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## Impact Of Digitalization On Individual Savings And Payments In Indian Economy

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### Abstract

As the entire world is running towards the buzz word is digitalization. The shining country like India is also moving forward towards digitalization. This paper investigates about the saving and Payments of individuals, and foresight of future spending and saving among Indians. The research survey used as a platform to foster innovation and competition, expands markets, close gaps in financial inclusion, boost government revenue collection and improves public expenditure efficiency. The survey collected information of the indicators constructing the latent variables. The results indicate that digitalization is influenced by social-economic standing. Digitalization also positively affects the savings and spending of individuals. Moreover, the savings and Payments of individuals contribute to the future savings and spending foresight. This research suggests policymaker to determine whether digitalization is really a tool for increasing in the Indian economy.

### Introduction

Due to the advance state of technology and e-commerce may change the conduct of individuals in savings and spending. India's digital transformation has been remarkable in recent years, with the rapid adoption of smartphones, increased internet connectivity, and the government's push towards a digital economy. One of the main ways digitalization has impacted India's economy is through e-commerce; according to a report by the **Indian Brand Equity Foundation**, the Indian e-commerce market is expected to reach \$200 billion by

2026, up from \$38.5 billion in 2017. Increased internet access among Indians has driven this growth, which has led to more people shopping online and more businesses selling their products online.

Digitalization has also provided new business opportunities in the financial sector, particularly in fintech. With the rise of digital payment systems and the increasing use of smartphones, fintech start-ups have emerged as a major force in the Indian economy. These companies leverage digital technology to offer customers innovative financial products and services, including peer-to-peer lending, mobile banking, and online investment platforms. As India continues on its path of digital transformation, there is great potential for further growth and development in the financial sector.

### Objectives of the Research

1. To know the individual savings are impacted through digitalization.
2. To understand the individual spending or payments impacted through digitalization.
3. To study the Digitalization is a tool for increasing the Indian economy.

### Methodology:

The method used in this paper is descriptive-evaluative method. The study is mainly review based. It is based on only secondary source of data, i.e. books, journals, papers and articles and internet

### Review literature

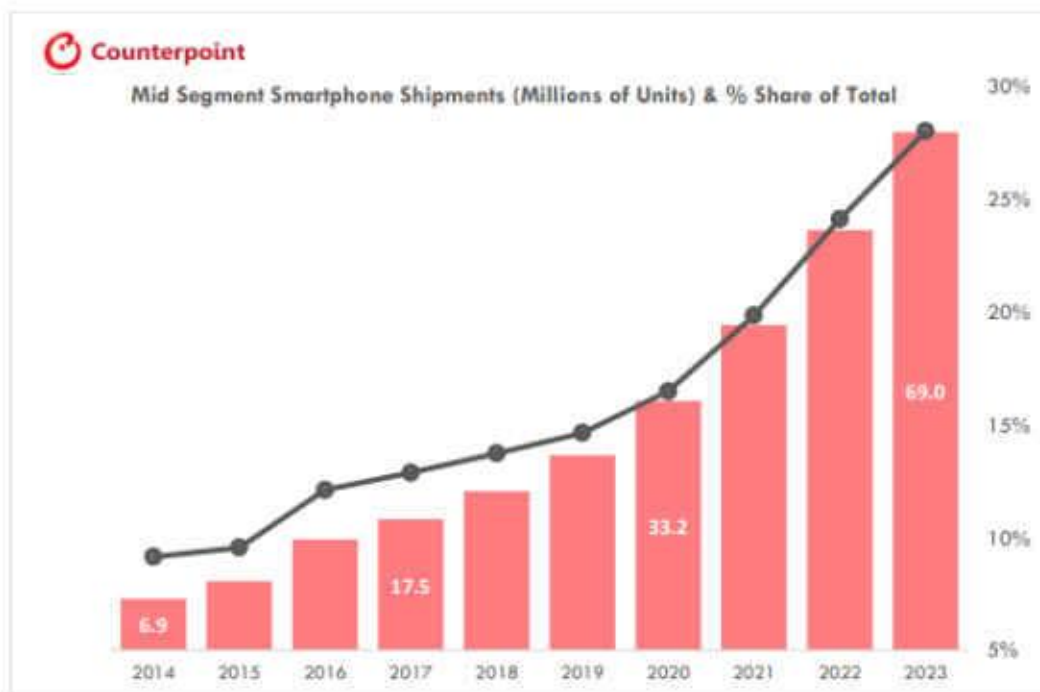
How can the digitalization and making the citizens financially change the face of the developing nation like India, being digitalized will make the future transactions to happen through internet for that each and every individual savings must be financially to make the judicious decisions and implementation of various programs to make it possible (Kaul ,2017). The readiness of the industries in changing the gears from the traditional system to the digitalized system and knowing the difference between the Digitization & Digitalization in their industries (Rymarczyk ,2019). Impact on the technological advancements like industry 4.0 in the manufacturing sector and its potential to change the phase of economy and the hurdles faced in the course of implementation (Pranjali,2017). Impact of the digitalization on MSME(Micro Small and Medium Enterprises), able to see a good future growth but still facing many challenges due to the access to finance and the abrupt change in technology and not able to catch the current trend (Maiti ,2017). Impact of the Information technology (IT) and the IT enabled services on the various sectors mainly on the MSME & service sectors which has the potential to grow and lead the economy in the front

line which has a major impact on the Indian Trade (Kumar, 2019). Impact of Digitization on Indian economy and the changes needed to adopt to make relevant in the current world and how the GDP, unemployment, FDI etc are impacted (Aftab,2015). ICT (Information and Communication Technologies) have revolutionized the each and every sector and how digitization helps the industries to operate in the cost effective manner and Socio Economic and ecological benefits of digitizing the information (Khan ,2019) .

### Why Digitalization

India is progressively moving in digitalization is mainly in the side of consumers, these are the factors which made the rise in the rising. India has risen as the biggest and developing market for the digital consumers, comprising 560 million consumers second just to China, anticipated growth of 650 million users by 2023. On an average each individual consume 12GB of information every month, surpassing the China’s Usage of 5.5GB. The Mobile & related application usage has been rampant in India, which is the positive sign to implement any technology related activities. Figure 2 Smart Phone Usages in India

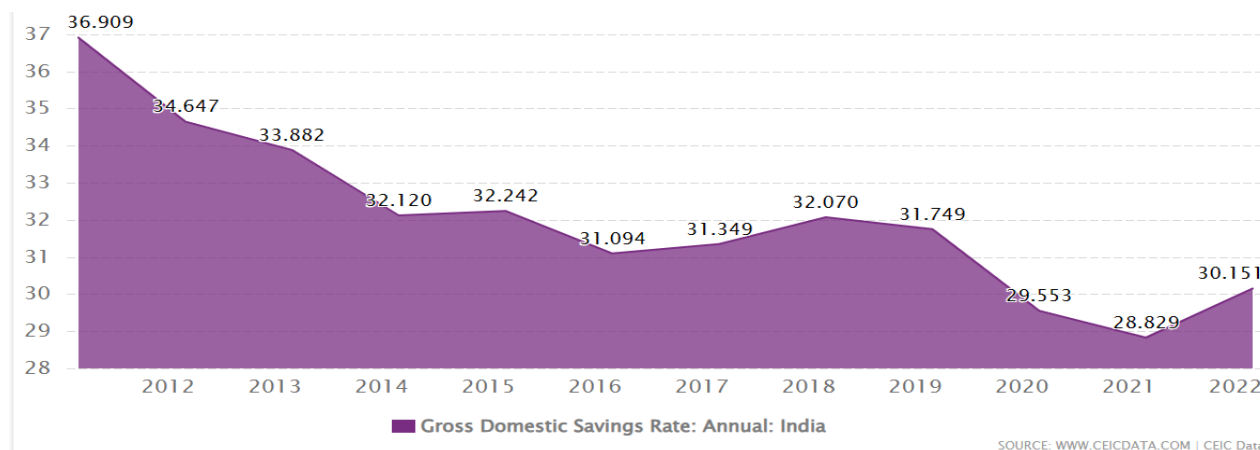
Exhibit 1: Mid Segment (\$200-\$400) Smartphone Shipments & Share to Total in India



[Sources:<https://www.digit.in/news/mobile-phones/over-a-billion-smartphones-will-be-sold-in-indiaby-2025-counterpoint-research-43923.html>]

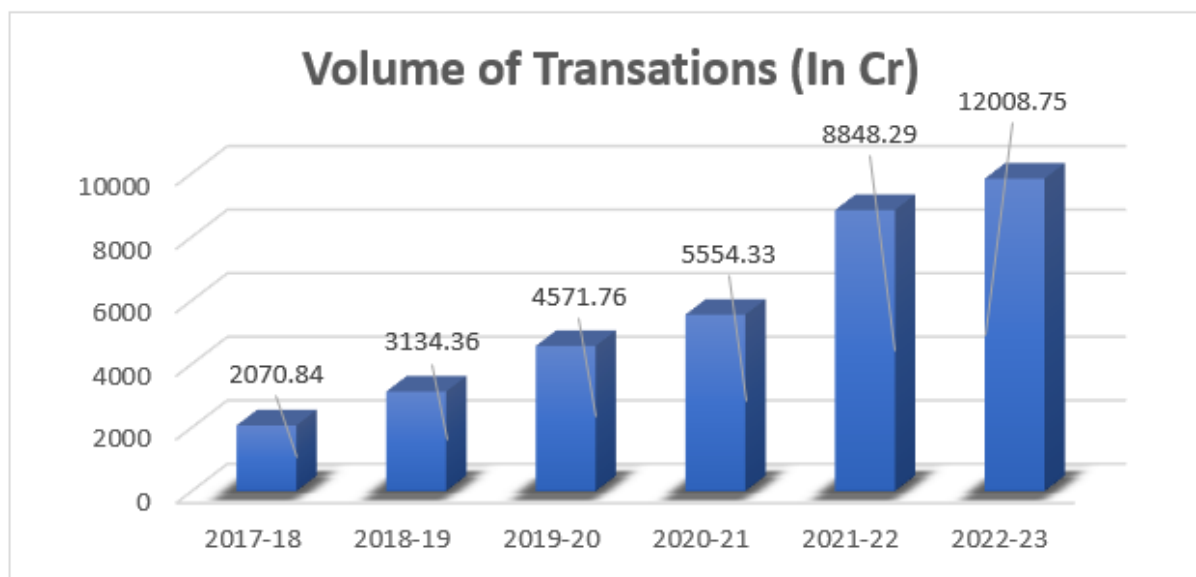
### Savings of Individuals or Households

The net financial savings of individuals or households in India has fallen to a five-decade low of just 5.1% of the GDP in FY 2023. It was 7.2% in FY 2022. This is a worrying development, because a high savings rate has traditionally correlated with a healthy growth rate. The reason to decrease the savings of individual may be due into digitalization or the savings are now transformed into physical investments which are like real estate,



### Digital Payment:

Mobile Phones and Internet: The increasing mobile density and mobile internet users are being leveraged upon by payment systems providers, both banks and non-banks, to offer the payment services using mobile as an access device as well as an access channel. Banks in particular, have been offering mobile banking services through all three channels – SMS, USSD (Unstructured Supplementary Services Data) and mobile applications. The digital payments ecosystem in India has grown significantly in recent years, driven by government initiatives, an increase in internet and smartphone penetration, and the rise of e-commerce. The digital payment ecosystem is supported by private players who offer a range of digital payment services. The future of digital payments in India looks bright with the expected growth in the number of internet users and e-commerce market size. Year on Year growth for Digital Payments in India has been significant and can be referred below:



**IMPACT OF DIGITALIZATION:** India is a unique emerging market in the globe due to its unique skills and competitive advantage created by knowledge-based services. The Indian services industry, which is supported by numerous government initiatives like digital India is fostering an environment that is strengthening the services sector. The sector has the potential to open up a multi-trillion-dollar opportunity that might stimulate symbiotic growth for all nations. Service providers in India continued to signal positive demand trends in June, which underpinned a stronger increase in new business volumes and further job creation.

Service Sector is one of the key economies in India, who exports services to the other countries and services sector provide funds approximately to 55% of the Indian GDP.

It is also attracted the significant amount of foreign investments and contributed in the exports as well as one of the largest employment providing sectors.

- 31.45% of the India's utilized populace is working under services sector
- India's service sector GVA grew at 6.96% to 1356.5 Billion USD in year 2019 from 846.54 Billion USD in 2012.
- Services area is the biggest beneficiary of foreign investments in India with investments of USD 80.67 billion from 2000 to 2019.
- We can observe the sharp jump in the ease of doing business to 24 in 2018 comparing to 137 in 2014 because of steps taken by the government.
- GOI is keen on making the "Make In India" successful as a part of that introduced National Broadband Mission with a mean to give broadband access to all the towns by 2022

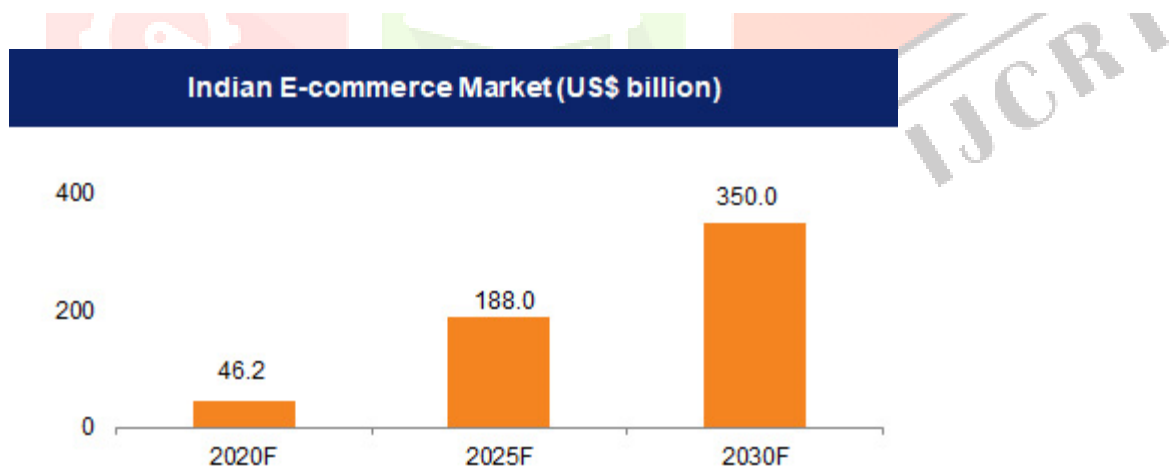
- Indian management facilities market is projected to grow at staggering rate of 17% (CAGR) from 2015 to 2020, with the help of expanding real estate, retail and hospitality sector and cross the 17 billion USD mark.
- Health sector is expected to reach 132 Billion USD by 2023, with the advent of many new technologies in the field of medical sciences.
- India’s Digital economy is expected to reach 1 trillion USD by 2025 and IT sector being the major contributor with the growth rate of 8% and expected to reach 14.3 billion USD by 2023

### Online MARKET SIZE

The Indian online grocery market is estimated to reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in FY21, expanding at a CAGR of 33%. India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by the strong adoption of online services such as e-commerce and edtech in the country.

Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US\$ 163 billion by 2026.

In FY23, the Gross Merchandise Value (GMV) of e-commerce reached US\$ 60 billion, increasing 22% over the previous year. In FY22, the GMV of e-commerce stood at US\$ 49 billion.



Source: E-commerce in India: Industry Overview, Market Size & Growth | IBEF

After China and the US, India had the third-largest online shopper base of 150 million in FY21 and is expected to be 350 million by FY26.

Indian consumers are increasingly adopting 5G smartphones even before the rollout of the next-gen mobile broadband technology in the country. Smartphone shipments reached 169 million in 2021 with 5G shipments

registered a growth of 555% year-on-year over 2020. Indian consumers are increasingly adopting 5G smartphones even before the rollout of the next-gen mobile broadband technology in the country. Smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by high consumer demand post-lockdown. According to a report published by IAMAI and Kantar Research, India's internet users are expected to reach 900 million by 2025 from ~622 million internet users in 2020, increasing at a CAGR of 45% until 2025.

#### Conclusion:

The paper discusses about the savings and payments of individual impact on digitalization in Indian economy. Individual Savings play vital role for economic growth and development of India. The savings was slowly decrease due to advance state of technology by using digital transaction impacted high and creating transparency and Accountability to the financial system. The knowledge about an important link between current spending behavior and future saving foresight can also be given to the millennials. With respect to the social-economic standing, other factors besides income and education need to be measured.

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