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Digitalization and digital india a collinearity approach for progressive India to attain 5 trillion-dollar economy

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Abstract: *With a GDP of 2.71 trillion dollars and the third largest economy in the world when measured in terms of purchasing power parity (PPP), India is one of the world's fastest growing markets. India is among the greatest developing economies in the world, actually ranked third in terms of purchasing power parity with a GDP of $10.52 trillion and 7th with a GDP of $2.71 trillion. The Assessment departs from traditional Anglo-Saxon philosophy by urging a development model for our nation thatperceives the sector as either caught in a damaging or deadly spiral, and therefore has never been in equilibrium. In return, this perspective is the outcome of two important departures from traditional wisdom." As of 2015, economic growth has already been constantly expanding; its GDP increased from $1.7 trillion in 2014 to $2.7 trillion in 2019, to $1.1 trillion in the preceding five years. This growth has led the nation to project a $ 5 trillion economy by 2024–25. The World Economic Forum forecasts that our GDP could increase to $4.71 trillion by 2024. It has to grow at an annualised rate of 8.1% and boost exports by $1 trillion in order to achieve the aforesaid target. The latest research concentrates on the consumer spending determinants that include exporters, consumption, employment generation, development, and productivity development. The existing fiscal crisis will be covered, along with the steps India must take to transform into a $5 trillion industry in a volatile and uncertain environment.*

Key Words: *GDP, Economy, Equilibrium, Employment Growth, Determinants & Fiscal Crisis.*

1. INTRODUCTION:

With a GDP of 2.71 trillion USD and the third most populous economy in terms of purchasing power parities (PPP), our country is one of the world's fastest growing economies. Because of the global financial meltdown, the Anglo-Saxon framework's fundamental premise of homeostasis is severely challenged by the present microenvironment. This same continued growth framework for our country should diverge from Anglo-Saxon reasoning of achieving homeostasis rather than demands of being either in a righteous or vitriolic loop, and consequently never in homeostasis, because the conventional model views the creation of jobs, requirements, imported goods, and wealth creation as multiple issues and does not demonstrate the potential synergies amongst financial indicators. Since 2014, the Indian economy has been expanding more quickly. With an increase of $ 1 trillion in the preceding five years alone, our GDP, which was $1.7 trillion in 2014, has grown to $ 2.7 trillion in 2019 and is projected to reach $ 5 trillion by 2025.

In a paper, the committee of the commerce ministries envisioned our economy reaching a value of $5 trillion. The paper asserted that our potential to transform into a $5 trillion nation by 2024–2025 is well within our reach if short and medium-lengthy actions are taken for infrastructural development, comfort of existence, the creation of Smart Nation, simplicity of trade, and other issues. A genuine annual GDP growth rate of 8% is required for the GDP to reach $5 trillion in 2024-2025, ranking third in the world. Accumulation, investing, exporters, and expansion with financing acting as the "primary motor" are the factors that can produce sustainable progress.

2. LITERATURE REVIEW:

Numerous academic dissertations as well as publications offer a thorough understanding of the function of digital India and the effects of that kind of effort in our country. According to Rani (2016), the national Transformation initiative offers a significant chance to rethink our nation's service industry concepts using the most cutting-edge technologies. This also made note of the fact that several initiatives could need to undergo another type of dynamic process, reconfiguration, or refining in order to meet their targeted customer experience goals. [13]

Midha (2016) concluded that smart India is a fantastic initiative to prepare for a knowledge-based society. However, if it is not implemented properly owing to access challenges and a lack of stability, it might collapse. Despite the fact that the smart India initiative is experiencing a lot of barriers, if effectively carried out, it can ensure that every individual has the greatest potential possible. In order to create a skilled workforce, we should collaborate. [14]

Gupta and Arora (2015) studied the effect of the smart India programme on rural areas. The research reveals that numerous initiatives were established in digitalization to support the growth of employment generation and the agricultural sector. The digitalization programme has indeed created the framework for rural Indian female empowerment. [15]

3. OBJECTIVES OF THE STUDY:

The primary goal of this study is to investigate the likelihood of our nation reaching a $5 trillion economy. Within this greater context, attempts are made to achieve the following goals:

* Understanding the concept of $5 trillion in economic growth

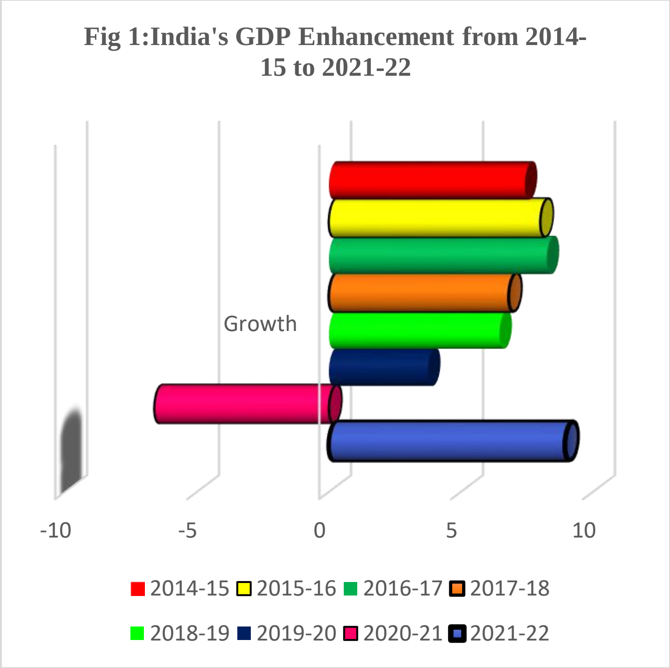
* Concentrating on areas where $5 trillion in economic growth can be achieved in the near future

4. INDIA: DETAILS AND INFORMATION:

The GDP is a useful tool for assessing a nation's financial strength. It is one of the most vital socioeconomic measures because it gauges the enactment of the nation through time and even at diverse scales. Figure 1 demonstrates that our GDP grew more quickly from 2016 to 2017 than other countries'. In 2014, the rate of economic growth was 7.42 percent, and in 2016–17, it rose to 8.17 %. Following that, economic growth in 2017-18 and 2018-19 fell dramatically between 7.19 percent and 6.81 percent. The GDP increased by 5% in the first quarter of 2019-20 and 4.5 percent in the second quarter.

Table 1: Gross Domestic Product: Enhancement (Yearly %)

Sl No.	Financial Year	Growth (in %)
1)	2021-22	8.94
2)	2020-21	-6.61
3)	2019-20	3.75
4)	2018-19	6.46
5)	2017-18	6.81
6)	2016-17	8.25
7)	2015-16	8.01
8)	2014-15	7.42



With just a gross domestic product of $4.17 trillion, our country is the biggest emerging market on the planet and the 7th largest altogether. The market was able to expand above $2.52 trillion in 2015–16 to $4.17 trillion in 2022 thanks to efforts by the regime. With just an economy of $10.51 trillion, it is ranked third whenever measured in terms of buying power parity (PPP). Fig. 2 displays our economy's economic performance until 2026.

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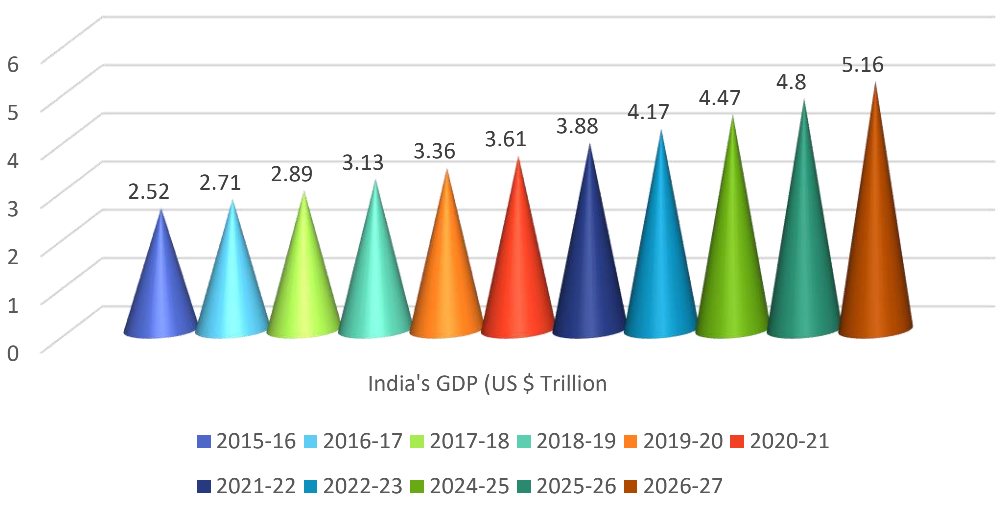
Fig 2:India's GDP Growth from 2015-16 to 2026-27

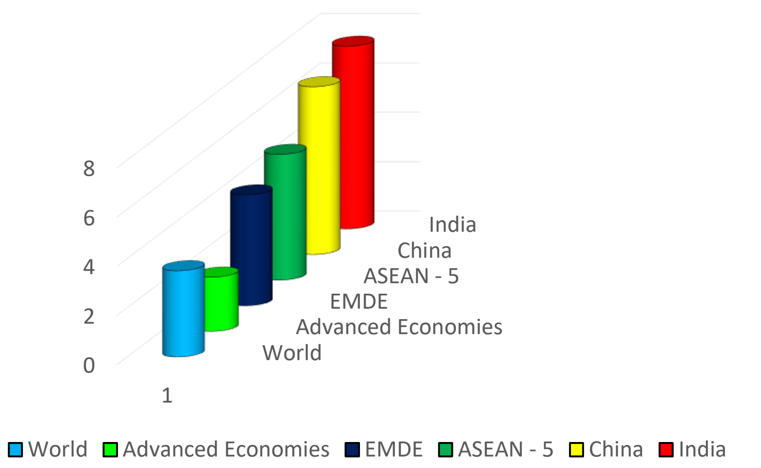


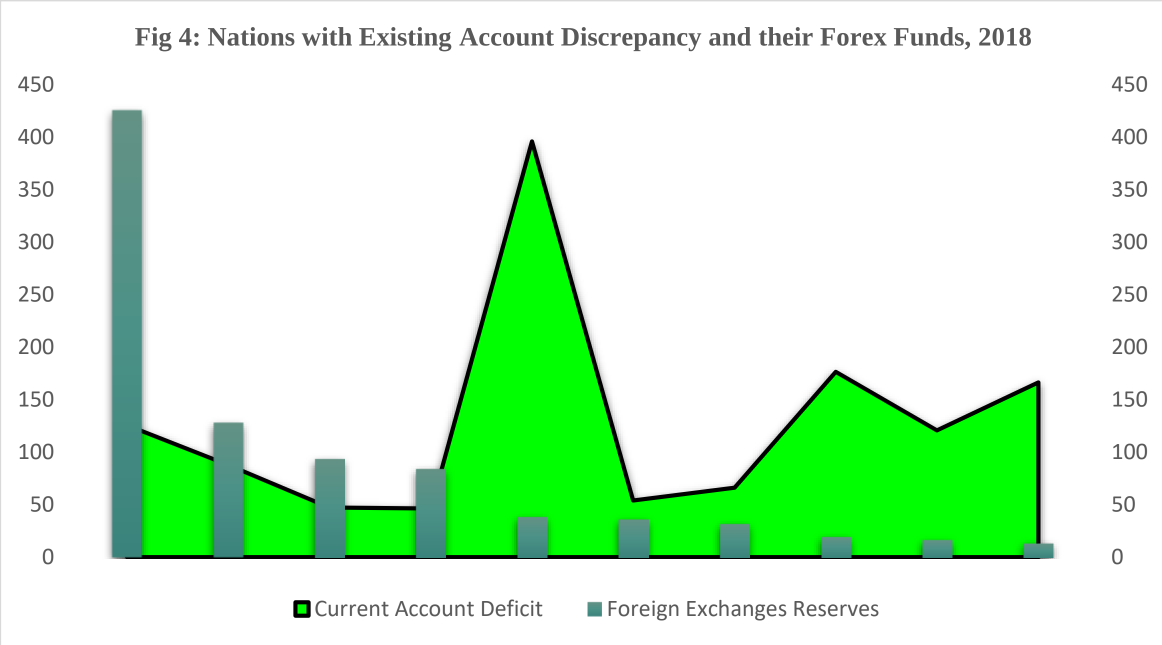
By enabling the drip impact, our country has accelerated its future growth since 2014, ensuring that perhaps the populace at the bottom gains from socioeconomic prosperity and security. The median inflation rate during the past five years (2014–19) was much lower than the number over the previous five years (2009–14). We continue to hold the lead position when comparing gross domestic product with the remainder of the globe, as illustrated in Figure 3. Figure 4 illustrates that we have the largest forex reserves, which totalled $ 395.9 billion as of December 2018, and that its current account surplus is smaller than that of several other nations, including America, London, Ankara, and Ottava. Considering the existing budget deficits as well as the foreign exchange rate, we are in a healthy range.

Table 2: Development of GDP – India vs Rest of the world

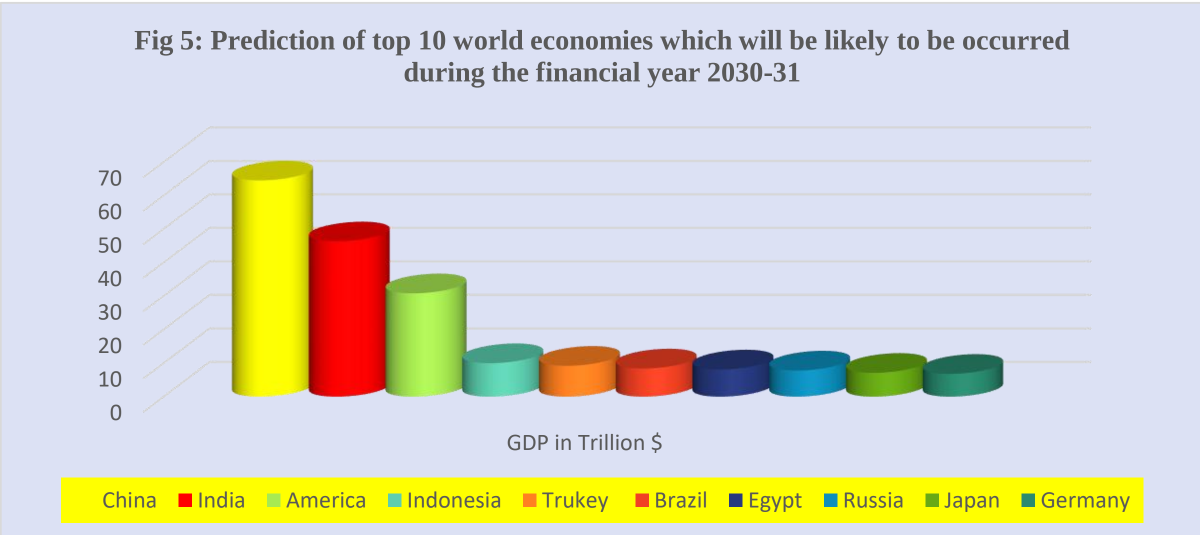
World	3.5
Advanced Economies	2.2
EMDE	4.5
ASEAN - 5	5.1
China	6.8
India	7.4

Fig 3: Development of GDP





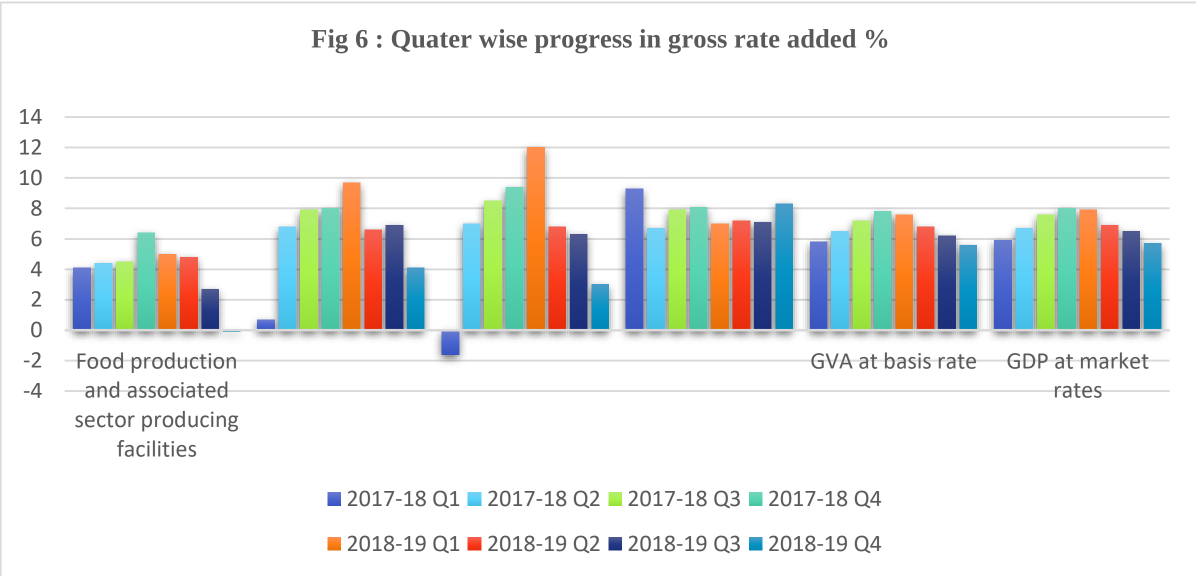
Nevertheless, according to the IMF's Global Economic Outlook, issued in April 2019, development in China and India will support worldwide financial expansion. They are anticipated to serve as the engines of international integration. India ranked seventh globally by means of GDP in 2018–19, measured in present US dollars. We stand 3rd globally in GDP terms, measured in existing global dollars after taking into account Purchasing Power modifications. In Fig. 5, it is hypothesised and indicated that the 10 largest economies in the globe would be compared throughout the fiscal period 2030–31.



Not just did the economy expand more slowly than other economic sectors in the various periods of 2017–18 and 2018–19, but a slow growth tendency was also seen in other areas of the economy. Table 3 obviously indicates that the secondary sector had shrinkage during the final quarter of 2018–19; expansion was somewhat strong in the first three quarters of 2017–18. Economic growth began slowly in Q1 of 2017, at 0.8 percent, but quickly accelerated to 9.8 percent in the first three months of 2018-19. The average growth of the manufacturing sector significantly decreased over the final 2/3 of 2018–19. Thus, according to NSSO's recently announced preliminary projections, the industrial firm's industrial production would slow to as little as 2.2 percent in 2019–20, down from 6.8 percent the year before. The activities industry's share has risen slightly, from 8.1 percent in Q4 2017-18 to 8.3 percent in Q4 2018-19.

Table 3: ¼wise progress in gross rate added %

	2017-18				2018-19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Food production and associated sector producing facilities	4.1	4.4	5	6.4	5	4.8	3	-0
	0.7	6.8	8	8	9.7	6.6	7	4.1
	-1.6	7	9	9.4	12	6.8	6	3
	9.3	6.7	8	8.1	7	7.2	7	8.3
GVA at basis rate	5.8	6.5	7	7.8	7.6	6.8	6	5.6
GDP at market rates	5.9	6.7	8	8	7.9	6.9	7	5.7



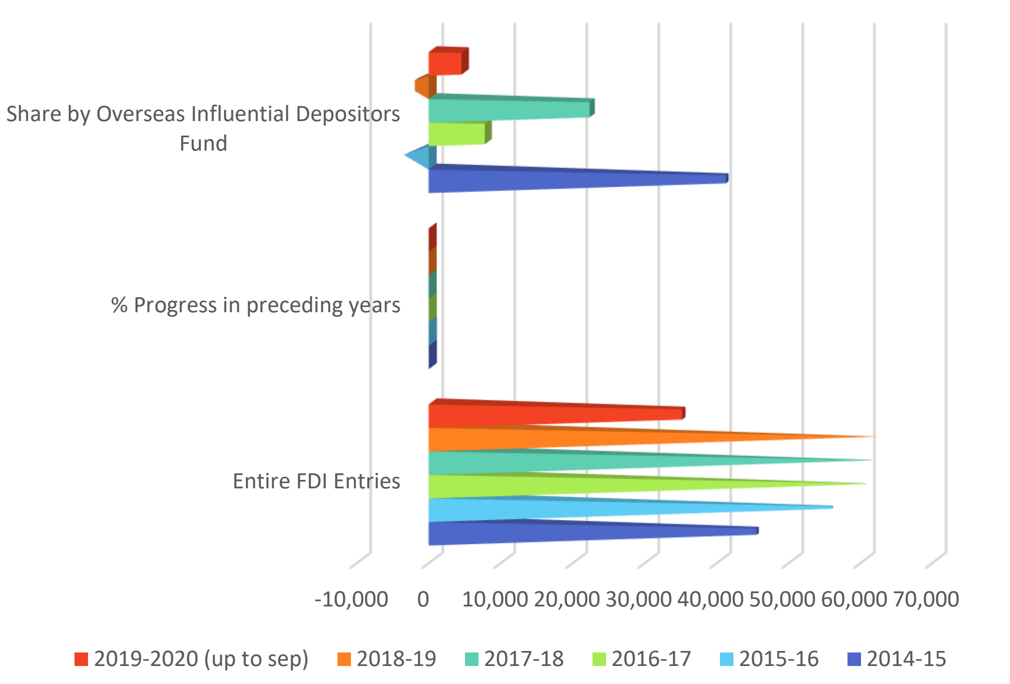
The economic growth of production, private consumption, major purchases, and agribusiness and related industries all saw a dramatic fall. Monetary, real estate development, and other industries all experienced a 6.36 percent slowdown in 2019-20, compared to 7.35 percent in 2018-19. In particular, regime-related positions are anticipated to perform higher in 2019–20 than in 2018–19 in terms of the gross value generated. Fig. 6 displays the development of several areas in relative terms for the years 2018–19 and 2019–20. The Indian economy's overall inflation velocity is slightly hampered by a loss in reserves but mostly by a lack of financial incentives. Between 2015 and 2017, total reserves as a percentage of GDP fell slightly, from 31.3 to 30.6 percent. Gross capital accumulation as a percentage of GDP increased marginally from 32.3 percent in 2015-16 to 32.3 percent in 2017-18, reflecting significant interest. The current account deficit fell slightly from 2.2 percent of GDP in the first quarter of 2018-19 to 2.1 percent of GDP in the first quarter of 2019-20. The current account surplus decreased year over year primarily as a result of increased hidden revenues, which were $ 31.87 billion as opposed to $ 29.86 billion in the prior period. India's currency reserves reached another all-time high of $ 453.6 billion, an increase of $ 24.7 billion. Notwithstanding sluggish expansion, substantial streams of direct investments from abroad (FDI) and portfolio investments from abroad have increased the country's currency reserves by more than $ 42 billion so far this fiscal year. Among the top 10 nations with the most foreign currency reserves is our country. According to the RBI Report for 2019, FDI increased from $45,148 million in 2014-15 to $62,001 million in 2018-19. The next year, as indicated in Table 4, it had a dramatic reduction in FDI inflow, falling to $ 34,900 million in 2019–20.

Table 4: FDI (in US Million $)

Year	Entire FDI Entries	% Progress in preceding years	Share by Overseas Influential Depositors Fund
2014-15	45,155	+24.7	40917
2015-16	55548	+22.8	-4012
2016-17	60217	+7.9	7729

2017-18	60969	+.97	22157
2018-19	61986	+1.89	-2219
2019-2020 (up to sep)	34879	_-	4527

Fig 7: FDI (in US Million $)



In terms of exported effectiveness, output increased from 5.3 percent in 2016-17 to 10.1 percent in 2017-18, then fell to 8.7 percent in 2018-19 and is expected to fall even further in 2019-20. Additionally, exporting and importing as a share of GDP decreased in 2018 to 19.67% and 23.59%, correspondingly.

5. NEED FOR THE STUDY:

It won't be easy for India to reach its goal of becoming a $5 trillion economy, particularly given the current state of the financial system. Consequently, the government must actively ensure that the country attracts sufficient resources that are then used to construct an environment that is driven by creativity. Considering the absence of a mismatch between skills, the significant investments in both business and infrastructure efforts will inevitably lead to the creation of sufficient numbers of jobs in the near future. But only when numerous good moves are made in the same direction at the same moment can the PM's ambition of turning India into an economic hub come to fruition.

6. ENCOUNTERS FOR $ 5 TRILLION ECONOMY:

Due to the worldwide economic recession, the objective of reaching a $5 trillion economy has been expanded beyond national borders. Global growth slowed from 3.7 percent in 2017-18 to 3.8 percent in 2018-19, and it is expected to slow further to 3.2 percent by the end of 2019 as growth in both developed and emerging and transitioning economies slows. The world economic downturn was caused by the American-Beijing Trade Tensions, China's stricter lending regulations, and fiscal constriction in more developed major economies. The technological rivalry between both the USA and China, the geopolitical struggle between the USA and Iran, and the harsh Brexit by the UK all contributed to the worldwide economic slump. Capital systems have been responding favourably to the loosening of financial policy enacted by leading central banks like the US Federal Reserve, the European Central Bank, and the People's Bank of China in order to cushion the shock of a fresh economic downturn that is edging its way in as a result of the significant increase in public and private borrowing around the world.

India, however, continues to have the country's quickest expanding developed industry. India maintains price stability by increasing by around 4% and keeping the current account deficit to GDP ratio under control through 2018-19. Since 2019, not only has the financial system The sharp drop in GDP expansion rates from 7.27 percent in 2017-18 to 4.4 percent in the second quarter of 2019-20 has drawn attention to this. Corporate consumer spending, whose annual growth rate fell from 11.2 percent to 3.2 percent during the first two quarters of the previous three years 2017-2020, was the worst performing economic indicator. The years 2019–20 had a full standstill in the industrial sector, which was driven by the poor enactment of the car, building, and property investment enterprises, experienced severe agony from an economic downturn, but so has the Indian economy. The rate of employment in our country has increased by a similar amount, from 3.49 percent in 2016–2017 to 6.3 percent in 2017–18. The Quarterly Labour Force Survey shows a further fall in the participation rate, which reached a low of 37.38 percent.

7. SIGNIFICANT EDGES:

In order to overcome the obstacles that the goal of a $5 trillion market faces, India has implemented several significant reforms. The effort intends to foster an environment that is conducive to the development of start-ups in order to promote creativity and innovation among the student population. According to the information that is available at the moment, 499 districts acknowledged 16,581 new start-ups in April 2019. The e-commerce industry is one of the segments in India that is expanding the quickest and has a promising future. One explanation is that the Indian e-commerce market will grow from $38.8 billion in 2017 to $202.55 billion in 2026. The consumer industry will shortly increase from its present state of $ 24.58 billion in 2017 to a value of $ 85 billion by 2021 thanks to the e-commerce sector's excellent development. Another significant contributor to growth in the economy is direct investment from abroad (FDI), which average energy by bringing new money, expertise, and innovation to the hosting country.

By 2030, metal output will increase to 255.28 million tonnes as a result of serious investment in the car and infrastructural development industries. Some other project proposals, like Make in India, aim to turn India into a centre for manufacturing and services by simplifying capital, increasing productivity, improving learning skills, and expanding production capacities. The regime removed the extremely high fee assessed to portfolio investors from abroad in order to boost investments in the economy. It also announced a number of other initiatives, including a tax cut for companies and the creation of a Rs. 25000 cr financing facility to resurrect the virtual industry.

8. SUGGESTIONS:

In the current environment, where prices have surpassed 7.6 percent and growth has slowed to 4.4 percent in Q2 2019, businesses require a different strategy than the traditional ones of balanced budgets and expanding public welfare. Although the government has undertaken improvements in the charity sector, such as property development and providing homes, bathrooms, LPG hook-ups, and supplier evaluation to the poor, these achievements do not entirely make up for the lack of jobs that must be created in order to revive wealth creation. India has to work together in its attempts for long-term financing and offer families high returns outside of the overpriced financial markets in to achieve the planned 8.2 percent-9.5 percent GDP growth rate and pursue the aim of a $ 5 trillion economic. In addition to the amended GST, FDI liberalisation, and banking system restructuring, India must also focus on making the best use of money provided by the RBI to increase investment in the economy for both development and academic objectives. In addition, despite immediate difficulties, we ought to push for progress in all areas and pursue expansion that leads the market. In order to quickly restart business growth, desire must be revived by raising the requirement for consumption spending. For the rural areas to have a good effect on the rest of the industry, it must also be revived. The management of domestic expectations and the reduction of ambiguity are crucial for the restoration of development. Organizations may solve the issue of the global recession by incorporating technological transition and automation. To accomplish the goal of a $5 trillion GDP, innovators must re-evaluate and revamp their strategic plans. In addition to the aforementioned, fundamental reforms are needed over the long term in the education and health sectors for adjustments that have the potential to enhance our economy. To reach the goal of a $5 trillion economy, India must expand at a rate of between 8.2 percent and 9.4 percent over the course of the upcoming five years.

Thus, according to the conventional wisdom, we must invest 102 lakh crore in the power grid, increase steel production by 305 million tonnes, increase agricultural output by distributing 7550 crores, make significant investments in the marketization of the railway system, and work toward a goal of 455 GW of sustainable power, in addition to policy stimuli such as lowering corporate tax rates to encourage capital enterprise. In order for India to evolve into a $5 trillion economy, it also requires a positive feedback loop of savings, investments, exporters, and progress, with investments serving as the primary catalyst. For all this, our regime should commercialize, encourage the construction of access to basic and higher surrounding hotels, highways, hotspots, and major international live broadcasts. We ought to boost tourism by five times. India can expand more quickly with the support of a programme characterised by significant PPP. Since schooling is no longer an "activity" and a certificate is no longer the exclusive end goal, India must also be a leader in the information economy. Good teaching is now necessary. To give the newer generation special opportunities, it is essential to combine the strengths of and education. India must rise to the top of the world order. Currently, it is necessary to include rural India in the government's success story because 8 out of every 11 Indians reside here. This may be accomplished by raising the ambitions of young people living in rural areas so that they have cause to hope that the future will be better than today. After all, these young individuals should have access to the same possibilities as their counterparts living in our cities. Given India's demographic dividend, rural regions have higher development prospects than urban areas, so the industrial industry has indeed migrated there in order to stay relevant. However, this expansion is being hampered by inadequate infrastructure. To strengthen taxpayer funding of building, the government's tax stimulus has to be changed.

The government needs to ensure the expansion of the marginal, medium, and small entrepreneurs' sectors in order to accomplish its goal of turning into a $5 trillion economy. Presently, the MSME sector employs 11.5 million people and provides 29.8% of the GDP. It is suggested that its GDP share increase to 51.3 percent and output increase to 16 crores. The administration should place focus on fostering an atmosphere that is favourable to the industry in the future in order to achieve the aforementioned goal. Furthermore, we must collaborate with international organisations in order to provide newer technologies and advance advertising in the MSME sector. Conforming to the "Feldstein and Horoika Puzzle," generates economy must be used to sustain considerable investment. Additionally, it has been proposed that savings and growth have a favourable relationship. Founders run the danger of losing their money invested if their businesses fail, since investing is hazardous. Investments must thus be supported by sufficient private capital. India also needs a system that is reliable and strong. Community partnerships throughout the nation are crucial for solving the firm's infrastructure inadequacies in this regard. Development of social facilities is a must if India is to realise the rewards of its economic growth, enhance outcomes in schooling and crafting, and give everyone access to work and cheap healthcare. We might conclude by saying that recent years have seen persistent uncertainty around the planet.

9. CONCLUSION:

By 2025, it is anticipated that India's GDP will have increased by 8–9%, or $5 trillion. The biggest sources of the nation's GDP are services and agriculture. The rise in the service industries, which need competent personnel, is due to the quick and affordable supply of professional labour. The extraction and export of valuable metals, as well as rubies, also help to increase the GDP of the nation. The implementation of a consistent tax system along with government programmes like Make in India has assisted with further GDP growth.

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