

## AIR Spotlight - India's Digital Economy

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is India's digital economy.

### Participants:

1. Sharad Kohli, Economic Analyst.
2. Sonu Sood, AIR Correspondent.

### Context:

India has come a long way in the sphere of digitization. The article will discuss the different aspects of the digital economy.

### Background:

- The digital sector has been the fastest-growing sector in the country. This kind of exponential growth has never been experienced before.
- Finance Minister Nirmala Sitharaman said that India's digital economy is expected to witness exponential growth to \$800 billion by 2030 on the back of rising internet penetration and increasing incomes.

### Components of Digital Economy:

The components of the digital economy are discussed below:

#### The government:

- The first component of the digital economy is the government which is the enabler. The government provides the platform for the digital world.

#### Policy and Regulations:

- Certain policies and regulations are made in favour of the digital economy that leads to the successful growth of the digital economy.

#### Internet:

- Internet facilitates digital services.

**Other components:**

- Electricity infrastructure, the telecom industry, digital service providers, human capital, knowledge workers, etc. are the other components combined that provide a platform for the digital economy.

**FinTechs in India:**

- India has over 6,300 fintech, of which 28% are into investment technology, 27% into payments, 16% into lending, and 9% into banking infrastructure, while over 20% are into other fields.
- The combined valuation of India's fintech industry is set to surge to \$150 billion in the next three years.
- The majority of the startup unicorns are from the fintech sector and the easy availability of funding has helped them grow.

**Fintechs in different aspects:****Financial literacy:**

- Financial technology (Fintech) is one of the most modern uses of digital technology and fintech has surpassed the literacy aspect as well.
  - The government is trying hard to work on literacy but there are still some people in villages who cannot read and write.
  - Even among such sections of the population, we can see financially literate people who use digital payment applications for day-to-day transactions. It implies that fintech has penetrated every aspect.

**Banking infrastructure:**

- Nowadays, there is no need to go to the banks and stand in a long queue for any kind of service.
- Digital banking has made it very easy and convenient to access any kind of banking service just by pressing a single button.

**Direct Benefit Transfer (DBT):**

- The DBT scheme's primary goal is to mitigate leakages during funds transfer and offer benefits directly to the citizens.
- Now, with the help of fintech in the DBT, the government can easily provide the benefits to the beneficiary's account with just one click. One example of this is the [PM Kisan Samman Nidhi scheme](#).

- The Jan Dhan Mobile (JAM) trinity has strengthened the financial infrastructure of the country. Know more on the [JAM Trinity](#) in the link.

### **Health and Digital Technologies:**

- Digital technologies are being used to improve health information systems from the community level to district, national, and even global levels.
- Their use also improves the timeliness and accuracy of public health data collection, reporting, and facilitates disease monitoring and surveillance.

### **Education and Digital Technologies:**

- The [Covid-19 pandemic](#) has led to a shift from offline to online learning platforms. The direct interactions with the teachers were very less but at least digital technology kept the education going on even during the pandemic.
- Digital technologies have brought an irreversible change in many things that we do today.

### **Retail investors:**

- The government has made it easier in terms of smooth and easy access to the stock markets, with technology such as e-KYC and e-Aadhaar helping the retail investors come into the market.
- The total number of retail investor accounts has almost doubled, from about 45 million as of March 2016 to 88.2 million by March 31, 2021.

### **Conclusion:**

The importance of digitization today in our lives and in the life of our country is just like the beating heart in a human body. The digital transformation has made it possible for each and every citizen to access many kinds of services.

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