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Digital India and Its Economic Impact: Effect in Financial Year 2024–25

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Abstract:
The *Digital India* initiative, launched by the Government of India in 2015, has been instrumental in driving digital transformation across sectors. This paper analyses the economic impact of Digital India with a special focus on its effects during the financial year 2024–25. The study explores digital infrastructure growth, fintech innovations, rural connectivity, and e-governance, linking these developments to macroeconomic indicators such as GDP growth, employment, financial inclusion, and digital commerce expansion.

Keyword- Digital India, Economic Impact, E-Governance

1. Introduction

In the era of globalization and technological advancement, digital transformation has emerged as a pivotal force driving economic growth, governance efficiency, and social inclusion. Recognizing this potential, the Government of India launched the **Digital India** initiative in July 2015 with the vision of transforming the country into a digitally empowered society and knowledge economy. Over the past decade, Digital India has evolved into a multi-dimensional mission encompassing broadband connectivity, digital literacy, e-governance, and the integration of technology into public services.

The financial year **2024–25** witnessed a significant acceleration in the adoption and implementation of digital solutions across sectors, owing to strategic investments, increased mobile and internet penetration, and policy-level support. This period is particularly important for evaluating the economic implications of Digital India, as it coincides with India's broader ambition of becoming a **$5 trillion economy**. The growing ecosystem of digital payments, fintech start-ups, digital public infrastructure, and tech-driven employment avenues has transformed the economic landscape, particularly in the post-pandemic recovery phase.

This paper seeks to explore how Digital India influenced India’s macroeconomic indicators in FY 2024–25. The analysis includes key components such as digital infrastructure expansion, UPI and digital finance growth, e-governance efficiency, and their correlation with economic outcomes such as GDP contribution, employment generation, and financial inclusion. Through this study, the aim is to critically examine the role of digital transformation in fostering inclusive and sustainable economic growth.

2. Review of Literature

The Digital India initiative has garnered significant attention from scholars, policy analysts, and economists due to its transformative impact on the Indian economy. Various studies have explored the multifaceted relationship between digital infrastructure and economic development.

According to **Agarwal and Upadhyay (2018)**, the Digital India campaign has led to a substantial rise in digital infrastructure, especially in tier-2 and rural areas, enabling inclusive access to public services and financial systems. Their study emphasized the role of broadband penetration and mobile internet in reducing the urban-rural digital divide.

Chakravarty and Bhattacharya (2020) highlighted the surge in digital payments post-demonetization, arguing that initiatives like the Unified Payments Interface (UPI) and Aadhaar-enabled Payment Systems (AePS) significantly contributed to formalizing the informal sector. They identified a positive correlation between digital financial inclusion and the growth of micro-entrepreneurship.

MeitY (2022) in its annual report outlined that digital governance platforms such as Digi Locker, UMANG, and e-Hospital have enhanced transparency, reduced transaction costs, and improved access to welfare schemes, thereby creating ripple effects across the economy.

A study by **Kumar and Rani (2023)** examined the startup ecosystem, noting that the integration of digital infrastructure with schemes like Startup India has led to increased entrepreneurship, particularly in technology-based services and fintech. Their research reported a 21% growth in digital start-ups between 2020 and 2023.

Furthermore, **NITI Aayog (2024)** emphasized the contribution of Digital India to India's GDP, noting that the digital economy now accounts for over 10% of total GDP, and projected a continued rise in digital-led employment and productivity.

3. Objectives of the Study

- To assess the growth of digital infrastructure and services in FY 2024–25.
- To examine the economic outcomes of key Digital India projects.
- To analyses the contribution of digital technology to India’s GDP and employment.
- To study the role of fintech and digital payments in financial inclusion.

4. Methodology

The study is based on secondary data collected from government reports, NITI Aayog publications, Ministry of Electronics & IT (MeitY), Reserve Bank of India (RBI), and data portals such as India Stat and Statista.

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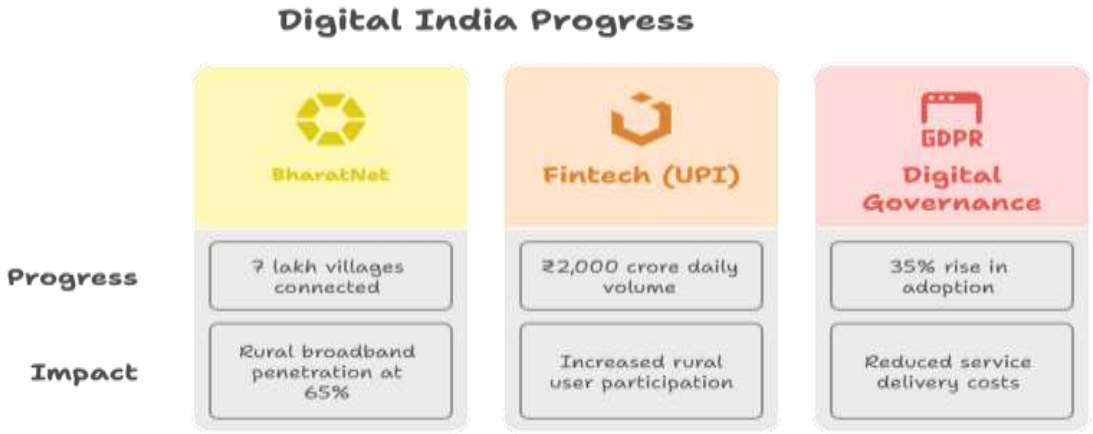
Comparative analysis and trend-based assessment are employed to evaluate progress from FY 2020–21 to FY 2024–25.

5. Key Components of Digital India in 2024–25

In the financial year 2024–25, the Digital India initiative witnessed substantial progress through multiple interconnected components. These pillars supported economic growth, improved governance efficiency, and facilitated inclusive development. The following sub-sections highlight the most impactful components:



5.1 Bharat Net and Digital Connectivity

The **Bharat Net Project**, a flagship initiative to provide high-speed broadband to rural areas, achieved a new milestone by connecting over **7 lakh villages** by March 2025. This enhanced rural connectivity has:

- Enabled access to e-health, e-education, and digital banking services.
- Supported rural entrepreneurs and self-help groups (SHGs) through e-marketplaces.
- Reduced the urban-rural digital divide significantly, especially in Tier-II and Tier-III towns.

5.2 Fintech and Digital Transactions

The expansion of India's fintech sector, particularly **Unified Payments Interface (UPI)**, became a major economic driver:

- UPI transaction volume surpassed **₹2,000 crore per day** in Q4 of FY 2024–25.
- **UPI Lite**, **UPI 123Pay**, and voice-assisted digital transactions increased usage among rural and semi-literate populations.
- Digital wallets, nonbanks, and embedded finance platforms enhanced consumer participation and credit access.

5.3 Digital Governance and e-Governance

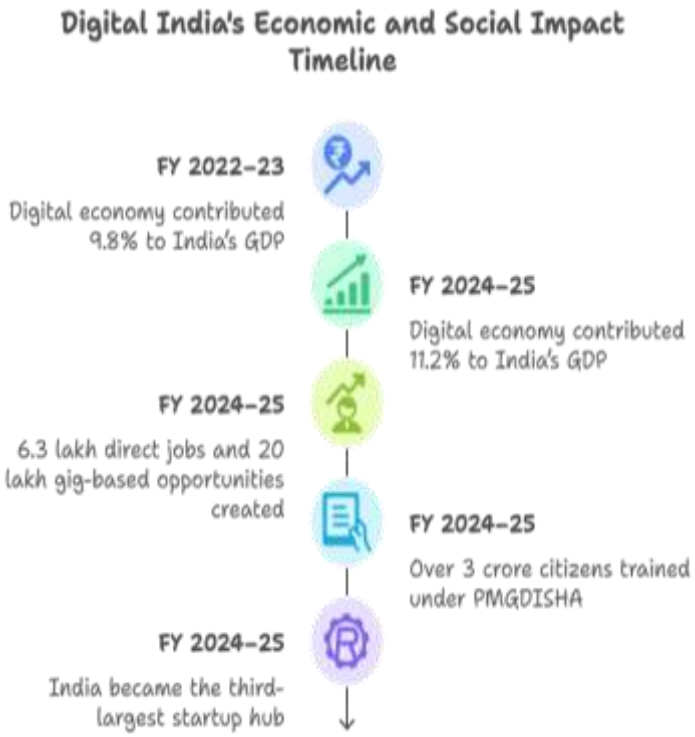
In FY 2024–25, e-governance platforms witnessed increased adoption across sectors:

- **UMANG**, **Digi Locker**, **Aadhaar Authentication**, and **e-Hospital** services handled millions of transactions daily.
- Government-to-Citizen (G2C) services became faster, paperless, and more transparent.
- **Digital Health Mission** and **e-Shram portal** ensured the digital inclusion of migrant workers and informal sector employees.

6. Economic Impact of Digital India (FY 2024–25)

The Digital India initiative significantly influenced India's economic landscape during the financial year 2024–25. Through the convergence of technology, infrastructure, and inclusive policies, digital interventions enhanced the efficiency of service delivery, boosted productivity, and widened the base of formal economic participation. The following sub-sections assess the key economic outcomes:

6.1 GDP Contribution



According to the **Ministry of Electronics and IT (MeitY, 2025)**, the digital economy contributed approximately **11.2%** to India's **Gross Domestic Product (GDP)** in FY 2024–25, compared to 9.8% in FY 2022–23. This increase is attributed to:

- The exponential rise in digital transactions.
- Digitization in agriculture, logistics, and healthcare.
- Growth in IT services, fintech, and e-commerce platforms.

6.2 Employment Generation

Digital platforms played a crucial role in creating new employment opportunities:

Over **6.3 lakh direct jobs** were generated in digital infrastructure, e-governance, and customer support services.

- The **gig economy** witnessed significant expansion, with more than **20 lakh informal workers** engaged in delivery services, ride-hailing, digital freelancing, and online teaching.
- Government schemes like **Skill India Digital** and **Digital India Internship Programme** helped train youth for tech-based employment.

6.3 Financial Inclusion

The financial inclusion drive gained momentum through digital tools:

- **Jan Dhan Yojana accounts** reached over **52 crores**, with a significant share of transactions via mobile apps.
- **UPI transaction volume** exceeded ₹90 lakh crore in FY 2024–25.
- Rural participation increased through **UPI 123Pay**, voice-enabled payments, and doorstep banking via CSCs and post offices.
- Aadhaar-enabled Payment Systems (AePS) ensured timely DBT (Direct Benefit Transfers), boosting consumption in rural and low-income households.

6.4 Start-up Ecosystem

- **ONDC (Open Network for Digital Commerce)** allowed more than **2 lakh small retailers** to join the national e-commerce network.
- MSMEs benefited from digital inventory, payment, and logistics tools, reducing operational costs and improving outreach.
- Digital credit platforms provided micro-loans and working capital via digital KYC and Aadhaar-based authentication.

7. Challenges and Limitations

While the Digital India initiative made significant strides in FY 2024–25, several challenges and structural limitations continue to hinder its full economic potential. These issues are critical to address for ensuring long-term digital inclusivity and sustainable growth.

7.1 Digital Divide and Unequal Access

Despite improvements in connectivity, substantial **urban-rural and regional disparities** persist:

- Many **remote and tribal areas** still lack reliable internet or mobile coverage.
- Digital penetration in **Northeast India, central tribal belts, and some rural districts** remains below 40%.
- Gender-based digital gaps continue, with lower internet usage among women, particularly in rural areas.

7.2 Cybersecurity and Data Privacy Concerns

The rapid expansion of digital platforms has increased vulnerabilities:

- There has been a sharp rise in **cyber frauds, phishing scams, and data breaches**, especially in digital payments.
- Many small businesses and users lack **digital literacy and awareness** about cyber hygiene.
- The absence of a comprehensive **data protection law** limits user trust and platform accountability.

7.3 Infrastructure and Power Supply Gaps

- **Electricity instability** in rural and semi-urban areas affects uninterrupted use of digital services.
- Digital hardware like smartphones, routers, and biometric devices are still **expensive or unavailable** to low-income groups.
- Over-dependence on **imported digital components** weakens national supply chains and self-reliance efforts.

7.4 Language and Literacy Barriers

- Many digital services are available primarily in **English or Hindi**, making them inaccessible to large portions of the population who speak regional languages.
- While the **Digital India Bhashini platform** has started to address this issue, the coverage of Indian languages in AI tools and applications remains limited.

7.5 Limited Digital Skilling and Workforce Readiness

- A mismatch exists between the **demand for digital skills** and the actual availability of a trained workforce, especially in Tier-II and Tier-III cities.
- Vocational institutions and school curricula still lack updated digital content, especially in government schools.
- Large sections of the population remain digitally semi-literate, impacting job readiness in tech-driven sectors.

7.6 Implementation and Coordination Issues

- Inter-departmental coordination delays the implementation of some flagship schemes.
- Bureaucratic hurdles and slow fund disbursal often hamper digital infrastructure roll-out.
- Monitoring and evaluation mechanisms are not uniformly applied across states and ministries.

8. Recommendations

To overcome the existing challenges and strengthen the impact of the **Digital India** initiative, the following recommendations are proposed for policymakers, institutions, and digital stakeholders:

8.1 Strengthen Rural Digital Infrastructure

- Prioritize the **completion of BharatNet Phase-II and III**, especially in tribal and underserved districts.
- Deploy **solar-powered digital service centres** in regions facing power shortages.
- Encourage **public-private partnerships (PPP)** for expanding affordable internet access through community Wi-Fi and 5G rollouts.

8.2 Improve Digital Literacy and Capacity Building

- Expand the **Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)** to cover deeper pockets of rural India and marginalized communities.
- Integrate **basic digital literacy modules** into school curricula, vocational training, and teacher training programmes.
- Promote **digital skilling for women and senior citizens** through targeted schemes.

8.3 Enhance Cybersecurity and Data Protection

- Fast-track the implementation of a **comprehensive Personal Data Protection Law** to ensure user privacy and secure digital identities.
- Build **state-level cybersecurity cells** to monitor and mitigate local-level cyber threats.
- Conduct awareness campaigns on **cyber hygiene, fraud detection**, and secure digital practices for citizens and small businesses.

8.4 Promote Local Language and Inclusive Digital Content

- Scale up the **Digital India Bhashini Mission** to cover all 22 scheduled languages and dialects.
- Develop AI-powered tools, mobile apps, and e-governance platforms in **multilingual formats** to enhance user accessibility.
- Incentivize the creation of **regional digital content** for education, health, and agriculture.

8.5 Boost the Start-up Ecosystem and Digital MSMEs

- Provide **low-interest digital loans and tax incentives** to MSMEs adopting digital platforms.
- Expand the **Open Network for Digital Commerce (ONDC)** to smaller towns and rural districts to connect local sellers to national markets.
- Support **incubation hubs** and **innovation labs** in Tier-II and Tier-III cities.

8.6 Improve Coordination and Monitoring Mechanisms

- Establish a **Digital India Monitoring Authority** to track real-time progress, inter-ministerial coordination, and scheme evaluation.
- Use **AI and data analytics** to assess public service efficiency, beneficiary feedback, and policy impact.
- Encourage **state-specific digital policies** aligned with regional priorities and linguistic diversity.

Implementing these recommendations will help enhance the inclusivity, resilience, and long-term sustainability of the Digital India programme, thereby accelerating India's transition toward a digitally driven economy.

9. Conclusion

FY 2024–25 has demonstrated that Digital India is not just a technology mission but an economic enabler. It has improved productivity, enhanced financial inclusion, and created a more transparent and participatory economy. Going forward, with appropriate policy support and infrastructure investment, Digital India can be the backbone of a $5 trillion Indian economy.

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