"Digital Transformation and Evolution: A Comparative Study of India and Italy"

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ABSTRACT

The advent of digitalization has ignited a transformative wave across global economies, and its impact is particularly intriguing when juxtaposing two culturally diverse nations: India and Italy. This research paper endeavors to unravel the distinct trajectories of digitalization's influence on the economic landscapes of these two countries.

India, a burgeoning tech and start-up powerhouse, and Italy, a bastion of rich historical and cultural heritage, have both grappled with the profound implications of digitalization. This study employs a comparative lens, combining economic analysis with sociocultural perspectives to unravel the nuanced dynamics at play.

The paper scrutinizes the impact of digitalization on trade and globalization, shedding light on the transformation of traditional industries such as textiles and manufacturing. It also assesses how digitalization has spurred e-commerce, fintech, and e-governance in both economies.

Moreover, the research investigates the challenges posed by digitalization, such as the digital divide and unemployment concerns.

Keywords: Digitalization, Indian economy, Italian economy, Economic impact, Market access, Digital divide, E-commerce, Employment

INTRODUCTION

Digitalisation of an economy emphasizes connecting the country together to allow greater access to the benefits and opportunities of a modern economy to citizens, thereby bridging the economic divide between its rural and urban populations. It implies the use of technology to provide new revenue-producing opportunities to citizens and easing day to day activities while simplifying government-people communications.

1. Similarities between Indian and Italian Cultures

Both India and Italy exhibit similarities in terms of their culture. In fact of all countries in the EU, Italy shows most similar traits with India.

1. **Rich Culinary Traditions:** India and Italy are renowned for their diverse and flavorful cuisines. Both countries take pride in their food culture and have a wide variety of regional dishes. Indian cuisine is known for its vibrant spices and flavors, while Italian cuisine is famous for its pasta, pizza, and use of fresh ingredients.

2. **Strong Ideals of Family and Neighborhood:** Both Indian and Italian cultures place great importance on family and have strong family-oriented traditions. Opinions of elders are respected, and taken into consideration before decisions are made. In both cultures, the presence of extended families is seen, and all family members are seen having great relations. Neighbors also place a great amount of value in the lives of Italians and Indians. There are often instances of neighborly meals, get-togethers, etc. to the people who both cultures assume to be their families away from home.

3. **Art and Architecture:** India and Italy have a long history of artistic expression and architectural marvels. Both cultures have produced world-renowned artists, sculptors, and architects. India's Taj Mahal, Lotus Temple, AJanta-ELlora Caves and Shaniwar Wada reflect its architectural brilliance, while Italy is known for its magnificent structures like the Colosseum, the Leaning Tower of Pisa, and Renaissance masterpieces like Michelangelo's David.

4. **Communication:** Indians and Italians both are indirect communicators. Facial expressions, hand gestures and body language all offer communication beyond mere words.

Thus, it is observed that India and Italy, both are very similar culturally. Italy is often referred to as the India of Europe. Both cultures are seemingly different when looked at first, however they are not so opposite when researched upon further. If this similarity is reflected upon their governance, we aim to find out in this paper.

2. Advantages

Digitalisation has the obvious advantages of allowing the government to connect with every household in the country. This leads to widespread outreach of government initiatives, business ventures and public services. We have, in the next three subsections, analyzed the advantages of digitalisation in various sectors of the economy.

2.1 Impact of Digitalisation on Agriculture

2.1.1 Impact on India

1. **Precision farming:** According to a report by the Ministry of Electronics and Information Technology, the use of precision farming techniques such as GPS and sensors has helped increase crop yields by up to 30%.

2. **Market access:** The e-NAM platform, launched in 2016, has connected over 1,000 mandis (wholesale markets) across the country and has recorded over 1.5 crore (15 million) farmer registrations. The platform has helped farmers get better prices for their crops and has reduced intermediaries in the supply chain.

3. **Supply chain management:** According to a report by NITI Aayog, the use of blockchain technology in agriculture could help reduce food wastage by up to 30%. The report also estimates that blockchain could help increase farmers' income by up to 20%.

4. **Knowledge sharing:** The government has launched several mobile apps and online portals to provide farmers with information on crop management, weather forecasting, market prices, and other relevant topics. One such app, Kisan Suvidha, has been downloaded over 1 lakh times from the Google Play Store.

2.1.2 Impact on Italy

1. **Precision farming:** According to a study by the Italian National Institute for Agricultural Economics (INEA), precision farming technologies such as GPS, sensors, and drones can help reduce input costs by up to 20% and increase yields by up to 15%.

2. **Financial inclusion:** The Italian government has launched several initiatives to support digitization in agriculture, including the "Agricoltura 4.0" plan, which aims to promote the use of digital technologies in agriculture and provide financial incentives for farmers to invest in these technologies.

3. **Market access:** In 2020, the Italian Ministry of Agricultural, Food and Forestry Policies launched the "Piano Export Sud" program to support small and medium-sized enterprises (SMEs) in the southern regions of Italy in expanding their export markets. The program includes the use of digital tools such as e-commerce platforms and digital marketing to increase SMEs' market access.

4. **Knowledge sharing:** The Italian Ministry of Agricultural, Food and Forestry Policies has launched an online platform called "Agrisystem" to provide farmers with information on best practices, research findings, and regulatory updates. The platform also includes a digital marketplace for buying and selling agricultural products.

2.2 Impact on Growth and Development

2.2.1 Impact on India

1. **E-commerce:** The e-commerce market in India is projected to reach $200 billion by 2026, up from $38.5 billion in 2017, according to a report by Morgan Stanley. Digital payments, in 2020 alone, were 4.4 billion, up by about 50%

2. **Startups:** India is home to the third-largest startup ecosystem in the world, with over 50,000 startups, according to a report by NASSCOM. The report also notes that the digital economy is one of the key drivers of the startup ecosystem in the country.

3. **Employment:** According to a report by the Boston Consulting Group (BCG), the digital economy in India is expected to create over 65 million jobs by 2025, with sectors such as e-commerce, digital payments, and fintech driving job growth.

4. **Digital literacy:** The Indian government's Digital India program aims to increase digital literacy and provide digital services to citizens across the country. As of March 2021, over 4.15 lakh (415,000) Common Service Centers (CSCs) had been set up across the country to provide digital services such as e-governance, education, and healthcare.

2.2.2 Impact on Italy

1. **E-commerce:** According to a report by the Italian E-commerce Consortium (Netcomm), the Italian e-commerce market grew by 26% in 2020, reaching a total value of €22.7 billion. The report also notes that the COVID-19 pandemic accelerated the adoption of e-commerce in the country.

2. **Digital startups:** Italy is home to over 12,000 digital startups, according to a report by the Italian Trade Agency. The report notes that the digital startup ecosystem in the country is growing, with sectors such as fintech, e-commerce, and cybersecurity driving growth.

3. **Digital infrastructure:** Italy has made significant investments in digital infrastructure, including the development of fiber optic networks and the deployment of 5G technology. As of 2020, 81% of Italian households had access to fixed broadband internet, according to a report by the European Commission.

4. **Digital literacy:** The Italian government has launched several initiatives to promote digital skills training, including the "Industry 4.0" plan, which aims to promote the adoption of digital technologies in the manufacturing sector and provide training for workers. As of 2019, over 1.5 million workers in Italy had received training in digital skills, according to a report by the Italian National Institute of Statistics.

3. Negative Impacts

Unemployment has often been cited as the biggest downside of digitalisation. Populated countries like India are labor-intensive and the vast majority depend on menial jobs for livelihood. Most such jobs have been taken over by digitalisation.

Delving deeper, we made some concrete findings about the disadvantages of digitizing the Indian and Italian economies.

3.1 Impact on Italy

1. **Unemployment:** A study showed that job displacement remained the biggest negative of digitalisation in India. About 1.5 to 3 lakh jobs are displaced annually, with the economy seeing a lot of the vast labor return to unemployment.

2. **Lack of Skills:** With digitalisation causing employment to reduce, the labor needs to upskill and reskill to keep their jobs. The World Economic Forum's Future of Jobs Report 2020 highlighted that the skills

gap in India remains a challenge. The report stated that around 40% of the Indian workforce will require reskilling by 2025 due to technological advancements and digitalization. However, this might not be possible for all, due to a prominent "digital divide" still prevalent in the economy. This leads to our final point -

3. **Digital Divide:** The urban vs rural debate has been going on in the country for decades now. While the government has taken considerable initiatives to bridge the gap between the urban and rural population, there still exists a divide. Only 30% of the rural population has access to the internet as compared to 60% of urban Indians.

3.2 Impact on Italy

1. **Unemployment:** Unemployment remains a big result of digitalisation in Italy too with a 3% job displacement rate (190,000 jobs) from 2010 to 2017.

2. **Skill Gap**: To prevent jobs being displaced, heavy duty reskilling is required. As of 2020, only 54% of Italians showed the willingness to upgrade their skills as per necessary.

3. **Digital Divide:** 16% of Italian households still do not have access to internet facilities, showing the presence of a digital divide in the country.

4. Overall Impact

4.1 Impact on India

In India, government initiatives like Digital India, Aadhaar, Skill India, National Skill Development Missions and promotion of cashless economies through demonetization, BHIM (UPI) all aim to bring about equality in terms of digital infrastructure in the country.

Furthermore, mass outreach has been identified as the plan of action for digitalisation, and it has received tremendous support with scanner IDs being seen with all vendors, from big shopping complexes to even the local juice-sellers and rickshawallas.

4.2 Impact on Italy

A part of the EU, Italy has been exposed to developed countries, and has incorporated many measures to replicate said development within its boundaries. With 84% of the population having access to internet connections, the country's efforts have not been in vain.

Initiatives like "Industry 4.0", "Digital Transformation Team" and Digital Skill Trainings have been introduced to further digitalisation in the country.

CONCLUSION

Thus, we can conclude that while both countries have recognised the importance of digitalisation for development and have introduced many various reforms, India's focus is on every individual citizen with initiatives like Aadhaar, while Italy has adopted a more overall, non-individual approach to attain digitalisation.

RESEARCH

Objectives:

1. To understand the culture of India and Italy

2. To compare and contrast the impacts of digitalisation on Indian and Italian economies

3. To pinpoint method of achieving digitalisation by both economies

Methodology:

1. First-hand observations

2. Secondary data collection from already conducted studies