

Social and Economic Growth of Indian Society through Digitization

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Abstract

In the concept of cashless economy, where financial transactions take place through digital mode or in the form of little or no hard cash. This research paper deals with efforts which are taken and needed to be taken by the government of India. The program initiated by government of India aimed to connect rural areas with high speed internet network and to improve the digital literacy. Undoubtedly, Indian economy is growing at a pace that requires the people to be financial literate. So, Digital financial literacy is gaining importance. This paper analyses the vitality of financial literacy in today's world. The finding of the study will identify the obstacles in the execution of various programmes to make India financial literate and strategies to execute these policies effectively and efficiently.

Keywords: Digitization, Financial Literacy, Digital India, Internet, Demonetisation.

Introduction

The economy of India is a developing mixed economy. It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country ranks 141st in per capita GDP (nominal) with \$1723 and 123rd in per capita GDP (PPP) with \$6,616 as of 2016. India topped the World Bank's growth outlook for the first time in fiscal year 2015-16, during which the economy grew 7.6%. Growth is expected to have declined slightly to 7.1% for the 2016-17 fiscal year. According to the IMF, India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19. Goldman Sachs predicts that India - comprising 15% of the world population, with a growth rate of 7 to 8%, could be the second largest economy by 2030.

Digital India is a campaign launched by the Government of India to ensure that Government services are made available to citizens electronically by improved online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology.^{[1][2]} It was launched on 01 July 2015 by Prime Minister Narendra Modi. The initiative includes plans to connect rural areas with high-speed internet networks. People have started doing many transactions through internet.

"No matter how many banks may open and how many boots you have on the ground, if the person does not know about the financial options that are open to him, policies, schemes and financial instruments will mean little. It is important for a person to know what to look for and only then think of the benefits that he can obtain from it." Thus this makes the financial literacy all the more important. Financial inclusion is a quantitative term and financial literacy is more about the quality. Financial literacy focuses on the understanding one should have to know, how to use and manage the money efficiently and reduce the risk and save their money from environmental changes such as changes in the economy, inflation etc. With the demonetization people have also realised how important it has become for them to know about their money and what affects it the most and how they can protect. During this phase digital awareness has also gained importance and people are also willing to learn the new modes available for them to manage their money in the cashless way. During this time the online payment options have helped people to survive the cash crunch they faced and have also become the driving force for digital literacy and financial literacy.

Review of Literature

As per "Financial Literacy in India: A Review of Literature Dr. J. Gajendra Naidu", low level of financial literacy prevents individuals from making right choices regarding financial decisions. To achieve the objectives, individual must invest his/her savings in right investment alternatives

As per "A Study on Future Plan for Increasing Financial Literacy Among People" Ms. Priyanka Agarwal, Radhika Choudhary Kureel and Dr. Suman Yadav ", promoting financial literacy can reap many benefits for the educational institution which also include student recruitment and retention, building awareness among community members and the media and fundraising through grant and sponsorship opportunities, when financial literacy programmes will be included in the school curriculum then this will open new doors for youth as well.

As per "FINANCIAL LITERACY: AN OVERVIEW OF CURRENT LITERATURE AND FUTURE OPPORTUNITIES by Dr. Pradeep Kumar Asthana", the studies reviewed in Asian context suggest that promoting financial education have significant potential benefits that are to be achieved from more concrete policy efforts in this region. The International experience in the field of financial education by different organisations, policymakers and academicians offers many precious experiences for promotion of financial education in Asian countries.

Objectives of the Study

1. To understand how digitalisation and its impact on economic growth and why there is a need of financial literacy.
2. To study the steps taken towards financial literacy and discuss its cause and effect relationship.
3. To understand why there is a need of financial literacy.
4. Policies on how to implement and improvise the financial literacy in the country

Research Methodology

The study is in itself quantitative and conclusive. For the analysis of the problem, we have taken the secondary information. Sources for the secondary data are from the various sources like special investigation team report, Reserve bank of India (RBI) website and journals.

Digitization

As we know by now, in a digital society knowledge is coded into 0s and 1s, which helps people to create the data in this format and share it.

According to Pearce-Moses (2005) "Digitization is the process of transforming analog material into binary electronic (digital) form, especially for storage and use in a computer" II. Digitization converts materials from analog formats that can be read by people to a digital format that can be read only by machines. The devices like scanner, cameras, and a number of other devices can be used to digitize knowledge contents. Digitization improves access to information resources. Digital projects allow users to search for collections rapidly and comprehensively from anywhere at any time. The process of digitization makes the invisible to be visible. A number of users

can access the same document at the same time without hindrance. It also removes the trouble of distance, as users do not have to travel to locations that possess the hard copies of materials.

Although, digitization is very time taking and very expensive, but it is quite a good way to cope up with the problems of persistent shortage of periodicals. Numerous organizations and institutions are taking initiatives in digitizing their documents, archives of newspapers, artifacts, theses and dissertations and other historical documents and images. This helps scientists, administrators, students, and other information seekers to have, wide access to innovations possible at a right time which are earlier outside their domain. Digitization defines by many scholars in a variety of ways. Some of them are as follows:

Witten and David (2003) define Digitization as, —" the process of taking traditional library materials that are in form of books and papers and converting them to the electronic form where they can be stored and manipulated by a computer"II.

The US Institute of Museum and Library Services (IMLS) defines digitization as "the process of converting, creating, and maintaining books, art works, historical documents, photos, journal, etc. in electronic representation so they can be viewed via computers and other devices"

Digital India

Digital India is a campaign launched by the Government of India to ensure that Government services are made available to citizens electronically by improved online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology.^{[1][2]}

On 01 July 2015 by Prime Minister Narendra Modi, Digital India campaign was launched. The initiative includes plans to connect rural areas with high-speed internet networks. Digital India consists of three core components.

They are:

1. Development of secure and stable Digital Infrastructure
2. Delivering government services digitally
3. Universal Digital Literacy

Bharatmala, Dedicated Freight Corridors, Sagarmala, Industrial corridors, UDAN-RCS, Make in India and BharatNet facilitate the government of India scheme.

Facilities which will be provided through this initiative are e-education, e-health, digital locker, e-sign and national scholarship portal. Botnet cleaning centres were also planned.

Digital Locker

Under the Digital India initiative, Digi locker helps in providing to all the Aadhaar card holders space of 1 GB in cloud to have access to the documents like academic marksheet, DLs, vehicle registration.

attendance.gov.in

It is actually a website to keep a check on the regularity of the government employees. It was

launched by the PM Modi on July 1 2015 using biometric machine.

MyGov.in

It is platform used to discuss the various ideas of the policy matter. They have applied the 3 D's approach, Discuss, Do and Disseminate.

Swachh Bharat Mission (SBM) Mobile app

To reach digitally in depth, Modi Govt has taken the initiative to create an app for the Swachh Bharat Mission.

eSign

It helps the citizens having aadhar card to get a digital signature.

TheHospital application

It helps in taking the online hospital services like appointments, fees paid, online blood reports, etc

National Scholarship Portal

It is a one step solution for end to end scholarship process. It is portal for applying, earning and then disbursement of the scholarship by Government of India.

e-Sampark

It helps in connecting the two citizens electronically.

At the launch ceremony of Digital India Week by Prime Minister Narendra Modi in Delhi on 1 July 2015,^[21] top CEOs from India and abroad committed to invest Rs 224.5 lakh crore (US\$3.5 trillion) towards this initiative. The CEOs said the investments would be utilized towards making smartphones and internet devices at an affordable price in India which would help generate jobs in India as well as reduce the cost of importing them from abroad.^[22]

Leaders from Silicon Valley, San Jose, California expressed their support for Digital India during PM Narendra Modi's visit in September 2015. Facebook's CEO, Mark Zuckerberg, changed his profile picture in support of Digital India and started a chain on Facebook and promised to work on WiFi Hotspots in rural area of India.^[23] Google committed to provide broadband connectivity on 500 railway stations in India. Microsoft agreed to provide broadband connectivity to five hundred thousand villages in India and make India its cloud hub through Indian data centres. Qualcomm announced an investment of US\$150 million in Indian startups.^[24] Oracle plans to invest in 20 states and will work on payments and Smart city initiatives.^[25] However back home in India, cyber experts expressed their concern over internet.org and viewed the Prime Minister's bonhomie with Zuckerberg as the government's indirect approval of the controversial initiative.^[26] *The Statesman* reported, "Prime Minister Narendra Modi's chemistry with Facebook CEO Mark Zuckerberg at the social media giant's headquarters in California may have been greeted enthusiastically in Silicon Valley but back home several social media enthusiasts and cyber activists are disappointed."^[27] Later the Prime Minister office clarified that net neutrality will be maintained at all costs and vetoed the Basic Internet plans.^[26]

Major Advantages

1. Development towards Digital infrastructure

2. More emphasis on Digital Empowerment for Indian People.
3. Delivery of Government Services digitally (E-Governance).
4. A Digital Identification which will verify the end user.
5. A Mobile help in the access to all services.
6. A bank account for immediate transfer for subsidies and payments
7. It aims to eliminate all electronics imports from foreign countries by 2020.

Other Advantages

1. It will help in decreasing crime.
2. It will help getting things done efficiently.
3. There will be less documentation.
4. It will help enhance the industry; both large and small enterprises.

Digital India is indeed a great project and deserves full support. So far no disadvantages have been found but yes, there is no proper legal framework, absence of privacy and data protection laws, lack of proper reforms in India and many other issues.

Digitalisation and Demonetisation

Digitalization transition through Digital India Programme puts much-needed thrust to the nine pillars of growth areas, namely Broadband Highways, Public Internet Access Programme, e-Governance: Reforming Government through Technology,, Universal Access to Mobile Connectivity, eKranti - Electronic Delivery of Services, Information for All, Electronics Manufacturing, IT for Jobs and Early Harvest Programmes. Every pillar has its own importance, complexities in implementation and is a propellant for the overall growth of the country.

Broadband Highways

It covers three components broadband for all rural, broadband for all urban and National information infrastructures.

Universal Access to Mobile Connectivity

It puts an emphasis on network penetration and filling the gaps in connectivity issues in the country.

Public Internet Access Programme

Provides Common Services Centres (CSCs) and Post Offices as multi-service centres.

e-Governance

Reforming Government through Technology: Government Process Reengineering using IT to simplify and make the government processes more efficient is critical for transformation to make the delivery of government services more effective across various government domains and therefore needs to be implemented by all Ministries/ Departments.

e-Kranti

Electronic Delivery of Services: The Government approved the National governance Plan (NeGP), comprising of 31 Mission Mode Projects (MMPs) and 8 components. e-Kranti is an essential pillar of the Digital India initiative and there are 44 Mission Mode Projects under e-Kranti, which are at various stages of implementation. (includes Banking, Post office, Income tax, Land records, Agriculture, Gram Panchayats etc.)

Information for All

Online hosting of information & documents to facilitate open and easy access to information for citizens.

Electronics Manufacturing

It focuses on promoting electronics manufacturing in the country with the target of NET ZERO Imports by 2020 as a striking demonstration of intent.

IT for Jobs

It focuses on providing training to the youth in the skills required for availing employment opportunities in the IT/ITES sector. 9. Early Harvest Programmes: It consists of those projects which are to be implemented within short timeline.

Digitalization is a boon and needs to be utilised properly with the recent case of demonetization we can assess that it has helped people during the demonetization from Nov. 8 2016 to Dec. 31 2016 when the country faced cash crunch, when Rs. 500 and Rs. 1000 notes were scraped and new currency was circulated in replacement of old notes. This step not only shook the tax evaders but also pushed India to become more digitally sound country and has also highlighted the benefits and need to go cashless (or have a less cash based economy). Demonetization has also increased the transactions from mobile wallet and digital payment channels.

Paytm had hit a record of 5-million transactions a day, being processed Rs.24,000crore worth of payments, less than a week when Indian government took the decision to demonetise Rs.500 and Rs.1,000. As a result it became the largest company to have the maximum digital transactions in India. It may be seen as a temporary phase but the ease of access and availability has made more of a good alternative than the paper or plastic money. With the adaptation of technology in the banking sector more and more transparency came in the flow of money in the economy.

PradhanMantri Jan DhanYojana gave push to financial inclusion that everyone whether from urban area or from rural area should have a account so that everyone is connected in the economy and demonetization led to the operationalization of Jan Dhan accounts which were opened under the scheme.It also had multiple benefits like people who did not had the identity proofs registered themselves for Aadhar card and other identity proofs and will also help in direct transfer of benefits to the concerned person. Digitalization in this situation helped to have a virtual access to the money and with the concept of e-kranti in the banking sector it will become easier for the people to avail the financial services provided by them. Having a bank account is not the only matter of concern but also having the knowledge that how their money gets affected by economic situation of the country and various other factors for having a control over their finances is also important. When people are financially literate, they are more likely to explore the products and services offered by banks and use them for their benefits. This accelerates the pace of financial inclusion, where everyone can access the

basic banking facilities rather than relying on the orthodox systems of money market such as borrowing money from money lenders on illogical interest rates. Financial inclusion and financial literacy are two essential ingredients of an efficient economy. Thus financial literacy is what also needs the attention of the masses and with all the latest advances happening around, it is becoming a matter of prime concern. Financial education is “the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.”

The financial literacy level majorly depends upon the education and income of the individuals; the social factors such like family size, family background, age.

Financial Literacy

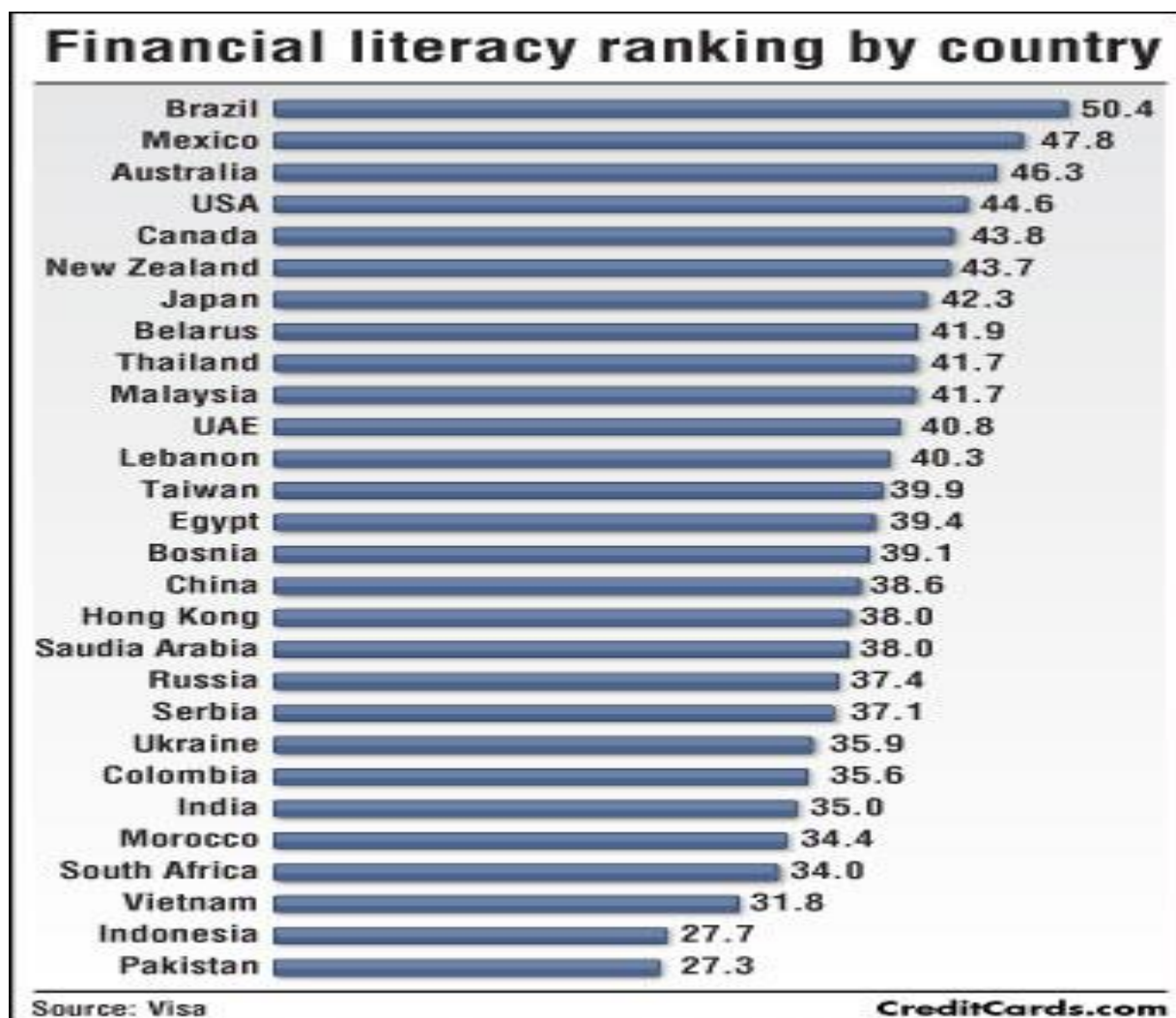
Financial literacy is now one of the top most priorities for most nations. It is even more difficult for developing nations like India, where the majority of the population is illiterate and find financial literacy beyond their grip.Financial literacy is the ability to use skills and knowledge to take effective and informed money-management decisions.For a country like India it is method to generate the financial inclusion.The survey even tells that financial literacy in India has consistently been poor in comparison to the rest of the world. In fact financial illiteracy puts a huge burden because of which the nation has to deal with the financial security and lesser prosperity. The most common factual example is that most people conclude that investing more in physical assets and short-term instruments, which conflicts with the greater need for long-term investments, both for individuals to meet their goals and for meeting the capital requirements for infrastructure for the country. In India, it's a common myth that if a person who is rich or literate will also be financially literate. Also, being financially literate is just not for the adults. It is important for the kids to get educated and be familiar with financial concepts

Comparative Study

An international OECD study was published in late 2005 analysing financial literacy surveys in OECD countries. A selection of findings^[6] included:

1. In Australia, the concept of compound interest was understood only by 67% people. While 28% people had good understanding.
2. In a British survey,consumers do not find financial information. They receive information by chance
3. A Canadian survey found that respondents considered choosing the right investments to be more stressful than going to the dentist.
4. Korean high-school students were surveyed for ensuring that they had failing scores – that is, less than 60% of questions, they answered correctly.

5. In a survey of America, 4 out of 10 working people are saving for retirement.



According to the graph above, Brazil topped the list of having the most financially literate population, followed by Mexico, Australia, United States and Canada. Visa sponsored this survey which was conducted between February and April of 2012 with 25,500 participants. This report also discussed if people had any emergency funds or if the parents talked about money management and financial literacy with their children.

How vital is it for the country?

Statistically, in South American countries, only 25% people are financially literate. On an average, 17.5% of the world's population belongs to India and approximately 76% of them is adult population that does not understand even the basic financial concepts. It's the backwardness of the country which is eating up all the future prospects.

Why too late as compared to the West?

India is way too behind developed nations in its efforts for financial literacy. While if we compare to US, financial literacy promotion was long back initiated in 1908 by the American Credit

Union Movement. In fact by 1957, Financial education was made compulsive in the states of Nevada. Customised programs have been planned and implemented regarding the financial literacy in Australia. Few of the Asian countries like Indonesia and Singapore have successfully started the financial drives.

Need for joint efforts

The Financial regulators of India -- RBI, SEBI, IRDAI, and PFRDA -- have created a joint charter called 'National Strategy for Financial Education' that has taken several initiatives along with other market players like banks, stock exchanges, broking houses, mutual funds, insurers etc. The major requirement is for all the Banking, Financial Services & Insurance players to make the noticeable changes in the country to make people learn financial management and eventually, take sound decision.

Going digital

Evidently, the efforts taken to aware the population digitally via short clips and videos or by

conducting quizzes has been quite successful. It has made people curious even more to take the several financial risks.

There has been launch of digital wallets like Paytm, Paypal universal payments interface (UPI), and new age commercial and payment banks have paved new ways for a less cash economy via e-banking. There is still a huge scope for 2% Indians using mobiles for doing e-payments. India is already the world's second biggest smartphone market with over 220 million smartphone users. All we need is a little push for these users to use it for digital payments. Already the mobile internet users in India in total are 350 million and expected to grow by 50 million every year by the end of 2020. So, there is a huge opportunity to enhance this growth with a pinch of smartly boosting it.

The Way Forward

For an efficient economy, Financial literacy and financial stability are two key aspects. Financial literacy is one of the factors that ensures economic security for their families. For a country like India, there is a need to reach out to economically weaker sections firstly and then target the middle-income level population as they are more economically active but have less or no knowledge about financial investments.

Most important of all is that working of just the one section of the community to attain this dream is just not enough. It's the consumers, financial institutions along with the support of government to reach new heights of modern India. This will make system more efficient and transparent which almost every time by now has lacked in India.

Obstacles

1. People are hesitant about using the new technology.
2. Trust and emotional connection is important for the sentimental population of our country.
3. People are not literate enough to even deal with basic technical usage.
4. Lack of infrastructural development and its reach to every small bit of the country.
5. The most important of all, lack of literacy. A huge population of India still do not know how to do a signature and they still use a thumb. Basic education, in this case, is way too far off.

Recommendations

1. Although the initiative taken by the government have so far been successful of opening the schools and Colleges. But what it still needs is a quality education. There should be a more practical based approach.
2. People need to know the new services being developed by the government and should be taught how to use it.
3. Community centres need to be formed so that people who have good amount of knowledge of the usage of various services can make the needy population help grow. In fact, students are fast learners and laborious, they can have a part time job in this.

4. Organisations can take the initiative to educate their employees regarding the financial management.
5. People should impart with the knowledge of how to channelize their money and earn from several investments and maximize their savings.
6. Most importantly, people should be familiar with the online frauds and be enlightened about the cyber laws.

Conclusion

Digitalization brings creation, innovation, flexibility, new job opportunities and growth in the economy. It brings more transparency and smoothness in the financial transaction. So, less are the chances of tax evasion, parallel economy etc in the globalised world. But with all these benefits, our old wounds of being illiterate get freshen again. Its high time for our country to get literate and gradually learn to have financial knowledge. Having such knowledge will be boon for our nation as we can protect it from inflation, depression and will have enough knowledge of when we can invest best in different financial products. Digitalisation has the key benefit of reaching quickly to every part of the country. In order to promote the cashless transactions, the Government should focus more on reducing or waving off taxes and service charges taken on digital transactions. It will encourage more and more people to use digital transactions which in turn improve cashless economy.

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