



AN IMPACT OF DIGITAL ECONOMY ON VARIOUS SECTORS OF THE INDIAN ECONOMY

Dr. K.Prakasam* **Dr.P.Tamilselvan****

**Assistant Professor, Department of Economics, Arignar Anna Government Arts College, Musiri*

*** Guest lecturer, Department of Statistics, Government Arts College, Ariyalur*

Introduction

Digitisation & Digitalization are different but still either directly or indirectly impacts the “Digital India Initiative”. Digitisation is the process of converting our data into bits formats and basically related to digital data, whereas digitalization is the process of using different technologies/methods to change the business prospects and to achieve the efficiency goals.

Post demonetization was the time where in recent times people started understanding the importance of digital transactions, because of the cash crunch usage of digital money has increased significantly bringing the transparency and the helped in elimination the parallel economy. Now it is very important to make every citizen of India to become financially literate as it directly impacts the economic growth of the country because it helps citizens to rightly plan their financial decisions, “It is the ability to understand the basic financial concepts and the possession of knowledge and skills required to make informed and effective financial planning, decisions using the available financial resources. It is about knowing how to generate, spend, invest and save money. It is the ability to manage your finances well by making the optimum use of the available financial products and resources to give you maximum benefit” in a way it will also make the job of the government easy.

But the figures are worrying the global study tells that in India 76% of the Indian adults are financially illiterate. So the growth of the country is vested in the hands of citizens to make them acquaintance with the financial terms and government also should take necessary measures to educate them. Financial literacy, financial inclusion and financial stability are the top three aspects of a growing and sufficient economy.

Statement of Problems

India’s sudden rise in the digital technology is mainly in the side of consumers, these are the factors which made the rise in the upsurge. India has risen as the biggest and developing market for the digital consumers, comprising 560 million consumers second just to China, anticipated growth of 650 million users by 2023. On an average each individual consume 12GB of information every month, surpassing the China’s Usage of 5.5GB. The Mobile & related application usage has been rampant in India, which is the positive sign to implement any technology related activities of a growing and efficient economy.

Objectives of the Study

1. To highlights the sector wise share and growth rate of Composition of Exports.
2. To focus on Indian Trade relationship with other country during the period from 2013-2014 to 2017- 2018.
3. To know an impact of FDI on primary health care services.
4. To understand the infrastructural conditions in primary health care services.
5. To highlights the impact and role of MSME on GDP.

Methodology

This study is based on purely by secondary data which were collected by investigator from Economic Survey and RBI Bulletin and other journals namely fact for you and times of India newspaper. Data particularly pertaining from 2013-2014 to 2017-2018 periods. For the analysis data, the percentage and average have been worked out. Besides the time series tools namely least square method and trend lines have been used in addition to, A.G.R has been worked out. The diagrammatic representations have been drawn viz Trend lines.

Result and Discussion

Table No.:1 Sector wise and Growth Rate wise sharing of Exports from India

S. No	Rank	Share (percent)			Growth (percent)		
		2015-16	2016-17	2017-18 (Apr- Nov)	2015-16	2016-17	2017-18 (Apr- Nov)
1.	Engineering Goods	23.1	24.4	25.9	-17.0	11.1	22.4
2.	Gems & Jewellery	15.0	15.7	14.4	-4.8	10.5	-3.8
3.	Chemicals, Drugs & pharmaceuticals	14.7	14.2	14.5	0.6	1.6	11.9
4.	Textiles & Allied Products	13.7	13.0	11.8	-3.2	-0.5	3.8
5.	Petroleum crude & products	11.7	11.4	11.8	-46.2	3.1	17.6
6.	Agricultural & Allied products	9.9	9.5	9.7	-17.6	0.3	15.0
7.	Marine Products	1.8	2.1	2.7	-13.5	23.8	29.5
8.	Electronic Goods	2.2	2.1	2.0	-5.3	0.0	4.5
9.	Leather & leather product	2.1	1.9	1.9	-10.3	-4.4	0.9
10.	Ores and Minerals	0.8	1.2	1.0	-16.4	-61.6	12.9
	Total Exports including Others	100	100	100	-15.5	5.2	11.2

Source: Compiled from secondary data (Economic Survey 2017-18)

The above table 1 states that the sector wise and growth wise contribution of exports of India have been ranked based on given years in overall total percentage i.e; from 2015-16 to 2017-18. According to it the 1st rank is given for Engineering goods, the 2nd rank is given for Gems and Jewellery, the 3rd rank is given for Chemical and drugs, 4th rank is given for Textiles and allied products, 5th rank is given for Petroleum crude and products, 6th rank

is given for Agriculture and allied products, 7th for Marine products, 8th for Electronic goods, 9th rank is given for Leather & leather products, 10th Ores and Minerals which constituted to 73.4%, 45.1%, 43.4%, 38.5%, 34.9%, 29.1%, 6.6%, 6.3%, 5.9% and 3% respectively.

Table No.: 2, Direction of Indian Trade in Export

S. No	Group/Country	2013-2014		2014-2015		2015-2016		2016-2017		2017-2018	
		US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %
I.	OECD Countries	108773.8	16.9	109337.0	16.8	100837.8	18.3	104487.9	17.3	119622.4	18.2
A.	EU	51742.1	8.1	49511.7	7.6	44590.7	8.1	47308.8	8.0	53603.7	8.2
B.	North America	41180.4	6.4	44644.7	7.0	42354.4	7.7	44216.4	7.3	50384.8	7.7
C.	Asia & Oceania	9391.3	1.4	8489.8	1.3	8233.9	1.5	7113.2	1.1	9099.4	1.4
D.	Other OECD Countries	6460	1.0	6690.9	1.0	5658.8	1.0	5849.5	1.0	6534.5	1.0
II.	POEC	55708.8	8.6	56392.3	9.0	46272.8	8.5	45200	8.0	44302.5	6.7
III.	Eastern Europe	3510.8	0.5	3415.4	0.5	2415.7	0.4	2820.4	0.4	3058.7	0.5
IV.	Developing Countries	134723.2	20.0	136884.9	21.0	110039.4	20.0	120658.3	20.0	13373.2	20.4
A.	Asia	95332.3	14.7	93856.8	14.4	76940.1	14.0	99573.7	16.5	99848.5	15.2
A1	SARCC	17504.5	2.7	20493.5	3.1	18594.2	3.4	19222.1	3.2	22926.3	3.4
A2	Other Asia Developing Countries	77827.8	12.1	73363.2	11.2	58346	10.6	69351.6	11.5	76922.2	11.7
B.	Africa	26666.6	4.1	28380.4	4.3	21683.5	4.0	20251.9	3.3	21472.5	3.3
C.	Latin America	12724.3	1.8	14647.7	2.2	11415.7	2.1	11832.7	2.0	12411	1.9
V.	Others	154.4	0.0	162.6	0.0	242.4	0.0	215.6	0.0	229.3	0.0
VI.	Unspected	11544.6	1.7	4159.9	0.6	2482.9	0.4	2470.1	0.4	2431.1	0.4
	Total Exports	641700.3	100	650430.3	100	550108.3	100	600572.2	100	656878.9	

Source: Compiled from secondary data (RBI Bulletin, 2018)

The above table 2 has been analyzed by Export of Indian Trade direction with other countries from 2013- 14 to 2017-18. Major exports of India to the Developing Country in overall percentage in total in the year of 2013-14 to 2017-18 which constituted to 101.4%. Next to it, the India exported to the OECD Countries i.e; which constituted to 87.5%. Next to it, India had with trading partner namely Asian countries. Which received Indian exports in the percentage of 74.8 likewise it has exported to other Asian developing countries in the percentage of 57.1 and 40% to the European.

Table No.: 03, Direction of Indian Trade – Imports

S. No.	Group/ Country	2013-2014		2014-2015		2015-2016		2016-2017		2017-2018	
		US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %	US \$(Million)	Percentage %
I.	OECD Countries	116358.4	13.6	120373.2	13.6	109912.2	13.9	109264.6	13.8	126729.2	13.1
A.	EU	49968.8	5.8	49241.1	5.6	43938.4	5.6	42389.3	5.3	47881.3	5.0
B.	North America	25654.1	3.0	25564	3.0	26015.4	3.3	26439	3.3	31339.6	3.2
C.	Asia & Oceania	19918.3	2.3	20970	2.4	19296.6	2.4	21413.6	2.7	25610.9	2.6
D.	Other OECD Countries	20817.1	2.4	24598.1	2.8	20661.8	2.6	19022.8	2.4	21897.3	2.2
II.	POEC	162716.2	19.1	137155	15.6	90165.1	11.4	90541.8	11.7	109359.2	11.5
III.	Eastern Europe	7922.3	0.9	7716	0.8	7095.6	1.0	9329.3	1.2	12914.5	1.3
IV.	Developing Countries	159042.9	19.0	174903.9	20.0	164860.1	20.9	165750	21.0	207173.5	21.4
A.	Asia	126170.1	14.8	137505.6	15.6	132457.2	17.0	133351.8	16.8	165831.6	17.1
A1.	SARRC	2473.1	0.3	2930.9	0.3	2975	0.4	2813.4	0.3	3198	0.3
A2.	Other Asia Developing Countries	123697	14.5	134574.8	15.3	129482.2	16.4	130538.4	16.5	162633.6	17.0
B.	Africa	15224.7	1.7	19778.5	2.2	18643	2.3	17976.4	2.2	22673	2.3
C.	Latin America	17648.1	2.1	17619.7	2.0	13759.9	1.7	14421.8	1.8	18668.9	2.0
V.	Others	76.6	0.0	322.5	0.0	265.3	0.0	127.8	0.0	989.3	0.0
VI.	Unspected	4097.3	0.5	7562.8	0.8	8709.6	1.1	7343.6	1.0	9303.7	1.0
	Total Exports	851785	100	880816.1	100	788237.4	100	790723.6	100	965312.6	100

Source: Compiled from secondary data (RBI Bulletin, 2018)

The above Table 3 depicts that major India's importing countries which based on in overall total percentage from the year of 2013-14 to 2017-18. According to it, based on overall total percentage of importing countries were 102.3% of developing countries, 81.3% of Asian countries, 79.7% of other Asian developing countries and 69.3% of POEC, 68% of OEDC countries and 27.3% of EU country.

FDI on Primary Health Care Service in India

Healthcare is one the fastest growing service sector in India. The financing of health services can come from sources within a country tax or insurance for example. The latter can be further sub-divided into commercial finance, official aid or non-governmental finance. Commercial financial flows may further be divided into portfolio/equity investments, commercial loans or FDI. A significant aspect of this is direct trade in health services, a result of the rise of transnational corporations, challenges in health care financing, porous borders and improved technology creating the scope for increased „foreign direct investment“ (FDI) in health care sector. Healthcare sector has a great potential in the present globalize world. It is one of the world's largest industries with total revenues of approximately US\$ 2.8 Trillion. Healthcare sector has been emerging as one of the largest service sector in India. India healthcare sector has estimated revenue of around \$ 30 billion constituting 5% of GDP and offering employment to around 4 million people (CII Report 2011). According to Investment Commission of India, the sector

has witnessed a phenomenal expansion in the last few years growing at over 12% per annum. As per a recent CII-McKinsey report, the growth of healthcare sector can contribute to 6-7% of GDP and increase employment by at least 2.5 million by 2012.

Infrastructure in Primary Health Care In India

There is tremendous demand for tertiary care hospitals and specialty hospitals in India. There is a gap between the availability of the beds and required beds in the hospital in India. It is estimated that an investment of USD 25.7 will be required to meet the requirement of additional 450,000 beds by 2010. The government would not be playing significant role in bridging this gap giving private players immense opportunity (CRISIL). Further, medical tourism industry in India with estimated market of USD 350 million in 2006 and likely to reach USD 2 billion by 2012 (9 will also play significant role in the development of hospital sectors. It is estimated that this sector has a potential to attract one million medical tourists each year from all over the world.

Government is encouraging this sector by providing certain incentives like lower import duties, higher depreciation on medical equipment's and expedited visa for patients from foreign countries. Some trends that have been observed are that most of the healthcare players have been setting up additional facilities to cater critical care or super specialty healthcare. Some leading hospital players like Apollo are very aggressive on raising funds for their expansions. India is also witnessing growth of advanced diagnostic equipment's and excellent infrastructure.

Separately, there is also a need for institutions that train professionals, nursing and paramedics to overcome the shortage of trained professionals in the health care sector in India.

MSME

Micro, Small & Medium enterprises contribute to about 8% of GDP; it also plays a key role in developing the economy by providing employment to 80 million people and contributing majorly for about 45% in manufacturing & 40% in the exports. MSME plays a major role in the socio economic development by accelerating the industrialization in nontraditional and economically backward sectors. MSME are an industries till now have seen a significant growth because of the low cost structure regimes and possess the various benefits of not paying provident fund, gratuity fund and excise duty (for the industries having turnover less than 1.5 crores) these helped them to cost their products accordingly and gain some competitive advantage over the other established companies by maintaining profit margins.

Digitalization could help the MSMEs in the following ways

- Access to knowledge and International best practices
- Operational excellence across all over the world with the real time insights and the demands.
- Financial knowledge, taking the correct decisions and risk mitigation and another compliance issues.
- Proper understanding of the STP (Segmentation, Targeting and Positioning)
- Efficient provisioning of products & services.

Major Findings of the Study

1. The sector wise and growth wise contribution of exports of India have been ranked based on given years in overall total percentage i.e; from 2015-16 to 2017-18. According to it the 1st rank as

for Engineering goods, the 2nd rank has given for Gems and Jewelleries, The 3rd rank has asse for Chemical and drugs which constituted to 73.4%, 45.1% and 43.4% respectively.

2. Major Indian's export gone to the developing country and OEDC Countries and Asian countries. Which constituted to 101.04%, 87.5% and 74.8% respectively. Which were in overall total percentage for the year of 2013-14 to 2017-18.
3. Based on overall total percentage of importing countries were 102.3% of Developing countries, 81.3% of Asian countries, 79.7% of other Asian developing countries and 69.3% of POEC, 68% of OEDC countries and 27.3% of EU country.
4. Micro, Small & Medium enterprises contributes to about 8% of GDP; it also plays a key role in developing the economy by providing employment to 80 million people and contributing majorly for about 45% in manufacturing & 40% in the exports. MSME plays a major role in the socio economic development by accelerating the industrialization in nontraditional and economically backward sectors.
5. Medical tourism industry in India with estimated market of USD 350 million in 2006 and likely to reach USD 2 billion by 2012 (9 will also play significant role in the development of hospital sectors. It is estimated that this sector has a potential to attract one million medical tourists each year from all over the world.

Policy Implications

1. The Government has to take efforts and ensure for the availability of raw materials for exporting industries.
2. The government must be reduce the price of raw materials which is inevitable for smooth running of exporting industries.
3. GST and other taxes namely export and import duty must be curtailed and should be given tax holidays for setting up new industries at least minimum 5 years.
4. Our currency value against foreign currency value continuously depreciated should be controlled then only our balances of crises can be corrected.
5. Exporters should be promoted by way of lending concessional loans and continuous supply of electricity and unit cost of electricity should be reduced for at least exporting countries.

Conclusion

Paper discusses about the Digitalization and its impact on Economy particularly in the fields of Agriculture, MSME, Manufacturing and Service Sectors and government has taken considerable steps to help those sectors. MSME is very key to the Indian Economy is facing the issue of financial access and the shift in the technology and able to cope up with them. Manufacturing sector is facing the Capex issue in the world of Industry 4.0 and the shift towards the entire digitalization. Agriculture sector has been one of the sector which was able to implement the going changes accordingly and able to reflect them in the growth. How the shift in the usage of smart phones has impacted the digital transactions and bringing transparency and accountability to the financial system. Importance of Financial literacy that can change the phase of the emerging economies like India. Proper implementation of Digitalization can change the phase of the Indian Economy and emerge as the 3rd largest economy in the future.



References

1. Kaul, M., and Mathur, P. (2017). Impact of digitalization on Indian Economy and requirement of financial literacy Proceedings of International Conference on Recent Innovations in Engineering and Technology. ISBN: 978-93-86291-63-9.
2. Rymarczyk, J. (2019). Technologies, Opportunities and Challenges of the Industrial Revolution 4.0: Theoretical Considerations Centre for Strategic and International Entrepreneurship. 10.15678/EBER.2020.080110
3. Bhat, T.P 2011, Structural Changes in India's Foreign Trade. Working Paper, Institute for studies in Industrial Development, New Delhi.
4. Doctor. Shuchi Gupta Associate Professor, Department of Accounting and Finance, Debre Markos University, ETHIOPIA.