Indian Economy · GS - III

What is the status of digitalization in the Indian economy? Examine the problems faced in this regard and suggest improvements.

EXAM YEAR	PAPER	SUBJECT
2023	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

India has developed a rapidly expanding digital economy through digital payments, platforms and public digital infrastructure, but the benefits remain constrained by digital exclusion, cybersecurity risks, privacy concerns and uneven infrastructure.

Model Answer

Introduction

Digitalisation has become a major driver of India's economic transformation. Digital public infrastructure, smartphones, internet connectivity and platforms such as UPI have expanded digital transactions and service delivery.

Body

Present Status

India has witnessed rapid growth in digital payments, e-commerce, digital banking, online public services and platform-based businesses. Initiatives such as **Digital India, Aadhaar and UPI** have created a broad digital ecosystem.

Major Problems

Digital divide: Rural, poor, elderly and less-educated populations face limited access and digital literacy.

Infrastructure gaps: Uneven broadband connectivity and unreliable electricity constrain adoption.

Cybersecurity: Increasing digital dependence creates risks of fraud, cyberattacks and data breaches.

Privacy: Extensive collection and processing of personal data creates risks of misuse.

Digital literacy: Lack of awareness makes vulnerable users susceptible to scams and exclusion.

Platform concentration: Dominance by large digital platforms may create competition concerns.

Improvements

Universal affordable broadband, stronger cybersecurity infrastructure, digital-literacy programmes, privacy-by-design, interoperable platforms and effective grievance redressal should be prioritised. Assisted digital services should remain available for citizens unable to access technology independently.

Conclusion

India has built a strong foundation for a **digitally enabled economy**, but inclusive digitalisation requires simultaneously addressing infrastructure, capability, privacy, security and competition concerns.

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