



## **Digital Economy in India: New Avenues for Inclusive Growth**

**Dr. Devidas Gokul Gavali<sup>1</sup>**

**Introduction:** The digital economy has emerged as a transformative force in India, reshaping production, consumption, governance, and socio-economic development. It has accelerated financial inclusion, increased access to services such as healthcare and education, and created new employment opportunities while bridging geographical and social divides. A digital economy is one that is based on digital computing technologies and is increasingly driven by information and communication technologies (ICT) and internet connectivity. In India, the evolution of digitalization has progressed from initial policy proposals to becoming a key driver of economic activity, impacting everything from payments and e-commerce to governance and social services.

India's digital economy has experienced rapid expansion, contributing significantly to the national Gross Domestic Product (GDP). By 2022-23, the digital economy accounted for approximately 11.74% of the GDP, and it is projected to grow to 20% of the national income by 2029-30. India's financial inclusion journey over the past decade has been unprecedented, and the Indian government has given it special impetus through its 'Digital India' movement and 'Pradhan Mantri Jan Dhan Yojana.' Overcoming the challenges of poverty reduction and ensuring sustainable income can be a crucial factor in building an inclusive society. Information and communication technology is gradually providing services to the unbanked population and helping to bring them into the banking sector. Digital technology is promoting its use and positively impacting the livelihoods of citizens.

India's digital economy holds immense potential to promote inclusive, sustainable, and equitable growth. With supportive policies and inclusive implementation, digital transformation can bridge socio-economic gaps and accelerate India's journey toward a digitally empowered society and knowledge economy.

### **Objectives of the Study:**

1. To understand the concept and nature of the digital economy in India.
2. To study the key factors in the development of the digital economy.

---

<sup>1</sup> Head of Department of Economics, Vinayakrao Patil College, Vaijapur, Dist. Chhatrapati Sambhajnagar



3. To study the new opportunities created by digital technology for inclusive growth.
4. To study the digital payment systems (UPI, Jan Dhan, Aadhaar) and their contribution to financial inclusion.

**Research Methodology:** Secondary sources have been used to study this research paper. This includes the use of reference books, magazines, newspapers, and weeklies. The internet has also been used along with other books.

**Concept of Digital Economy:** A digital economy is an economic system where production, distribution, exchange, and consumption are primarily carried out through digital technologies. It includes the following components:

**Digital Infrastructure:** Digital infrastructure refers to the system of technological tools such as the internet, broadband, mobile networks, data centers, digital identity systems, and cloud services. In India, initiatives like Digital India, Bharat Net, Aadhaar, UPI, and Digi Locker have led to the large-scale development of digital infrastructure. These facilities have facilitated e-governance, digital payments, e-commerce, and online education and healthcare services, thereby promoting inclusive development.

**E-Governance:** E-governance has increased transparency in administration and reduced corruption. However, the digital divide, cybersecurity threats, and lack of digital literacy are some of the major challenges.

**E-commerce:** E-commerce is a system of buying and selling goods and services through the internet and digital technology. E-commerce has expanded rapidly in India through platforms like Amazon, Flipkart, Meesho, and JioMart. E-commerce provides customers with the convenience of shopping from home at lower prices and with more options. It also provides a wider market for MSMEs, farmers, and women entrepreneurs. Therefore, e-commerce is contributing to inclusive development along with economic growth.

**Digital Payments:** Due to the progress of digital technology, the digital payments system has developed rapidly in India. Digital payments refer to the process of conducting financial transactions without cash, using bank accounts, mobile apps, or electronic devices. In India, UPI (Unified Payments Interface) has become one of the world's most successful digital payment systems. The main types of digital payments are UPI, NEFT, RTGS, IMPS, debit and credit cards, mobile wallets, and QR code-based payments. The



combined implementation of the government's Digital India, Jan Dhan Yojana, Aadhaar, and Mobile (JAM trinity) has expanded digital transactions.

**Fintech Services:** Fintech (Financial Technology) services are modern services provided using digital technology in financial services. Mobile banking, UPI, digital wallets, online loans, Insurtech, and robo-advisory are key examples of fintech. Fintech services have made financial transactions faster, cheaper, safer, and more transparent. Fintech has also increased financial inclusion, enabling rural, poor, and small entrepreneurs to benefit from banking services.

**Online Education and Healthcare Services:** Education and healthcare services provided with the help of digital technology are called online education and telemedicine. Platforms like SWAYAM, DIKSHA, and e-Vidya have enabled students to receive education from home. Similarly, telemedicine services like e-Sanjeevani are extending healthcare to remote and rural areas. These services are increasing accessibility, equal opportunities, and inclusive development in the education and healthcare sectors.

**Development of India's Digital Economy:** The digital economy is developing rapidly in India. The development of India's digital economy has transformed the country into a global digital powerhouse. With continued investment in infrastructure, skills, and inclusive policies, the digital economy can significantly contribute to India's long-term economic growth and social development.

**Digital India Campaign (2015):** The Digital India campaign was launched by the Government of India on July 1, 2015. The main objective of this campaign is to transform India into a digitally empowered society and a knowledge-based economy. Building robust digital infrastructure, making government services available online, and making citizens digitally literate are the main objectives of this campaign. Initiatives like Aadhaar, UPI, Digi Locker, Bharat Net, e-governance, and DBT have increased transparency in administration and promoted inclusive development.

**Aadhaar System:** The Aadhaar system is the Government of India's unique digital identity system. Operated by the Unique Identification Authority of India (UIDAI), this system provides every citizen with a 12-digit identification number. Aadhaar identity is determined based on biometric (fingerprints, iris) and demographic information. The Aadhaar system has made it possible to deliver benefits of government schemes directly to beneficiaries (DBT), reducing fraud, duplicate benefits, and leakages.

**UPI-based Payments:** UPI (Unified Payments Interface) is an instant payment system developed by the Reserve Bank of India and NPCI. UPI (Unified Payments Interface) is a digital payment system. Launched



in 2016, this system allows direct, 24x7 transactions between bank accounts using a mobile app. Secure and low-cost payments are possible using QR codes, mobile numbers, or UPI IDs. UPI has reduced dependence on cash transactions, promoting financial inclusion and the digital economy.

**Jan Dhan Yojana:** The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a national financial inclusion scheme launched by the Government of India on August 28, 2014. The main objective of this scheme is to connect every household with banking services. Zero-balance bank accounts, RuPay debit cards, accident insurance, and overdraft facilities are the features of this scheme. The Jan Dhan Yojana has increased financial inclusion and strengthened digital payments and the DBT (Direct Benefit Transfer) system.

**5G and Broadband Expansion:** The expansion of 5G technology and broadband networks is a crucial part of India's digital infrastructure. 5G enables ultra-fast internet, low latency, and greater connectivity, while broadband expansion is extending internet services to rural and remote areas. Both these factors are boosting e-governance, digital education, telemedicine, smart farming, and industries, accelerating the pace of the digital economy.

These initiatives have led to a significant increase in digital transactions in India, and the share of the digital economy in the GDP is consistently growing.

**New Opportunities for Inclusive Economic Growth:** Inclusive economic growth refers to economic progress that provides equal opportunities to all sections of society—the poor, women, rural population, youth, and small businesses. In India, technology, policy reforms, and globalization have created many new opportunities for inclusive growth. Effectively utilizing these new opportunities for inclusive economic growth can lead to equal opportunities, social justice, and sustainable development in India. This requires the coordination of technology, policies, and human capital.

**Financial Inclusion:** Digital payments, mobile banking, and the Jan Dhan-Aadhaar-Mobile (JAM) trinity have provided access to the formal banking system for people in rural, poor, and unorganized sectors. "In India, growth for 2025 has been revised up by 0.7 percentage points to 7.3%, reflecting better-than-expected performance in the third quarter of the year and strong momentum in the fourth quarter." Inclusive economic growth means ensuring that the benefits of economic development reach all sections of society, especially the poor, rural populations, women, and marginalized groups. Digital technology, fintech services, digital payments, e-commerce, online education, and healthcare services have created new opportunities for inclusive growth in India. The Jan Dhan-Aadhaar-Mobile (JAM) trinity has increased financial inclusion,



ensuring that government benefits reach beneficiaries directly. Thus, the digital economy is proving to be an effective tool for inclusive growth.

Inclusive economic growth is a crucial concept for sustainable development. The main objective of this growth is not merely increasing GDP but rather increasing the economic participation of every segment of society. In India, the digital revolution has opened up many new opportunities for financial inclusion.

Firstly, digital infrastructure and the Digital India campaign have extended internet and banking services to rural and remote areas. The Jan Dhan Yojana, Aadhaar system, and UPI-based payments have boosted financial inclusion. The poor, women, farmers, and small entrepreneurs have been connected to the formal financial system. Secondly, e-commerce and fintech services have provided MSMEs, startups, and self-employed individuals with access to national and international markets. Digital lending, insurance, and investment services have become easily accessible. Thirdly, online education and healthcare services are contributing to the development of human capital. Skill development, competitive exam training, and telemedicine are helping to reduce social inequality. However, the digital divide, cybersecurity concerns, lack of digital literacy, and inadequate infrastructure are some of the challenges. Overcoming these requires inclusive policies, skill development programs, and a secure digital ecosystem.

Overall, new opportunities for inclusive economic growth are becoming widely available through digital technology, leading India towards balanced, equitable, and sustainable development. The digital economy has created new employment opportunities for youth, women, and small entrepreneurs. Online education, e-learning platforms, and digital skills training have made education more accessible and affordable. E-governance, digital agricultural services, and online marketplaces (e-NAM) have helped increase farmers' income. Digital banking, self-employment, and online businesses have increased women's economic empowerment.

### **Challenges in the Digital Economy:**

**Digital Divide:** The inequality in digital facilities between rural and urban areas, and between the rich and the poor, is a major problem.

**Lack of Digital Literacy:** A large section of the population lacks digital skills.

**Cyber Security and Privacy:** Online fraud, data theft, and cybercrimes are increasing.



**Conclusion:** India's digital economy is proving to be an effective medium for inclusive growth. Through appropriate policies, infrastructure, and skill development, the digital economy can reduce social and economic inequality. In the future, inclusive and sustainable use of digital technology will make India's development faster and more balanced. India's digital economy contributed 11.74% of GDP (₹31.64 lakh crore, or \$402 billion) in 2022-23, emerging as a significant contributor to economic development. Employing 14.67 million workers, representing 2.55% of the workforce, the digital economy is almost five times more productive than the rest of the economy.

The digital economy refers to economic transactions based on digital technology. The internet, mobile phones, artificial intelligence, cloud computing, and digital payment systems have made economic transactions easier, faster, and more secure. In India, "Digital India"

Following the initiative, the digital economy has received a significant boost. This economy is proving to be an effective tool not only for economic growth but also for inclusive growth. With measures such as expanding internet and digital infrastructure in rural areas, effectively implementing digital literacy campaigns, strengthening cybersecurity laws, providing digital assistance schemes for MSMEs, and promoting public-private partnerships, India is seeing new opportunities for inclusive growth.

#### **Reference:**

1. Government of India (2023), Digital India – Official Website, Ministry of Electronics and Information Technology.
2. Reserve Bank of India (RBI), Report on Digital Payments in India.
3. NITI Aayog (2022), India's Digital Economy: Opportunities and Challenges.
4. Desai, D. (2021), Digital Economy in India, Economic and Political Weekly.
5. Vision IAS (2023), Indian Economy and Digital Transformation.
6. World Bank (2020), Digital Dividends Report.
7. <https://www.meity.gov.in>
8. <https://www.pib.gov.in>
9. <https://www.mospi.gov.in>
10. <https://www.trade.gov>

**Publisher's Note:** *The views and opinions expressed in this article are solely those of the author(s) and do not necessarily reflect those of the publisher, editors, or the editorial board.*