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Issues Involved in Digitalisation Special Reference to Indian Tourism Growth

Dr. K. Sankara Reddy

Ward Welfare and Development Secretary, Proddatur Municipality, Y S R Kadapa, Andhra Pradesh, India.

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ABSTARCT

The research paper is investigating the effect of income on digitalisation which differentiates, non-digitally skilled and digitally skilled workforce of India in terms of employment and economic inequality qualitatively using secondary sources from RBI and ITU website. As places having more connected with digital technologies and advertising attracting more tourists hence there has been a growing worry in the general public, that this digital divide will cause a gap in employment opportunities between the digitally literate and illiterate. Even though many studies have analysed the relationship between unemployment and digitalization, the studies in the Indian context have a severe urban bias and lack.

Key words: Digitalization, Income, Employment, Tourists, Skilled workforce

INTRODUCTION

In the modern era, the economy of India is growing at the fastest rate in the world because of this innovation and use of our economy engines like digitalization and the cost for this unparalleled growth is the growing economic inequality between digitally skilled and non-digitally skilled labour. The mass level of unemployment in rural India is common for many days because small to big technological tools and machines replaced the manual worker (Rajkumari Ahir et al,2024). As the tourism is also proved for those labour as means of livelihood for them. But as there is world transformation as a single village is being possible only due to digital era and digital platform for all thing involving tourism hence the future of tourism is greatly depending on the digitalisation.

Digitalisation leads to tremendous economic growth in sectors of the economy but for some sectors it leads to creation of an employment rate that takes a negative turn. According to the 2017 (Archana Prasad,2017). World Investment Report of the UNCTAD, the ICT Industry is providing millions of jobs around the world. But in actuality, it is only a myth for India. Between March 2014 and January 2017, the Quarterly Employment Reports mentioned that 2 lakh jobs will be created, which is approximately 73,000 jobs per year, which is very low in numbers compared to the Government of India's and NASSCOM's saying that they will create 50 -70 lakh jobs per year in the upcoming next seven years. On the other hand, a report by McKinsey and Company to the NASSCOM mentions that there will be job cuts in figure 1.75 to 3 lakhs per year for the next three years in the ICT and IT-enabled services because of automation. Hence, due to automation and digitalization, it is a challenge for every industry to retain its job, even at 50–60 percent of previous figures.

Economic inequalities in India are expanding without providing an umbrella to cover the rural sector of India. There lacks an effective policy to mitigate the negative implication on the digitally illiterates. In this digitalising era rural people required a training to gain digital literacy for making the digital divide to minimal level. The study aims to fill this gap by comprehensively evaluating the negative implication of digitalization on the rural population as there even exists a marginalisation and a significant urban bias in the literature. Also, studies specifying on this topic in the Indian context are limited.

Therefore, this study aims to comprehensively analyse the significance of the negative implications of digitalization on unemployment in the Indian context. In this qualitative study for analysing the negative a

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impact of digitalisation, digital divide between different income groups, percent of business selling online taken as indicator for growth level of digitalisation in business sector which plays crucial role in creating employment for rural people, number of new branches opened in different economic regions of India. Combining the analysis of these three variables, the paper came up with the net effect of digitalisation on rural people and low income group people.

This study combined different qualitative variables for knowing in depth impact but limited to cross sectional quantitative analysis of digitalisation impact in the particular studied sector.

LITERATURE REVIEW

The relationship between employment and digitalization has been the focus of several recent studies. This paper by Sudarshan Kumar (2022) examines how digitalization has affected job creation in India, finding that the country's digital transformation has led to more digital jobs across various regions. (Curtarelli,2017) Disha Pandey (2024), paper confirms the impact of digitalization on employment patterns in India, further highlighting the challenges and opportunities presented by the digital revolution. (Balog & Demidova, 2021) (Lowry et al., 1951)

Manjusha Goel (2021) examines the impact of digitalization on the employability of faculty in India's education sector. While digitalization has made life easier in some ways, it has also created challenges for employment. (Balog & Demidova, 2021) The study finds that policies should promote digitalization along with addressing country-specific factors like economic growth and productivity to ensure the benefits of technological progress are equitably distributed and do not exacerbate socioeconomic inequalities. (Manjusha Goel, 2021).

However, Milojko Arsic (2020) argued that the economy of almost every country and sector has been going into mass digitization since 1970, but until the use of computers at the common level, it was existing in the form of electrical energy. Quantum computers used in every sector of the economy are increasing the working capacity on the one hand and reducing the employment on the other. The agriculture sector is the most negatively affected sector in the economy by digitalization in terms of employment on the one hand, and on the other hand, the service sector is the most positively affected sector. Employment can be generated more and more in the digitalization era by making the students and workers learn digital skills and transforming the labour into skilled labour (Milojko Arsic, 2020).

This shift towards digitalization requires a workforce that is adaptable and equipped with the necessary skills to thrive in a technology-driven economy. As industries continue to evolve, investing in digital education and training programs will be crucial to ensuring sustainable employment opportunities for individuals in the future. Findings of the research suggest that those who are able to adapt and acquire digital skills will be better positioned to secure stable employment in the rapidly changing job market. Additionally, governments and organisations must collaborate to provide accessible and relevant digital education initiatives to support individuals in transitioning to the digital economy.

METHODOLOGY AND OBJECTIVE'S

This study adopts a qualitative methodology in examining the relationship between unemployment and digitalisation in the context of contemporary India. This study is done with finding the relationship between income and digitalisation. The study takes secondary data from multiple sources which include the report "State of Indian Digital Economy", RBI, ITU from 2006 to 2024. The variables taken in the study are: Digital Divide, Online Business Participation, Banking infrastructure development. These variables are associated indirectly to each other, which analysis gives the clear picture of the trend of digitalisation and its impact on bank branches hence digital divide and economic inequality.

Data Analysis

By the middle of the second decade of the twenty-first century, almost every household of India had 96 %

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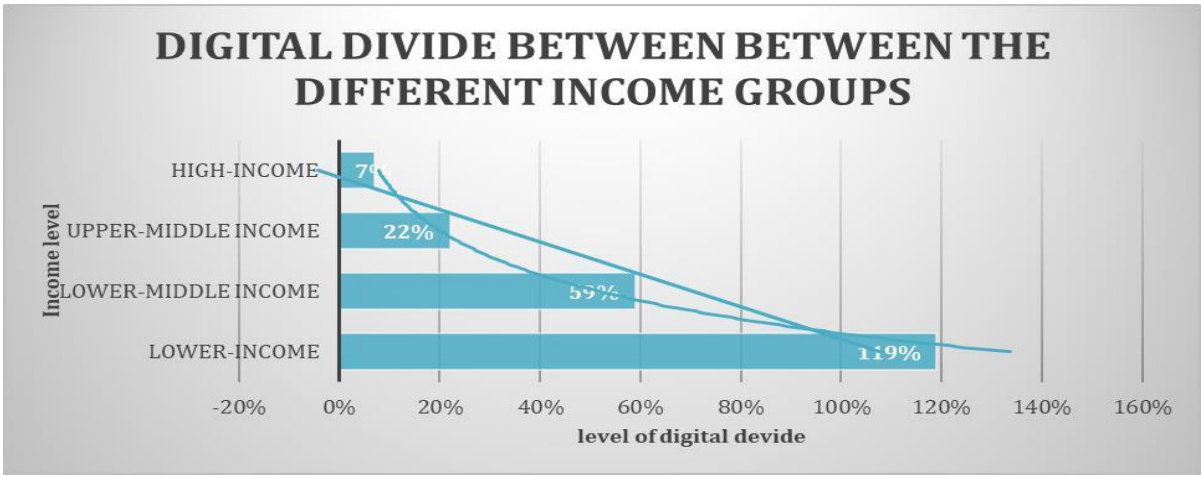
android phones and the cost of using digital infrastructure came on its lowest stage. In the second decades central and state governments provided digital devices to students and the identity of every citizen also got digitised. There are about 1.38 billion Aadhar now (MEA Dashboard, UIDAI Dashboard,2023). The next level innovations in computing and software enabled easy access to the new digitised version of economy to the common and village peoples also. Transforming labours into digitally skilled workforce, government of India started to train the individuals through may government schemes like the Pradhan Mantri Grameen Digital Saksharta Abhiyaan (PMGDISHA,2017), National Digital Literacy Mission (NDLM,2014), Digital India (2015) Skill India Digital Hub (2023). The current scenario India is the third largest digitised country in the world, only behind the USA and China and India is ranked 12th in terms of digitalization among the G20 countries (ICRIER). In this modern digital and computing era, there is not any sector of the economy of India untouched with digitalization. Though the COVID-19 was pandemic for the world and India, it proved the beginning of mass level digitalization of essential and non-essential sectors of India (SIDE,2024). When the manual markets during COVID were closed but the e-commerce market was very less effective in negative terms. Education sector was digitised fully in this pandemic (SIDE,2024). Digital technologies are changing and responsible for shaping the labour markets, digitally skilled labour demand is increasing on one hand, the routine manual worker's job is reducing on the other hand.". This transformation promises higher productivity but comes with challenges, as automation eliminates many jobs, digitalization transforms traditional practice in entire industries, and unequal access to digital technologies threatens to exacerbate job market vulnerabilities of the poor and disadvantaged." (Digital Jobs and Digital Skills, 2022).

Interpretation

In the current decade even the rural people of India start using digital devices but there are 42% of rural people who have not adequate and fixed internet connections so digital technologies access in the rural areas is less (IPCIDE Research). The figure-1 briefly explains the relationship between the growth of income level associated with the decrease in the digital divide between urban-rural India. The trend line shows for the lower income group digital divide is 119% but for lower middle it is just 59% and for upper middle it is 22% and for the high-income group it is just 7%. So as the income of families raised their digitalisation access has improved. The urban area of India has mostly consisted with the upper-middle and high-income families hence they have desired level of digital technologies access. Hence there is a greater digital divide in rural areas of India and minimal amount of digital divide in the urban area of India.

Figure 1: Digital Divide between different income groups



Source: Figure compiled as per the data from Annual report of ITU 2023-24

In the modern era business is getting digitised at an increasing rate. The figure-2 shows us year wise year the businesses are shifting their selling activities online. In 2016 the business selling online was 4% but year by year from 8% in 2018 to approximately 80% in 2020 and increasing in word direction year by year. There is growing concern for manual workers to complete the markets in terms of reducing the cost of business owners by managing lengthy accounts of business in a couple of minutes hence without having digitally skilled the up

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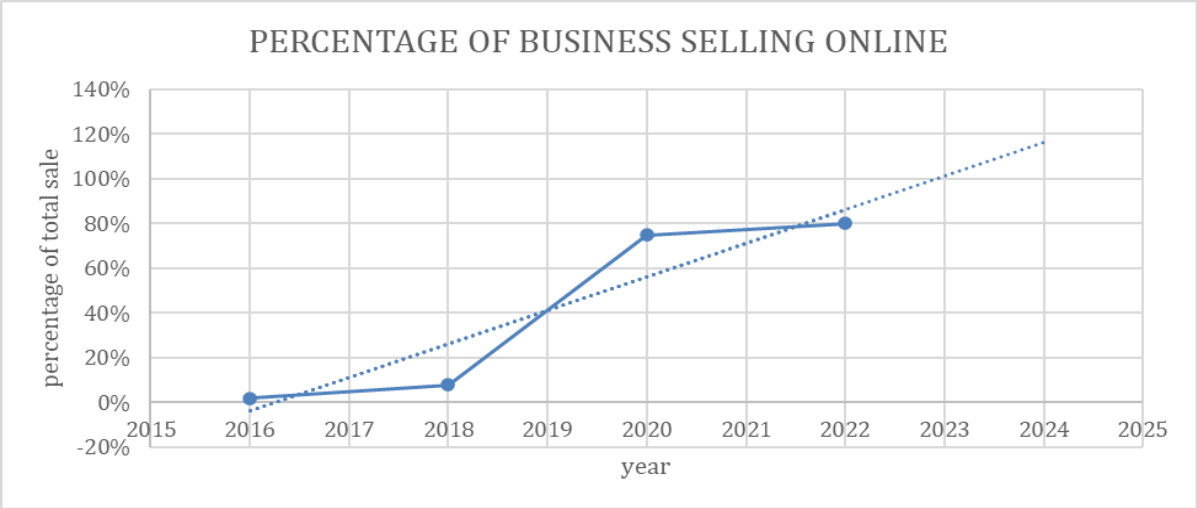
going trends of online selling business indicates the drastic employment cut for manual workers from the business sector.

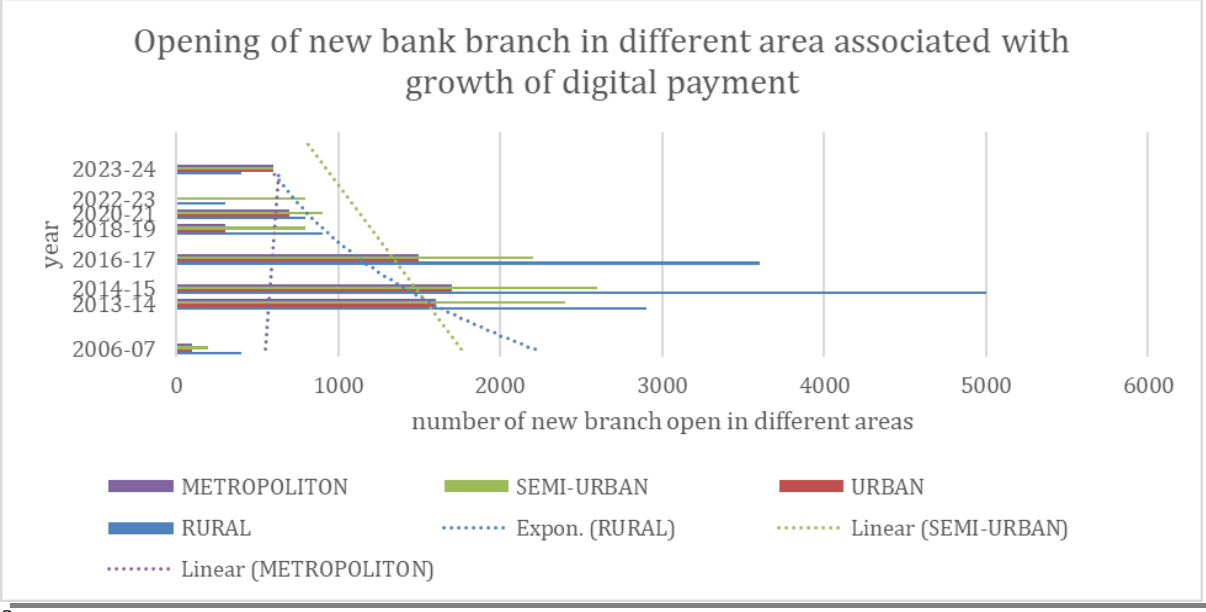
Figure-2 The selling in business area digitalisation percent in different years



Source: Figure compiled as per the data from Annual report of ITU 2023-24

Bank branches opened in the rural areas have a crucial role in providing digital literacy at the doorstep and plays a major role in the development of rural areas of the country. Figure-3 shows as the digital payments are growing year by year the number of new branches opening in the rural sector is most affected negatively in 2013-14 where the number of newly opened branch in rural sector is 2800 then in 2018 -19 it reduced to 800 and in current that is in 20124-27 it reduced to 400.For every city, every district of a country there are always requirements of Banks for their daily cash demand and deposit. The management of a bank account is a responsibility of the government. Hence there are several in numbers hiring per year in banks and financial institutes is being done which is a major source of employment for young individuals and experts of the sector. But due to development of advanced software and computing almost everything is done in minutes and one branch can handle 100 times more customers than it could handle without digitalisation. Hence as the advances of fintech are going on the more the capacity of a single branch is increasing to handle everything in a proper manner in a very efficient time. So as the digital technologies are growing the number of branches of banks are reducing. Although the population is increasing in the area but number of new branch openings is reduced by these digitalization tools.

Figure-3 The effect of digitalisation on number of Bank Branch open in different years



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Source: Figures compiled as per the data from Handbook of statistics on The Indian Economy 2023-24

CONCLUSION

India achieved the title of fastest growing economy of this decade. The Indian economy consists of both manual and digitally skilled. But yet now rural people are lacking with the accessibility of digital infrastructure on one hand and their livelihood realised on the agrarian sector which have a number of obstacles to get digitised. So the major part of workers who are growing and living in the rural area is missing the train of digitalisation. Although the government of India introduced many programmes and schemes to reduce the digital divide, it is not able to tackle the issue efficiently and hence the majority workforce is still suffering with low productivity and income.

The Indian economy is consistent with a number of allied sectors almost every sector (except agriculture) is able to get digitised and able to achieve unparalleled growth rates. The workers having digitally skilled have high level of efficiency are hired more and more in every digitised sector of Indian economy and able to get high and jumping upstairs salary. Hence one side the capacity of production is highly increased and on the other hand the less and lesser number of opportunities to get a job is in these sectors. This is a big issue for any economy whose consequences are increasing economic inequality between rural and urban India.

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