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# **RESEARCH JOURNEY**

*Multidisciplinary International E-research Journal*

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**December -2019**

**SPECIAL ISSUE - CCV**

**भारतीय अर्थव्यवस्था : स्थिती व दिशा**

**Indian Economy : Condtion & Direction**

**Guest Editor :**

Dr. Subodh kumar Singh

Prof. Ravindra B. Shende

**Chief Editor**

Dr. Dhanraj T. Dhangar

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## Impact of Digitalization on the Rural Economy and Requirement of Financial Literacy

Prof. Dr. Pilgulwar S.N. / Prof. Pilgulwar P B

### Abstract

July 1, 2015 is a day when an initiative was taken by the distinguished Prime Minister Narendra Modi towards "making India digital". The campaign aims to connect rural areas to the high-speed internet and improve digital knowledge. The Indian economy is growing at a rapid pace that requires people to be financially educated to make wise decisions. After this digitization, financial transactions must be done online. Therefore, digital literacy is important. This paper analyzes the importance of financial knowledge in today's world. The results of the study will identify obstacles to implementing various programs to make financial knowledge in India and strategies for implementing these policies effectively and efficiently.

**Keywords - Indian Economy, Digital India, Financial Literacy**

### Introduction

India is the fastest growing economy in the world. The Indian economy is the seventh largest in the world measured by GDP and the third largest in terms of purchasing power parity (PPP) after the United States and China. The Indian economy has undergone many changes from self-reliance to opening its doors to global trade by allowing LPG (liberalization, privatization and globalization) in 1991 during the era of then Finance Minister Manmohan Singh. Since then, there is no turning back. According to the latest 2015-2016 economic survey, the Indian economy will continue to grow by more than 7 percent in the 2016-2017 period. According to Fitch Ratings, India's GDP is likely to grow 7.7 percent in FY17-17 and will slowly increase to 8 percent by FY18-19, driven by the progressive implementation of structural reforms, higher disposable income and improved economic activity. Recent steps by the Indian government have shown positive results in GDP growth. According to the Goldman Sachs report issued in September 2015, India could grow an average of 8 percent potential during FY2016 to 2020 backed by increased access to banking services, technology adoption, urbanization and other structural reforms.

The 1990s also saw technology entering India, and people were introduced to personal computers, gradually taking over every sector automatically and now we can see the existing virtual world and anything that could happen in it from uniting the world to starting a war if not properly handled. But in a developing country like India, the process of digital stillness has been slow and got a huge push to go to digital when demonization has rocked everyone. Although there have been many initiatives taken by distinguished Prime Minister Narendra Modi like Make In India, Swatch Bharat Abhiyan, Digital India, etc., it was during this financial crisis when people began to realize the benefits of being digitally sound and how beneficial it is. Our government has asserted its continuity non-critically as it will make transactions smoother and more transparent and eliminate the existence of a parallel economy that poses a threat to peace in our country and also helped with its financial inclusion plan and saw that the demonization process made open accounts under the Pradhan Mantri Jan Dhan Yojana operational. He also rightly said Rajat Gandhi regarding financial inclusion "regardless of the number of banks that may open and the number of funds that you have on the ground, if a person does not know about the financial options open to him, then the financial policies, plans and instruments will mean little. It is important for the person to know what he is looking for then he only thinks about the benefits he can get. Thus, this makes financial knowledge more important. Financial inclusion is a quantitative term and financial literacy is more about quality. Financial literacy focuses on the understanding that should be made of how to use funds are efficiently managed and risk reduced. They get to know their money, what affects it the most, and how they can be protected. During this stage, digital awareness has gained importance as well, and individuals are ready to learn new models available to them to manage their money in a way that is not cash. During this time, online payment options helped people overcome the monetary crisis they faced and also became the driving force for digital literacy and financial literacy.





### The aim of the study

1. To understand the obstacles in the way of digitization and economic growth.
2. To understand how each step towards financial literacy is affected by various factors and how they are interrelated and interrelated.
3. To understand financial literacy requirements.
4. The results of the study will determine the role of financial literacy and how these policies can be implemented in the Indian economy.

### Research Methodology

The study is exploratory and quantitative in nature. Secondary information is used to analyze the problem. Secondary data sources originate from various sources such as the Special Investigation Team report and the websites of the Reserve Bank of India (RBI).

### Digitization and growth of the gross domestic product of the Indian rural economy:

The effect of digitization on a country can be achieved on the basis of its influence on government, the economy, and society. We saw a big change in every sector with the rise of digitization. Digitization has created new job opportunities, led to innovation in a specific sector, and led to the growth of the economy, that is, it helped the country's GDP. The government emphasized digitization because it provides transparency, better control, and better job opportunities, as well as easy access to people and an upward movement in the quality of their lives. The study by Strategy & Company (formerly known as Booz & Company) shows that increased digital use and efficient use can increase its GDP. They analyzed that constrained economies achieve a 0.5% increase in GDP per capita for every 10% increase in digitization, while advanced digital economies show a 0.62% increase in per capita GDP for each numerical increase of 10%.

India is known as the power of the software industry and occupies a leading position in the global resource market, but much work remains to be done for India's digital campaign. Digitization will be useful if it can reach the maximum number of people possible, and for this every citizen of the country must be able to easily access the facilities that they not only need to connect to the internet but have the knowledge of digital reading and writing so that they can use the facilities provided to them.

One of the main objectives of India's digital program is the division between well-linked urban hubs and remote rural areas. For this reason, the central government hopes to achieve the full spread of broadband network through 2.5 billion village banks in the country by 2018 according to the Bharat Net program, which aims to provide broadband connectivity to all panchayats in the country, and the panchayats will have an ecosystem that will strengthen communication and bridges the country's digital divide. India has also started to collaborate with various countries and business organizations (such as Google, Cisco, etc.) to accelerate the digitization process by developing infrastructure, increasing internet access and also converting cities into smart cities. This campaign also got some payment items in the form of free / cheapest mobile data 4G and cheapest broadband Wi-Fi for customers. Reliance Industries's Reliance Jio Infocomm Limited (RJIL) paid the use of the Internet by offering broken packet data rates on the ground, when the Reliance project started, the SIM card was released for free with only 4GB 4G data by providing a copy of the Aadhaar and IMEI card of your possible 4G, LTE, or VoLTE phones, and after the end of March 2017 at a lower price than all other service providers.

### Financial literacy for rural India

According to a survey by Standard & Poor's, more than 76% of Indian adults lack basic financial knowledge and do not understand the most basic financial concepts and basic concepts. Another survey on "Financial Literacy among Students, Young and Retired Employees in India" conducted by IIM-A with support from CITI Foundation revealed that high financial literacy is not widespread among Indians as only less than a quarter of the population has sufficient knowledge of financial matters. There is a lack of understanding among Indians about basic principles of money and family financing, such as compound interest, the effect of inflation on rates of return and prices, and the role of diversification in investments. "In some studies, it has been shown that financial literacy affects a person's financial behavior and thus through appropriate education, they will be motivated to make the right financial decisions, learn about the financial products and services available to them, and it usually accommodates providing and protecting their money.



The latest digitization is a revolution in the way we used banking services and with technological advancement and the interconnection between different services with the services provided by the banking sector, there is a need to accelerate the literacy rate in our country, the literacy rate and digital literacy, and financial literacy since they all together have an impact On the proper use of digitization.

Financial literacy along with computer literacy is essential to mobilizing savings in the economy, putting economic growth, and putting community development on the fast track. Many initiatives have started but their scope has been narrowed or hampered by many factors. But to maintain the pace of digital transformation with the world, we also need to accelerate the pace of digitization along with these basic requirements, knowledge, or basic skills that can hinder or transform us into achieving this comprehensive goal.

**Obstacles in the digitization process:**

1. Resistance to changing people appears during the emergence of new technology.
2. Building trust between people for change is difficult.
3. Lack of knowledge about its use and benefits.
4. Infrastructure requirements and lack of availability impede people's access to these basic facilities.
5. The main obstacle is the lack of literacy and literacy not only the ability to write a name and make a signature but to understand the changes that are occurring in technology, society and the country in order to improve their conditions.

**Conclusion:**

Digitization brings innovation, ease of employment, new jobs and growth in the economy. It helps to achieve system transparency and more transparency, as the flow of money in the economy is less, it is the problem of tax evasion, the parallel economy, etc. But with all of these advantages available, it also makes it necessary for people to have basic financial knowledge and push towards the importance of financial knowledge. With help they can protect their money in situations like inflation and depression, and learn about different financial products and services to save for a better future. Digitization can also play an important role in achieving this goal because it can have greater reach to people. By doing this, we can come to the conclusion that new technology needs to be harnessed well, and for this it not only provides but knowledge to use and obtain benefits from it.

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