization has taken on a new meaning, and it will continue to affect a growing number of sectors.

The silver lining from the pandemic that has imposed a bitter burden on the economy is the rapid digital transformation across business models, channels and touchpoints. Underlying this shift is the need for greater organizational agility in tandem to closer ties with customers during a changing world order. For a diverse and massive country like India, the adoption of digital technology has been complex and long-drawn, littered with hurdles not only for businesses but also consumers.

India's E-Commerce is gaining its importance during covid-19, as most of the buyer, are not interested in offline shopping, because shops, malls, theatres and educational institutions are closed during lockdown period, Covid-19 has caused an inflexion in e-commerce penetration in the globally driven by the consumers need for consumer, convenience and safety, even in India online is gaining salience, due to consumers unwillingness to step out to buy commodities in shops, malls and restaurants, teaching in Indian institutes are conducted in online mode from March 2020, especially the private institutes and universities are importing digital technological tools and applications, like "Google meet, Zoom cloud meetings, Lark" etc, are used more than before in the country. India has a greater challenge during and post Covid-19 situation, first one is to invest and to implement Digital technology in both public and private sectors like education, e-commerce, as it was very essential during covid-19 situation, second one is to improvement in the growth of the nation by increase in GDP (Gross Domestic Product) by technical inclusion in the Indian economy, third one is to promotion of e-commerce in the Indian economy in primary, secondary and tertiary sectors through digital inclusion in making nation into-self-reliant India during and post covid-19 situation.

2. BRIEF LITERATURE REVIEW

- How can the digitalization and making the citizens financially literate change the face of the developing nation like India, being digitalized will make the future transactions to happen through internet for that each and every individual must be financially literate to make the judicious decisions and implementation of various programs to make it possible (Kaul ,2017).
- Digitization refers to the technical process of converting analog or traditional paper-based tasks or processes to digital form so that computers can help in accessing, storing, and transmitting information (Bloomberg, 2018, Brennen and Kreiss, 2016).

- Digitalization refers to “the sociotechnical process of leveraging digitized products or systems to develop new organizational procedures, business models, or commercial offerings” (Saarikko, Westergren, & Blomquist, 2020).
- the COVID-19 pandemic also highlights the vast digital divide between the poor and rich, between rural and urban areas, and between advanced and developing economies (Beaunoyer, Dupéré, & Guitton, 2020)
- More advanced emerging technologies offered an effective mechanism for organizations to link teams and foster closer working relationships between headquarters and subsidiaries (Autio et al., 2021).

3. OBJECTIVES

- To understand the underlying impact & challenges of digitalization on India Economy.
- To analyse the great acceleration of E-commerce
- To understand the economic, social impact caused by Covid-19 epidemic in India.
- To enables sustainable growth of ecommerce, production and promotion of domestic goods internally and externally during covid-19 and post covid-19 by Indian Economy.

4. RESEARCH METHODOLOGY

This study is based on descriptive research design which is qualitative in nature. The secondary data related to the specific keywords like Digital economy, Digitalisation, post-COVID-19 period, Economic system, Indian Economy, etc. have been explored through the google search. Eventually, the online content and research papers (reputed journals) content is synthesized to arrive at the desired results and conclusion.

5. DATA ANALYSIS & FINDINGS

5.2 Challenges in Digitalisation:

India being a developing nation and facing many financial issues with roughly 70% of the population residing the rural parts of India it is slightly difficult to educate them with the Digitalization and the impacts of it. India is developing on many aspects like usage of internet etc but making them use in the right direction, which can help them in increasing their productivity and adds value to the economic front and making them financially literate is the main challenges ahead. Following are the main challenges after covid-19

- Technology and digital divides between cities and rural areas and developed and developing nations limit scaling-up of digitalization.
- Formal institutions (e.g., national laws and regulations) can create hostile conditions for new technologies adoption.
- Institutional impediments such as lack of government support for digitalization, underdeveloped education system or poorly designed education system towards digitalization and limited government skill formation initiative on digitalization.
- Lack of access to stable Internet connection and limited or lack of access to remote banking for businesses.
- Lack of government investment in infrastructure.
- Desire for a return to the familiarity of a past.
- Privacy concerns of workers and other stakeholders.
- Lack of businesses' confidence in their ability to withstand the threat from cyberattacks and hackers.
- Uncertainties about the security risks and unsecured virtual facilities.
- Risk of general or localized internet outages.
- Lack of financial resources for the upfront cost of investments in new technologies.
- Lack of technical expertise to facilitate digitalization.
- Organizational inflexibility/unwillingness to change (typified by hard-to-change organizational routines, process and traditional ethos of the organization).
- Lack of firms' awareness of latest technologies and potential gains from digitalization.
- Lack of deep knowledge of security and safety measures inherent in digitalizing the business processes.
- The business model of the firm is perceived underpinned by face-to-face interactions.

- Employee resistance.
- Productivity being undermined by employee stress brought about by the intensification of work.

5.2 India's new digital reality, for a post-Covid world

The coronavirus pandemic and subsequent lockdown have accelerated India's adoption of digital platforms. Digital adoption rates have even surpassed the swift pace of the last six years. During the lockdown, people have used apps and digital infrastructure for their every need—payments, receiving Direct Benefits Transfer (DBT) from the government, grocery and food procurement, medicine delivery and teleconsultations, up-skilling and children's education, 24/7 entertainment, communication, work delivery and management, and more. When India recovers from the pandemic, we will confirm this to be an irreversible shift in behaviour where digital platforms might be the first choice in any endeavour. There are many ways we can capitalise this opportunity for economic growth, improved productivity, and delivery of differentiated services to Indians at scale.

- A significant part of the digital infrastructure, has been laid by India Stack, an open-source services platform and application programming interface, developed by a public-private partnership as a public good. It is free for entrepreneurs, small and big business, government and developers, to build their products on. During the pandemic, this platform singularly helped the Indian government disburse funding and subsidies to individuals and entities across the country, instantaneously and at low cost.
- Banking and payments - the critical pillars of the economy are among the core areas that have seen a serious uptick in digital offerings and adoption. While the industry is not a stranger to digital transformation; the pandemic has significantly accelerated the adoption of digital technologies with far-reaching implications for the banking sector and the larger financial ecosystem in the longer-term.
- Indian FinTechs. and digital payment companies have made significant progress towards offering a good range of integrated and user-friendly solutions that harness advanced technologies and deploy innovative business models. Growing internet and mobile penetration, availability of low-cost data plans and therefore the shift from offline to online shopping channels also are giving a fillip to the adoption of digital technologies.
- The pandemic has spurred the adoption of contactless digital payments; and there has been a surge in digital payment volumes across online grocery stores, small shops, online pharmacies, vegetable and fruit vendors, recharges, bill payments also among OTT (telecom and media) and EdTech players.
- The digital infrastructure that took years to build proved to be crucial in fulfilling pertinent and important business transactions, peer-to-peer transfers and also direct benefit transfers. Contactless payments through QR Code, wallets, UPI or contactless cards are gaining popularity as they provide convenience, safety and security while allowing the consumers to take care of physical distancing.
- In education, many faculties have shifted to online classrooms while students and educators with limited internet connectivity are learning and teaching via mobile phones.
- On one hand, while the pandemic has had a detrimental impact on the economy; on the other hand, it is safe to say that the reliance on data, AI, IT and core technology systems are bound to increase exponentially. The use of technology is decentralizing the decision-making process while bridging communities with local governments across cities and towns. Using technology and digital tools, these innovative solutions are making an impression across various spheres of life, be it livelihoods, access to services or education.

6. FINDINGS

- Covid-19 has emerged as bigger challenge for Indian Economy to retain development in various sectors, due to covid-19, where service sector is worst hit including education field; it may cause inflationary pressure in the Economy.
- According to reports published by International Monetary Fund (IMF) and Central Statistics Office (CSO), India is among the fastest growing economies in the world.
- India can emerge as major producer of medical, pharmaceutical, technology based innovative products in primary, secondary and tertiary products in global standards, as India is 3rd largest PPP (Purchasing Power Parity) economy, and India can try to become major exporter of the above products where India has comparative advantage through technical implementation.
- COVID-19 boosted the demand for the digital economy, and the impact from the demand side is much larger than that from the supply side.

7. CONCLUSION

It can be concluded that digital technologies has become the backbone of Indian economy during in times of pandemic. Crisis is likely to significantly accelerate the shift to digital and fundamentally redefine the overall sectors of economy. The COVID-19 pandemic has necessitated a massive shift of business from physical to digital forms by facing different challenges. Major industry sectors have seen a drastic shift towards digital platforms in the COVID times. Over the past few years, Indian businesses have extensively adopted new-age technology innovations across various sectors. Acknowledging the government's efforts, it is safe to say that Indian digital space had already been surging rapidly, even before we were hit by the pandemic. Recently, the technology and IT solution providing businesses have stepped in a major way, by providing unique solutions to everyday challenges. In the post-COVID era, technology will continue to play an important role that will redefine the way business is carried out in India. Good IT infrastructure facilities are required in all sectors and works that are possible should be automated or keeping it electronically paves the way to work at home without damaging the economy.

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