

Influence of Digital Economy on Small Businesses

*Ramesh Singh Ahlawat

**Pardeep Kumar

Abstract:

Business plays a significant role in the betterment of the society and in the mechanism of sustainable economic growth of a country. Business not only provides realization of innovative potential but also generate revenue for the country and also provides decentralized employment to the people of a country. In comparison to big businesses, small businesses have to face more challenges in the periods of economic instability because small scale businesses have not diversity of risk and ability to take advantage of large scale economies of scale. In developing countries like India some time few initiatives are taken by government make the nation developed, such type of initiatives of national economic development have a special influence on the small businesses. These small businesses are the backbone of a country and also have special role in driving the economy of a country. That is reason these small businesses are called drives of the economy of a country. Thus, digitalization of the economy has a greater influence on operation of business because due to digitalization business becomes modernized and total process of operating business becomes changed.

In this article we try to keep in mind only two aspects: first is small businesses which are driver of a economy and second is digitalization of the economy. The different features and structures of small businesses in India are described. In addition, the concept of digital economy, its main components of development in India and role of small business in sustainable economic development is also described.

In this article authors try to identify the influence of digitalization of economy on small businesses. In addition, an attempt is made to identify and describe the challenges and prospects of small businesses development in digitalization of economy. In this article role of digital education is also described in brief.

Keywords: *digital economy, small businesses.*

**Associate Professor Department of Economics, Govt. P.G. College, Ambala Cantt.*

***Assistant Professor Department of Commerce, Govt. P.G. College, Ambala Cantt.*

Introduction:

Business plays a significant role in the development and sustainability of the economy of a country. Businesses not only provide the innovative techniques to use the resources but also generate thousands of job and revenue for the people of a country. So, there is a great role of businesses in the betterment of the society. In most of the economies particularly economies of developing countries like India the small businesses are the drivers of the economy. In such developing countries, economy march on the shoulders of the small businesses especially those businesses which generate jobs for the people of the country. But lack of the risk diversification ability they are heavily influenced by the instability in economy or changes in the economy of the country. Small businesses have to face different types of barriers like: limited financial resources, high cost of transaction, and lack of strategic planning in account of market changes. But they have some qualities also in comparison to big players of market like: quick decision making, minimum initial investment and organizational flexibility.

Various studies previously held show that there is high correlation between socio-economic environment in a specific region and development of small businesses in that particular region. Regional specific businesses are highly influenced by the demographic conditions, availability of raw material and labour and support initiatives taken by the government. However, the macroeconomic changes are making more serious influence on the small businesses on the small businesses.

Digital India is a dream project launched by Modi government on 1st July, 2015 to remodel the Indian economy as knowledgeable and digitalized economy because in the current era digitalization play a great role in the development and sustainability of a country's economy. So, digital India is a step taken by government of India to inspire and connect Indian economy from knowledgeable savvy world to techno savvy world. The digital economy initiatives have three major targets: firstly to create a digital infrastructure as a utility for every Indian citizen; secondly, digital empowerment of citizens and lastly providing governance and real time services online.

After the introduction digital economy there will be great change in the economy businesses and people can take benefits of newest technology and innovation. Small businesses of India can easily access the new production technology and make commercialisation of the products and service widespread in the world with the help of digital economy.

Statement of the Problem:

In the economy of developing country small businesses play a significant role. Small businesses are the backbones of the economy of country. Small businesses play a crucial role in the betterment and growth of the society. Small businesses provide employment to the people of country, improve their standard of living and have great influence on socio-economic environment at macro level. So, if there are some changes in the economy at macro level then it is the subject of research that what would be its influence on small businesses.

Research Objective:

The objective of this study is to find out the influence of the digitalization of the Indian economy on small businesses operation and activities.

Research Question:

Digitalization of the economy is dynamically changing and developing form for business activities due to information and communication technology (ICT). ICT takes a strong position in the society and penetrates everywhere. Due to introduction of ICT in the country it creates new system of international economy which is digital economy. So these types of macro level changes in the economy would influence the small businesses which are the main drivers of the economy. The main research question is to assess the influence of digital economy on main drivers of the economy: small businesses.

Research Methodology:

This study is descriptive and analytical in nature. Explorative research design is used in this particular study. This study is totally based on the secondary data. The main base of the study is data collected from government official websites, journals, newspapers and

researches held on the topic in India and foreign country. So, to explore the influence of digital economy on small businesses literature related to digital economy and its development in India is reviewed.

Limitation of the Study:

Digital India is the dream project of the Indian government some projects are started and some of them yet to start. There will be a need of designing, redesigning and reengineering of activities for successful implementation of the project. As we know that it is new project so much more data are not available. Only on the limited available data explorative and descriptive research is conducted.

Findings:

Digital India is a dream project launched by Indian government. The main purpose of that project is to make country digitally more empowered in technology. Those projects also ensure the accessibility of government services by improving infrastructure as well as high speed internet connectivity. The vision of the project is the development in the fields of electronic services, products, manufacturing and job oriented schemes. ICT will play an important role in rapid economic growth and development of the country and society.

Digital economy comes in existence with various combinations of public relations that arise by the use of ICT, electronic infrastructure, services and technologies for analysing huge amount of data in forecasting optimize production, distribution, exchange, consumption etc. through pace of social and economic development can be increased.

The main goal of digital India is providing favourable organisational and regulatory conditions under which growth of businesses can be possible with their participation in the growth of country. In digital economy such type of ICT system created that is fit for global digital system and through which socio-economic development and economic growth rate can be increased.

In the new wave of digitalization of economy the share in national GDP of small businesses. Because in remodeling of the economy there is not only opportunity for existing small businesses but there will be opportunities to open new businesses and make them succeed.

Due to digitalization of the economy there will be some obvious advantages to businesses like: increase in labour productivity by use of latest technology and decrease in cost, in comparison to traditional businesses the digital economy system following businesses can take more competitive advantage, new working market will be available, poverty and social disparity can be removed and then there will be balanced regional development in the country. But along with these advantages and opportunities some barriers will also arise before the small businesses because the most sensitive and affected part of changes in the economy are small scale businesses.

In the economy at present time most venerable part is small scale businesses. More mortality rate of small scale businesses in India increased which was started under start up India scheme. But there are great opportunities available for the small scale businesses like: broader operation area and low production cost etc.

Thus to maintain the competitive advantage small businesses should continuously monitor and analyse the external environment under the influence of digitalization to find out the threats and opportunities to take preventive measures to change in the organisation of the business according to urge of reality.

Conclusion:

Small businesses are heavily influenced by the changes the external environment and we can conclude that the small businesses are influenced by digitalization of the economy. Changes in production structures and expansion in the area of operations have the greatest influence on the small scale businesses.

REFERENCES

- [1]. Digital India, Power to Empower: Department of Electronics and Information Technology Ministry of Communications and Information Technology, Government of India, Design and Published by: National e-Governance Division 4th Floor, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi 110003, 2015, pp. 1-80.
- [2]. Available at: https://en.wikipedia.org/wiki/Digital_India
- [3]. Available At: <https://economictimes.indiatimes.com/tech/internet/digital-india-15-salient-things-to-know-about-pm-narendra-modis-project/articleshow/47893380.cms>
- [4]. Available At:<https://image.slidesharecdn.com/upload-170525131313/95/digital-indiapower-toempower-5-638.jpg?cb=1495718208>
- [5]. Prakash, Amit, "Digital India needs to go local", The Hindu. Retrieved 2019-02-26.
- [6]. Mannathukkaren and Nissim, "The grand delusion of Digital India", The Hindu. Retrieved 2019-02-26.
- [7]. DNA Webdesk (28 September 2015), Here's what you need to know Government School in Remote Bandahalli Village Gets Inspired by make in India", The New Indian Express, 15 March 2016.
- [8]. "Digital India Week: Digital Locker, MyGov.in, and other projects that were unveiled", The Indian Express, 5 July 2015 about the Digital India initiative, Mumbai: Daily News and Analysis.