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The Digital Economy as a Catalyst for Sectoral Innovation and Startup Ecosystem Development

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Abstract: The rise of the digital economy has transformed traditional business models in today's quickly changing digital world and created a plethora of new options for startups and entrepreneurs. This research paper explores how technological breakthroughs, digital platforms, and connectivity have transformed entrepreneurial ecosystems globally, with a focus on the dramatic influence of the digital economy on business startups. This research explores several aspects of the digital economy's influence on startups, such as technology disruptions, digital marketing techniques, finance availability, and the development of new business models, by combining theoretical frameworks with empirical data. This article aims to clarify the possibilities and problems that entrepreneurs have in navigating the digital economy through a thorough review of case studies and industry trends. The ultimate goal of this research is to offer insightful information to stakeholders, legislators, and business owners who want to harness the revolutionary potential of the digital economy to promote economic development and innovation.

Keywords*: Digitalisation, Digital Economy, Business Startups, Digital India, Information Technology.*

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I. INTRODUCTION

"Digitalization" is the process of transforming anything to digital. In the current environment, every sector is beginning its digitalization journey quickly because doing business online is necessary to grow. The days of sellers selling only through physical stores are over. Teachers no longer instruct with chalk and duster. Bankers no longer keep records manually. Online shopping platforms are more common and artificial intelligence record maintenance systems are being developed, going digital is mandatory for continuous survival in the economy. Being the fastest-growing economy, India makes every effort to transform its economy through digital means. On July 1, 2015, the Hon'ble Prime Minister of India announced the launch of Digital India, an ambitious initiative with the goal of increasing internet penetration, particularly in rural and underdeveloped areas, and empowering its citizens through the use of technology. Bharat, a digital locker, e-education, e-health, e-sign, e-shopping, and the national scholarship program are just a couple of the amenities that will be made available through this initiative. The government is attempting to provide all government services and benefits directly to beneficiaries through the Digital India initiatives. JAM Trinity performed admirably during the COVID 19 pandemic by transferring the financial benefit immediately to the designated account. With the elimination of subsidies and the direct transfer of financial benefits to beneficiaries' bank accounts, JAM Trinity (Jan Dhan, Adhar, and Mobile) ensures that government benefits are received by the intended recipients while also lowering the budget deficit. With strong forward ties to non-digital industries, India's Internet economy developed 2.4 times faster than the country's overall GDP, according to RBI Bulletin. The new economy of India is predicted to experience exemplary growth to $800 billion by 2030, on the back of increasing internet penetration and income.

ICT advancements have radically altered not only the economic but also the social and private spheres of human existence. ICTs were first spawned by the quick technical advancements in the semiconductor industry, the telecommunications industry, and, more recently, a vast array of new services connected to multimedia and the Internet. Automation and the Internet are presently seen as two major technology paths within ICTs(Maiti et al., 2019). There is a possibility that a new "technological paradigm" will emerge as a result of the confluence of these technological advancements. Do catching-up nations experience new doors of opportunity or new barriers as a result of the new technology paradigm based on ICTs?

ICT, high-speed communication infrastructure, digital content, and the web economy (WE) as a whole are all playing an increasingly important role in today's society. India has a distinct competitive advantage thanks to the prevalent acquisition of digital public infrastructure, which lowers corporate costs while simultaneously formalizing the

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economy, promoting financial inclusion, and opening up new business prospects. With a share of more than 40% of all such transactions, India now has the biggest volume of real-time digital payments among enterprises worldwide because to the Stack and the widespread acceptance of the Unified Payments Interface (UPI) by 260 million distinct users.

The 1.2 billion telecom subscribers and 837 million internet users, together with the government's focus on creating digital platforms, have set the groundwork for a new economy, made it possible to create a strong ecosystem for digital payments, and improved governance. The GoI has consistently supported the development of India's particularly scalable digital public infrastructure, and this has resulted in economic gains as well as a rise in innovation and entrepreneurship. AgriTech Stack, DESH for skilling, and Livestock are a few platforms that are being planned. Another platform that has the potential to be transformative is the Open Network of Digital Commerce (ONDC), which will bring together small businesses, microbusinesses, and medium-sized businesses on a single platform, giving consumers access to a broad spectrum of products and opening up e-commerce to sellers and buyers of all sizes.

- *Digital Economy Drivers*

The shift from the industrial to the new digital economies has been aided by a number of factors. One of the most crucial problems in e-commerce transactions is establishing trust and security. The removal of barriers that impede transactions in the electronic environment—such as copyrights, legal ambiguity surrounding the execution of electronic contracts, and the protection of personal information and privacy—is also essential to the growth of the Internet economy. An appropriate regulatory framework that is modified and adapted to the electronic environment is crucial because it can promote the following: the expansion and development of SMEs; the employment of people with the necessary IT skills, sustainability, and a sizable number of highly skilled workers; the expansion and increased use of the Internet; the substantial coverage of broadband Internet; and self-regulation, particularly with regard to Internet use(Lazović & Đuričković, n.d.).

II. LITERATURE REVIEW

(Goswami, 2016)In addition to overcoming the constraints of historical and cultural traits and the installed wisdom that feels threatened by the transformation that will knock them off their feet, these are rooted in the organizational maturity and commitment of the systems within the government and also dependent on public support.

(Myovella et al., 2020)In this work, the author utilizes generalized linear methods of moments (GMM) estimators using a panel dataset including “41 SSA and 33 OECD” nations over a period of 11 years, from 2006 to 2016. The results show that in both groups of countries, digitization positively influences economic development. These findings are especially intriguing because less sophisticated methods generate greater possibilities in the least developed nations since there is greater room for development there.

(Maiti et al., 2019)ICT offer emerging economies both new opportunities and new obstacles. The adoption of ICT, digitalization, and automation offers significant new potential in terms of improved productivity and efficiency, the emergence of new services and vocations, and improved agent connection.

(Lazović & Đuričković, n.d.)Since more individuals are becoming online due to an increase in commercial usage, the web economy will undoubtedly grow and develop faster in the upcoming years across all spheres of society. It is evident that the information technology revolution, as a new economic paradigm, tends to lessen the development gaps between wealthy and poor, or industrialized and emerging nations.

(Xia et al., 2023)Numerous economic, social, and cultural domains are greatly impacted by the internet economy. These domains include how people work and communicate with one another, the promotion of more flexible and remote work arrangements, and increased worldwide connectedness. The internet economy has also had an influence on other industries, including entertainment, healthcare, and education. The global economy is becoming more digital because to developments in technology and electronic communication, and the internet economy plays a crucial role in pushing global digitalization.

(P, 2019)The main obstacles that Internet banking marketers must overcome to thrive in this industry are minimal marketing budgets, outdated banking habits, safekeeping, technological problems, and transaction difficulties. Nevertheless, there is still a huge need in this sector. Therefore, it is likely that as they work to overcome their marketing obstacles, online banks will only become more sophisticated and prosperous.

(Iivari et al., 2020)This study highlights the strategies for energizing the higher education system in Syria with regard to digital transformation. To overcome the challenges in rebuilding Syria’s education system, a comprehensive framework of e-learning platforms is needed. The paper explains the need of digital content, capacity building, and access to quality education.

(Acquisti et al., 2016) This article attempted to survey and rationalize the extant research on the economics of privacy. Because privacy is a multifaceted concept, this survey has explained why the protection of personal privacy is one of the most important public policy issues. Three themes have been highlighted first of which is a combining economic theory of privacy, the second, the protection of privacy of individuals and society, and the third is the ability of people to make informed decisions.

(Kelley et al., 2023) The goal of this paper is to examine the advantages of digital platforms, a technology that constantly posts job openings and may give job searchers a viable position as well as a better understanding of the labor market. The evidence clearly states the voluntary unemployment of people.

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(Modgil et al., 2022)This study focuses on understanding technologies, emerging areas and suitable venture proposals for digital entrepreneurship. The authors adopted a qualitative approach with semi-structured interviews through the lens of the diffusion of innovations theory. This study observed several factors that affect innovation in different fields.

(Spence, 2021)The paper has elaborated on how digital technology contributes to economic Development. The effects of the new economy, problems emerging in the internet economy, and directions of government to facilitate the issues in the internet economy have been studied by the author.

(Habib, 2023)The article proposes a comprehensive framework for digital transformation by utilizing a mixed-method approach, including literature reviews, expert interviews, and case analysis, to address the crucial challenges encountered by higher education institutions in Syria. The Capacity building programs like training and skill development, and e-learning platforms like MOOC and LMS have been analyzed.

(Delgado Martín & Larrú Ramos, 2022) (DEIFDC)Digital Education Index for Developing Countries have been studied in this article. In this study the various tools to bring the learning process into speed, and social, educational, and economic characteristics in Indian terms and deployment of digital programmes has been proposed.

(Bharadwaj, 2023)This report reflects the Indian economic position at global level. In this report the Indian inflation, Fiscal deficit, global growth, GDP, digitalisation and digital scope has been explained computed on real data.

III. OBJECTIVES

- To highlight the key determinants of the Digital economy.
- To evaluate the role of government initiatives in promoting the digital economy.
- To analyze the impact of Digitalisation on various sectors.
- To analyze the challenges and opportunities of the digital economy.

IV. RESEARCH METHODOLOGY

The current research study is descriptive in nature and is based on secondary data sources. In order to conduct a systematic review of the literature, researchers examined a broad range of research articles that have been published in journals and policy documents that are pertinent to Digital Economy and Economic Growth. For the current research study, secondary data is collected from a range of financial websites, government publications, newspapers, magazines, World Bank, and World Economic Forum reports.

V. KEY DETERMINANTS OF THE DIGITAL ECONOMY

According to estimates from the World Economic Forum, seventy percent of new value produced in the next ten years will come from business models developed on digitally enabled platforms. This demonstrates how the new economy is moving quickly and influencing how people connect, live, and work.

The following vital trends and technologies are anticipated to shape the future of the digital economy:

- *AI and machine learning* –

AI is developing and will play a bigger part in the internet economy. This includes machine learning, deep learning, and neural networks. AI is crucial for controlling autonomous systems and robotics, automating complicated activities, generating predictions, and gleaning insights from massive data.

- *Transformation of traditional sectors* –

Agriculture is one of the conventional industrial sectors that is being altered by the Internet economy. For example, farmers may use smartphone apps to receive real-time reports on crop quality, soil conditions, and irrigation.

- *Digital connectivity* –

For the new economy to succeed, robust infrastructure and internet connectivity are essential. It is anticipated that technologies like 5G will be crucial in improving digital connection, which will lead to speedier and more dependable communication and assist the proliferation of the new economy.

- *The metaverse* –

Immersion technologies, like the metaverse, have the potential to open up novel corporate applications and produce whole new customer experiences. These digital environments have the potential to completely transform industries, and in the future, it's possible that a parallel world with a different financial and economic system may also emerge.

- *Healthcare transformation* –

The delivery and accessibility of healthcare are anticipated to increase with the combination of telemedicine and digital health technologies and applications.

- *Cybersecurity advancements* –

Rapid adoption of the internet economy is causing cybersecurity measures to change in response to more complex cyber threats, such as assaults driven by artificial intelligence. AI-powered cybersecurity solutions are able to proactively reduce risk factors, detect unusual activity, and identify possible vulnerabilities through the use of machine learning algorithms.

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VI. DIGITAL ECONOMY OF INDIA

India is the 5th largest economy in the world computed based on nominal GDP and it ranks the third largest economy when PPP (Purchase Power Parity) is considered [Economy of India (2023, October 16)] [[2]]. As a developing country, India has tolerated numerous setbacks like the Cold War, the global trade competition, the BOP crisis, etc. In 1991, the great Indian economic reform took place which brought India into the arena of the whole globe with the launching of liberalization, privatization, and globalization. Since then, India has taken concrete steps to bring it up to the global platform.

At the start of the 21st century, the aggregate annual GDP growth of India was computed to 6% to 7% [List of countries by real GDP growth rate (2023, September 18)] [[3]]. The country remains the world's 6th largest consumer market, the world's 6th largest importer and 9th largest exporter. Looking at the steadily growing world-class position of India, the need to come up with a robust digital infrastructure was felt. The dramatic hit of the COVID-19 pandemic wave has become the liaison to pave the path toward the digital world. India has now emerged as an eminent country to utilize technology in such a manner that it could change the lives of its citizens. A flagship program, i.e., Digital India, was launched on 1st July 2015 by the Government of India. The goal of the Digital India initiative is to make India a digitally empowered nation by expanding high-speed internet connectivity across all boundaries and enabling electronic access to government services.

➢ *The Program is Centered Around Three Visions:*

- Digital infrastructure as a core utility to every citizen,
- Governance and services on demand, and
- Digital empowerment of citizens.

It has been launched to ensure the fulfillment of the 4 D's, i.e., Digital Access, Digital Inclusion, Digital Empowerment, and Linking the Digital Gap. This umbrella campaign acts as the foundation stone of the Internet economy in India, as it covers several projects of central ministries, and state and union territories. The marginal distance between the government and the public has been reduced, and services are delivered to respective recipients by providing transparent and secured digital ways.

➢ *Government and the Internet Economy*

Now as we enter the digital age, we should remember that distribution aspects of market-led dynamics are not always benign but there are some periods when they are not (Spence, 2021) [4]. Since there could be a possibility that developing enterprises will be dominated by the stiff competition given by the mega-platforms that will abuse the market flow. These mega-platforms are likely to acquire technological innovations and they may offer low prices with additional facilities taking advantage of their big position, and might block the access of other emerging companies into the market. The market situation will enter into violent circumstances if the balance between the social contract is broken. The market will no longer work on the laissez-faire approach and this is a serious situation. A number of serious problems arise as a result like informational gaps, distributional gaps, externality problems, etc, which can never be resolved by the market without government intervention.

Thus, the Indian government came forward to bring a profoundly shaped economic liaison between the center, states, businesses, and individuals in digital terms. The government has launched many digital services in numerous fields so as to increase digital literacy and engage people to move forward with technological advancements. India went through a massive digital transformation by adapting to new regulatory changes and challenges. This trend accelerated throughout the COVID-19 pandemic and the hesitating citizens who refused initially to go digital, accepted the need for change and entered into the digital world. The government is intended to promote innovation while also evading a chaotic and unregulated circumstances in the marketplace simultaneously. The significant role of government in bringing a balance between the unawareness of digital world and technological literacy among citizens are:

- Promote Innovation
- Control market access
- Strengthen supervision of market power
- Appropriate tax system for digital economy
- Strengthen global cooperation to meet volatile digital challenges

In this paper, major digital reforms in the healthcare, education, and trade sectors have been studied.

➢ *Digitalization's Effect on Different Sectors*

- *Healthcare and Wellness*

Every healthcare unit, be it pharmaceuticals, labs, hospitals, clinics, medical stores, etc each unit nowadays requires innovations in its working. The digital world and AI have made this attempt even more affordable and accessible. Machine learning and tech-driven solutions have sped up the process of healthcare facilities, opening prospects for digital entrepreneurship.

Since the COVID-19 pandemic, the internet economy particularly in the healthcare sector has recorded a peculiar boost, offering opportunities for potential innovations and filling up the supply shortages of medical facilities.

We have witnessed how virtual care platforms have emerged these days. Virtual care focuses on services in terms of interactions with healthcare professionals and online consulting with clinicians(Kelley et al., 2023). Telemedicine and teleconsultation platforms under the virtual care domain provide reduced treatment costs, flexible appointment and scheduling facilities, and better one-to-one consultation. The epidemic of COVID has brought a sharp augmentation and made people realize how the digital era can result in reduced consultation times and help patients get one-click medicine

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delivery after getting a prescription without coming into contact with any other patient.

The racing world has busy days but no fitness time to give to our bodies. As nutritious food is fuel to our body, the right volume of exercise is servicing the most complex design, i.e., our body. Wellness programs like digital yoga and gym conducting live sessions equip us with easy, affordable, accessible, and simple fitness tips that don't even require visiting places.

- *E-Commerce*

With the rise in E-Commerce, the change in style of the market has been recorded. People preferring to deal in cash has been outdated, India after launching the UPI system has flipped the board in favour of digital life while transacting even smaller figures.

Contactless delivery or cashless delivery is one of the most important inventions of the Digital world. It has become the new norm of the sale and purchase market, and retailers asking for cash to transact are almost out of the game. As it offers a safe platform to both consumers and dealers, it brings confidence while making payments via mobile applications.

Multiple payment methods are a savior in e-commerce. In any situation, when the server of one payment method gets down or fails, this tiny crisis resorts to another payment gateway. A wide range of UPIs, e-wallets, and debit and credit cards to different servers helps in the smooth flow of funds.

Technology such as Augmented Reality (AR) can be very helpful in addressing the challenges that arise during shopping of making up the mind about what to order. The after-sales services, product return reasons, feedback after the purchase, etc are the factors that AR uses to run the algorithm and come up with suggestions.

- *Education*

In the Education Sector, a proper drift has been witnessed in the context of digital education. COVID-19 has convinced the world overnight that education is not the flow of knowledge within walls. It offers customized learning depending on the skill, interests, strengths, and weaknesses of a learner. Numerous learning platforms have emerged as digital entrepreneurs positively try to exploit the opportunity of internet connectivity in remote areas too. Ed-Tech platforms are providing learners the experience of problem-solving and critical thinking.

- *Other Technologies*

Financial technological support by organizations helps to build resilience and quality of life. It has brought financial services at ease to the common person by providing them with multiple facilities like loan disbursements, vendor payouts, payment collections, etc.

The Digital Entertainment world is a kind of endless universe containing OTT platforms, gaming bandstands, social media, etc. It has surpassed the phase of connecting close ones and now helps connect professionals to professionals, customers to dealers, businesses to markets, and many more. It also provides entrepreneurs a better place to advertise their product or service to the audience and hence grow their customers marginally.

Telecommunication with agricultural experts and consultants, weather forecasting, soil testing, and innovative irrigation and harvesting techniques help a farmer to grow exponentially yields. Digital agriculture technology adds up to the country's self-reliance plus ever-increasing export figures. It reduces the agri-owner's stress and helps in competing with global production in terms of quality with the help of expert advice and digital technologies.

➢ *Challenges and Opportunities in the Digital/New Economy*

The potential and problems facing India's "digital economy" are linked. For instance, the digital divide reduces the number of individuals who can take advantage of the entrepreneurial and job creation opportunities provided by the Internet economy. Similar to this, those who lack digital literacy may find it challenging to use online banking and government services. The Digital India program and the BharatNet project are only two of the steps the GOI has started to solve the difficulties of the economy.

It is essential to remember that India's Internet economy is still in its infancy. Infrastructure, talent development, and cybersecurity all require ongoing investment. To promote the expansion of the Internet economy and safeguard the interests of enterprises and consumers, new laws and regulations must be created.

- *Challenges of the Digital Economy*

✓ *Digital Divide:*

Even while internet penetration has increased significantly in India, a sizeable segment of the population, particularly in rural regions, still does not have access to the internet. India had over 881 million internet subscribers as of March 2023, according to the Telecom Regulatory Authority of India (TRAI), but this still leaves a sizeable section of the population without access to digital services. From slightly under 4% in 2007, India's internet penetration rate increased to around 48.7% by 2022. Despite the fact that these numbers appear to be low, they indicate that over half of the world's 1.37 billion inhabitants had access to the internet in that year. This placed the nation second globally in terms of the number of active internet users. (Fig 1)

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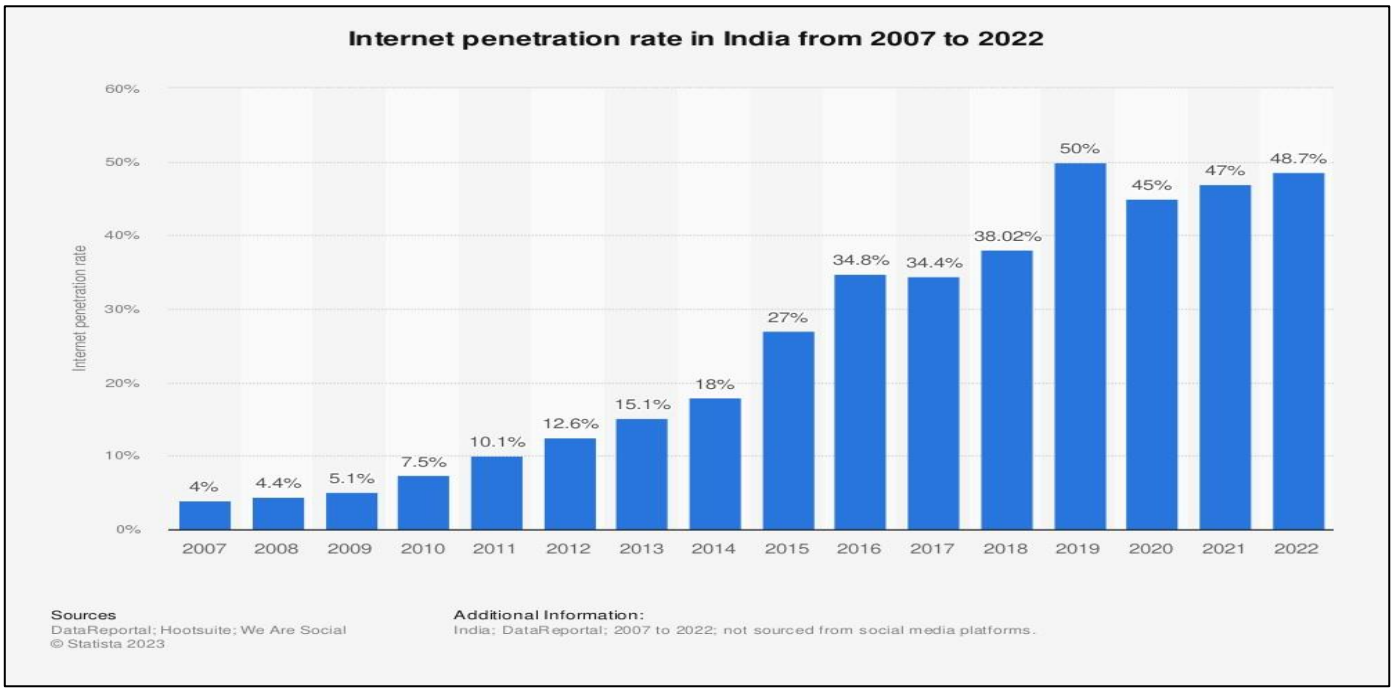

Fig 1 Internet Penetration Rate in India from 2007 to 2022

✓ *Income Disparities:*

The advantages of the internet economy are not shared equally. Many Indians still have trouble affording digital gadgets and internet connections, which prevents them from fully participating in the new economy. There are large income gaps, and a sizeable percentage of the population cannot afford cell phones and data plans.

✓ *Digital Literacy:*

The issue of low levels of digital literacy persists. Many people lack the abilities necessary to utilize digital tools and platforms for economic and social advantages. Both urban and rural communities are impacted by this. India ranked 73rd out of 120 nations in 2021 for internet literacy. According to study, (Fig 2) online literacy measures one's level of education and digital readiness. The highest sub-index in terms of ranking was web accessibility.

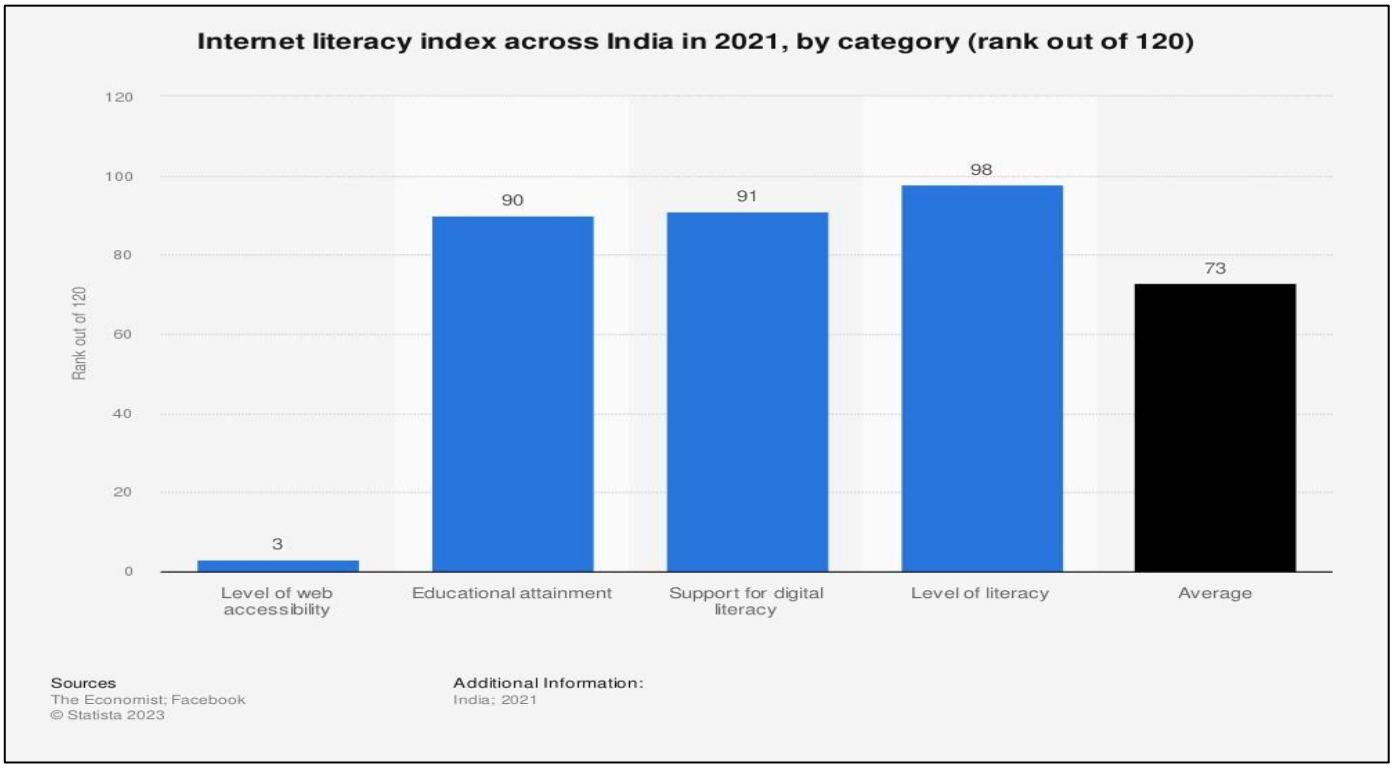

Fig 2 Internet Literacy Index Across India in 2021, by category (Rank Out of 120)

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✓ *Data Privacy and Security:*

From the perspective of the economics of privacy,(Acquisti et al., 2016) argue that the sharing and safety of private data can have positive and negative consequences at both the individual and societal levels. Digital services are being used more often, which has raised worries regarding data security and privacy. A 5-year effort to adopt an all-encompassing data privacy law in India came to an end when the Indian Parliament enacted the Digital Personal Data Protection Act (the "Act"). The Government has stated that it will put the Act into force in ten months, although it has not yet determined when it will go into action.

✓ *Digital Infrastructure:*

The expansion of digital enterprises is hampered by network connection and capacity issues that might occur despite advancements in digital infrastructure. Digital schemes and facilities that are beneficial to society as a complete must have the backing of digital public infrastructure in order to grow and operate. According to the NFHS Report, only 57.1% of males and 33.3% of females have ever used the internet. As evidenced, this gender difference existed in every state. The growth of DPI in India has the potential to enable people to engage in the digital economy by fostering an open, effective, and transparent digital environment. (Table 1)

Table 1 Ranking of the Top Ten Nations Adopting Information Technology Among the 131 Global Economies

Networked Readiness Index 2022	
Countries	**Global Rank**
United States	1
Singapore	2
Sweden	3
Netherlands	4
Switzerland	5
Denmark	6
Finland	7
Germany	8
Korea	9
Norway	10
India	61

Source: World Economic Forum 2022

The reason the United States is ranked first is due to its government's steadfast commitment to advancing the digital agenda. The United States has benefited much from information technology, and it uses digital technologies admirably to supply basic services and administrative functions as well as to keep its institutions linked. The other nine nations have more or less the same characteristics. These countries' extremely encouraging business and innovation environments have led to some of the world's most dynamic and technologically sophisticated economies.

- *Opportunities for Digital Economy*

✓ *Economic Growth:*

By 2025, India's GDP is anticipated to increase by $1 trillion as a result of the new economy. This will increase innovation and generate new employment. “From 4-4.5 percent of the GDP in 2014 to 11 percent of the GDP now is attributed to the web economy. Furthermore, by 2026, the new economy is projected to account for more than 20% of our GDP.,” said Union Minister of State for Electronics and Information Technology Rajeev Chandrasekhar while speaking at the G20 Digital Innovation Alliance Summit.

✓ *Demographic Dividend:*

The populace of India is youthful and tech-savvy. This generation, with a median age of about 28, offers a sizable workforce for the internet economy and a rising market for online goods and services.

✓ *Start-up Ecosystem:*

The start-up scene in India is thriving, and several unicorns have just appeared. Entrepreneurs have found the internet economy to be a rich field, with potential in areas like e-commerce, finance, tech, and healthcare tech, among others (Fig 4). According to S&P Global Market Intelligence, India ranked fourth globally in 2022 (Fig 3) for startups, drawing 4.2% of venture funding, behind the US (41%), mainland China (18%), and the UK (6%). Additionally, Indian entrepreneurs raised more money through public issues (IPOs and follow-on stock offerings) than did their listed competitors. Since venture capital is widely accepted to be the primary source of company development, these metrics provide a quantitative means of identifying and monitoring the development of the startup ecosystem.

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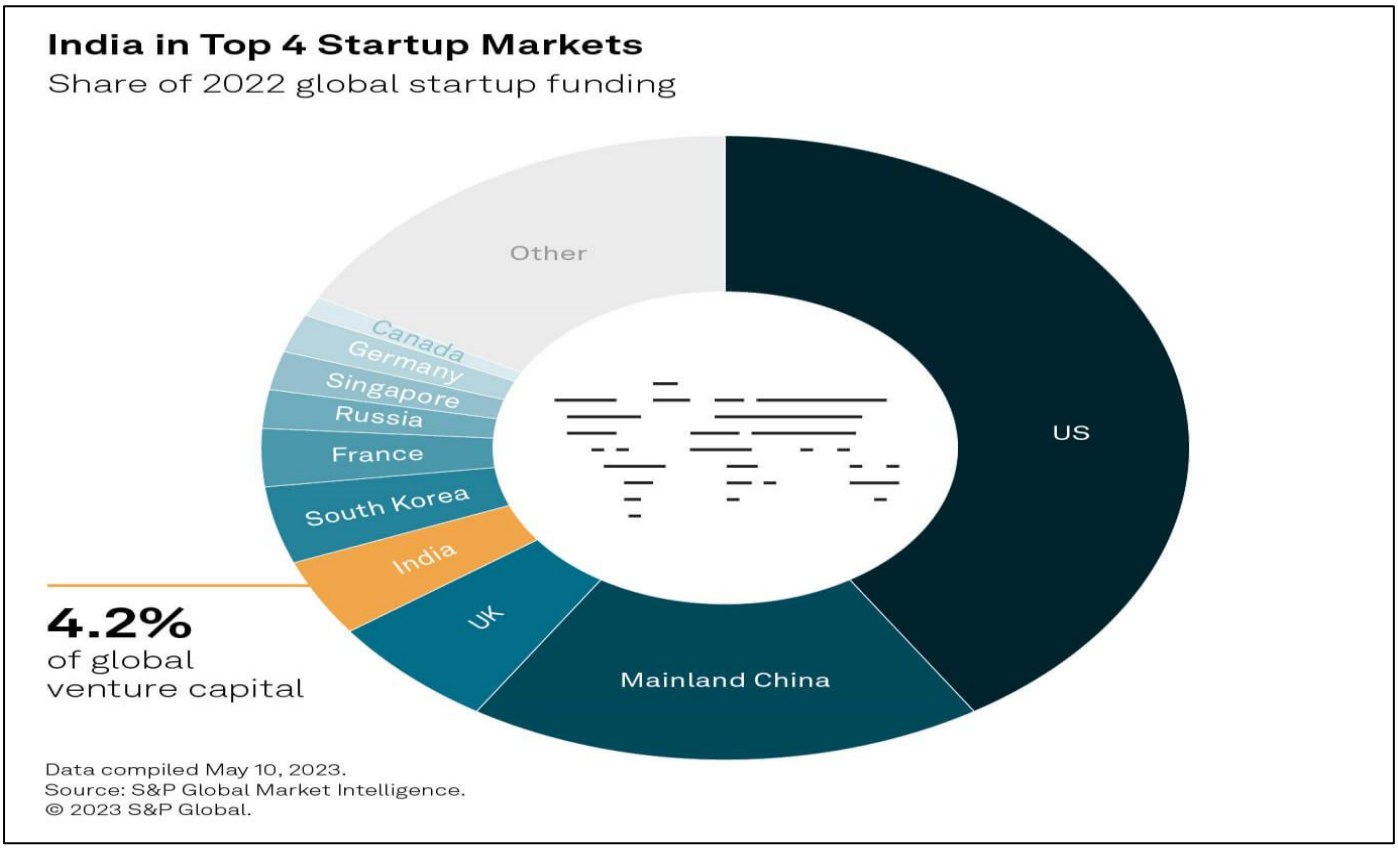

Fig 3 S&P Global Market Intelligence Data Shows That the Financial Technology Industry has Been at the Top of the Financing Tables in India in Recent Years, Drawing a Total of $9.7 billion in 2021 and 2022.

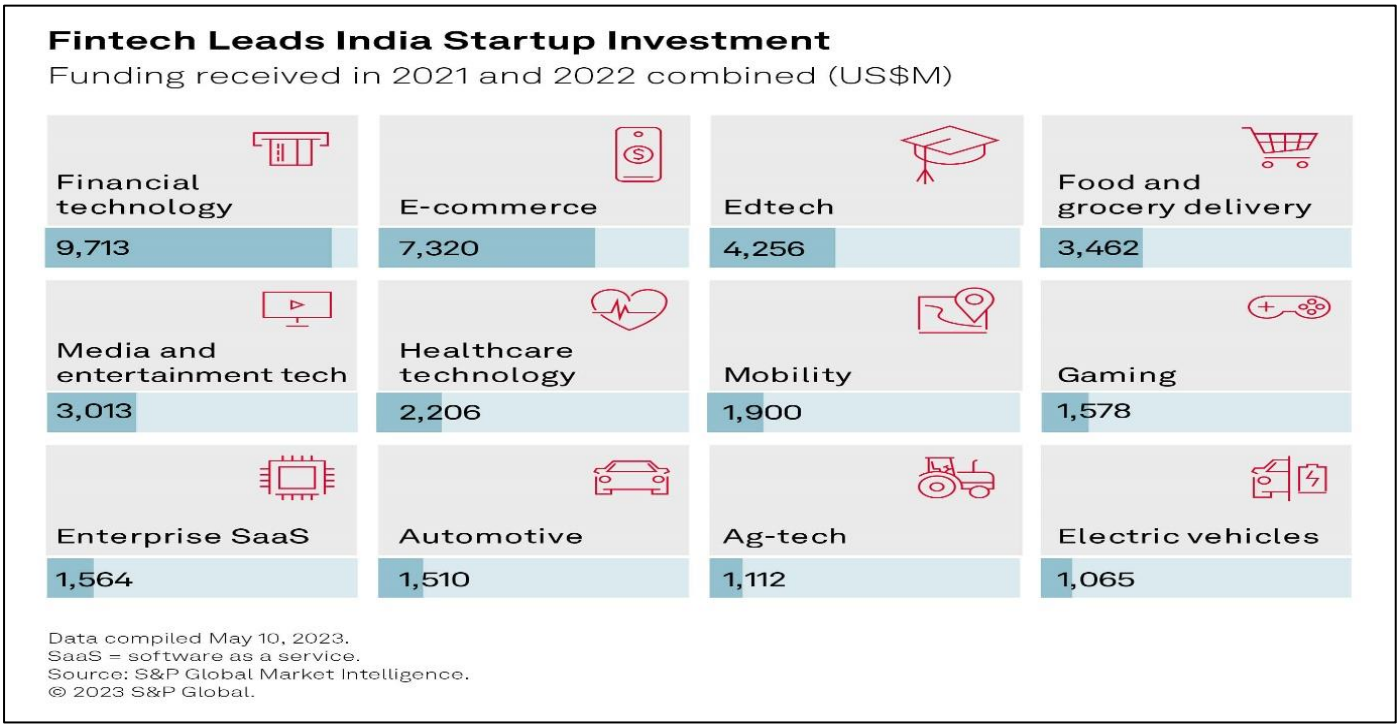

Fig 4 Fintech Leads India Startup Investment

✓ *Financial Inclusion:*

Millions of Indians who do not now have access to banking services may become so with the aid of the new economy. This can aid in reducing inequality and poverty. According to the Reserve Bank of India, the value of the Financial Inclusion (FI) Index (Fig 5), which measures the level of financial inclusion throughout the nation, increased to 60.1 in March 2023 from 56.4 in March 2022. Growth was seen in all sub-indices.

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Fig 5 FI Index Value

✓ *Improved Access to Education and Healthcare:*

Without regard to their location, Indians can have access to high-quality healthcare and education because of the new economy. KPMG research from 2022 states that the number of Indian students participating in online courses climbed from 1.5 million in 2019 to 3.5 million in 2022.

✓ *Increased Transparency and Accountability:*

The public may expect increased openness and accountability from government services thanks to the internet economy.

VII. DIGITAL ECONOMY AND ITS PERFORMANCE

India has proved its position in the technological world over the years. Numerous tech giants have emerged and are dominating the unicorn companies around the globe. One such benefit of digital platforms is that they provide new rooms for start-ups and entrepreneurs bring their new innovations to market. With the unveiling of IBPS (India BPO Promotion Scheme) under the arena of Digital India program, unit establishment and employment generation have shown progress in India. This program was brought with the aim of creating employment opportunities and dispersal of IT industries in towns and remote areas by providing financial support. Businesses require skilled employees to manage their companies and business activities, and hence training and skill development institutes have also grown exponentially. Bar chart below shows state-wise details of units set up in India under BPO schemes (Fig 6) and the direct employment generated (Fig 7).

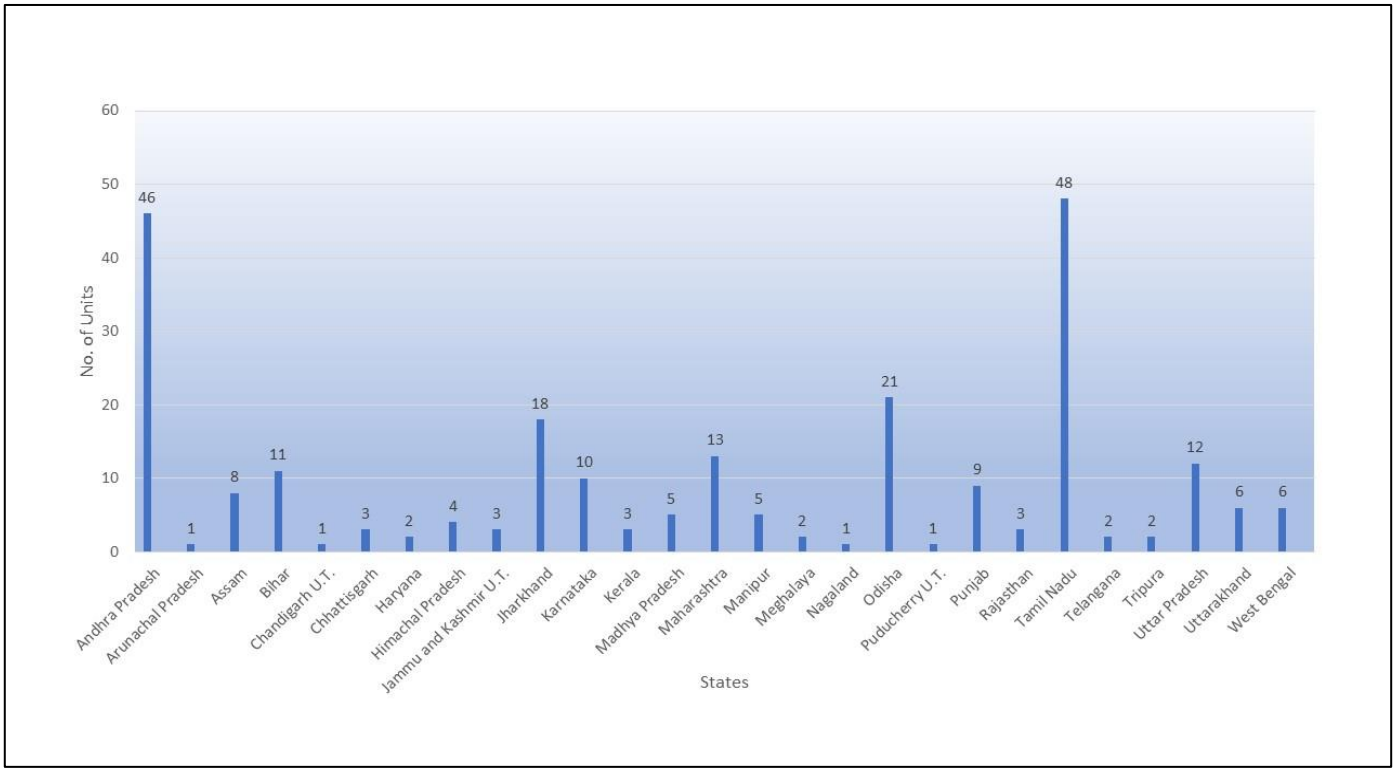

Fig 6 State-Wise Details of Units Set Up in India Under BPO Schemes
Source: Press Information Bureau.

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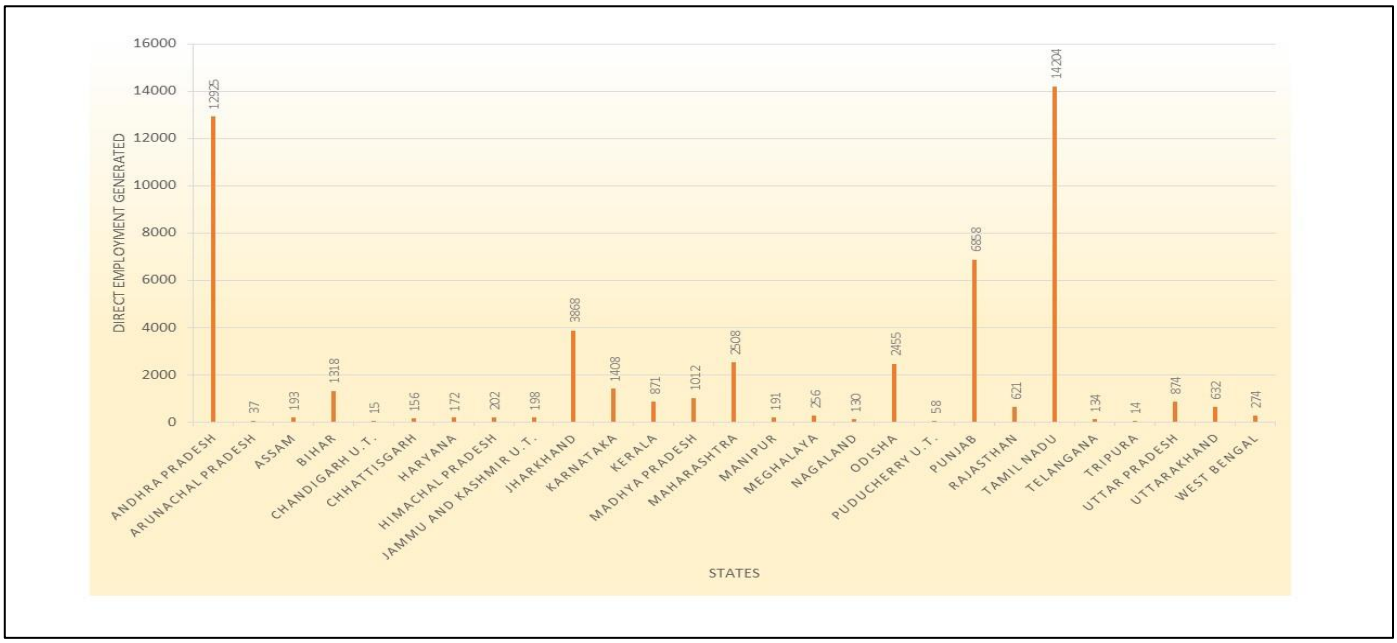

Fig 7 State-Wise Details of Direct Employment Generation in India Under BPO Schemes
Source: Press Information Bureau.

Both the above bar graphs depict a clear picture of state initiatives and the state-wise performance in the creation of jobs to the unemployed masses. Tamil Nadu and Andhra Pradesh have significantly contributed to the betterment of India's economy by setting up maximum units and by creating jobs in the IT sector. Union Territories and Northeast states needs more push to grow in this sector.

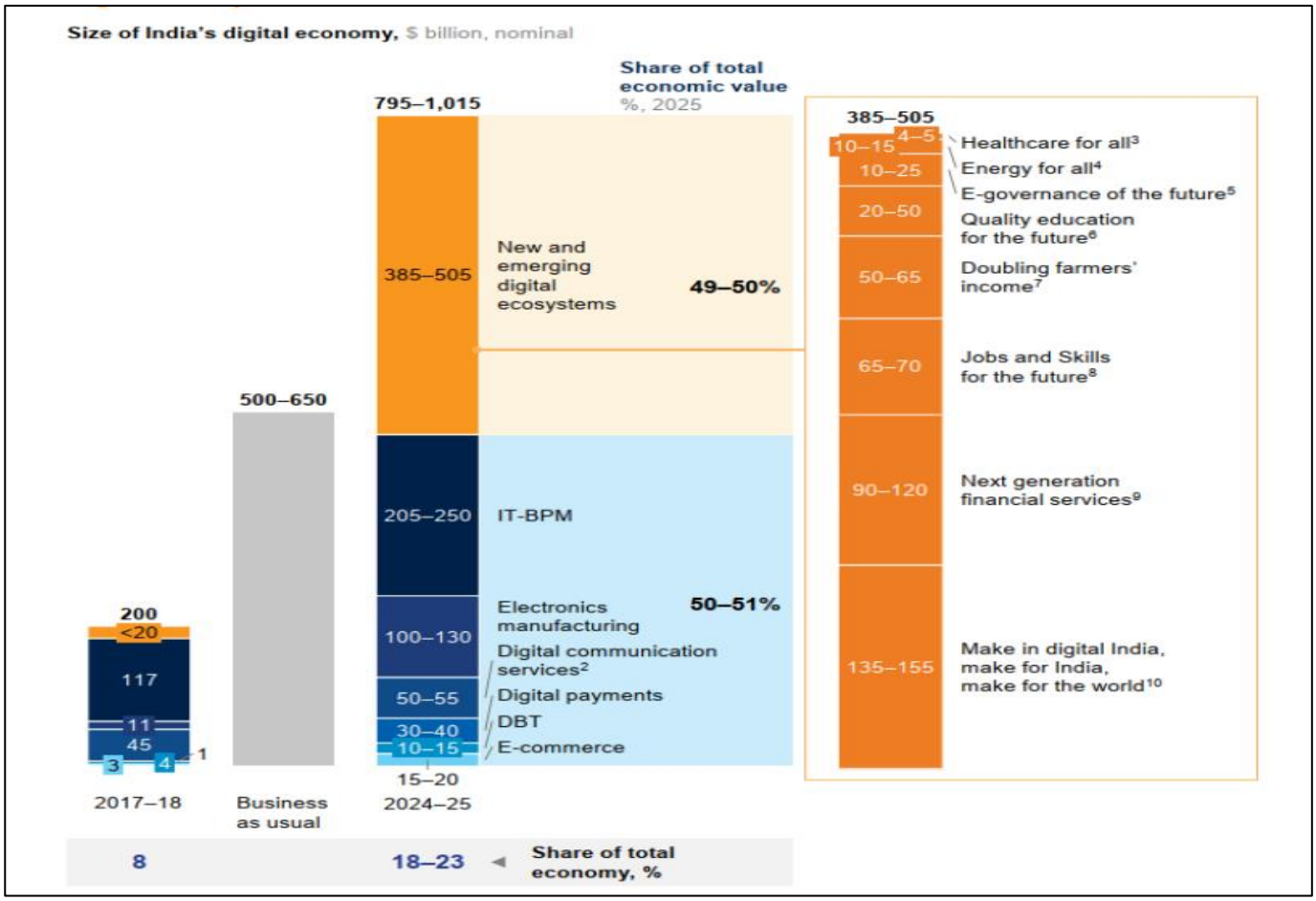

Fig 8 Size of India's Digital Economy
Source: Miety (2019) (Bharadwaj, 2023)

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From the above (Fig 8) it is evident that new and emerging digital ecosystems have the maximum proportion as analyzed in 2024-2025. The Indian Government's Initiatives will definitely prove to be the changing point of the Indian economy in the coming years.

VIII. CONCLUSION

Innovation, ease of use, new career prospects, and economic growth are all brought about by digitalization. It contributes to increased system clarity and financial flow within the economy by reducing the negative effects of nonpayment, parallel economies, etc. But with these benefits also comes a requirement for people to have a basic understanding of finance and to be encouraged to value financial achievement.

Digital marketplaces and increased digitization have likely to help communities and society both socially and economically. Digitization may improve society's overall quality of life, increase productivity, and provide new employment. The rate of change is speeding up, and in order to help developing nations meet the goals of the strategy of rapid, sustainable, and inclusive development, more money will need to be invested in ICTs and in building the information society overall in order to prevent marginalization on the global stage over time.

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