DIGITAL ECONOMY

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Liberalisation, Globalisation, Privatisation, explored many things to human brains. These policies provided a huge business potential to the corporate sector. Liberalisation created a great opportunity to the government to attract huge investment from business community. The heavy investment may generate sufficient production level of goods. This situation leads to prosperity to any nation; liberalisation means

- Provision of world class infrastructure
- Enlarged operational area
- Business friendly environment
- Private investment orientation
- Utilisation of core competency
- En-mass employment

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Globalisation is a global war among several economies. It serves as cost cutting tool to many nations the world is becoming a global village. The countries are becoming neighbours of several contents. Distances have been reduced tremendously. Thousands of miles completed with a smile of airlines staff. The journey of several hours will be finished with a few hours of watching a movie or surfing in sky or chatting. The business decisions are being done with a fraction of minute or with a click of mouse. The fruits of reforms should be useful to non-professional to change his life style. The expansion of business transactions discovered innovations. Innovations and creativity is must for a developing nation. Innovation is a gifted tool to the thoughtful brains, which always concentrated for a solution. Research is the most important tool for the development of country. Research is not a new thing. Not all the things find out from research are in new in universe. They are hidden facts that are freely available in the universe. The human brains are unable to find out these aspects. Research is a tool that find out from known things for unknown facts. Research and development is not an ignorable fact where the Indian corporate fails in this aspect. The ignorance of research and development, leads to emerging for foreign collaborations for hefty sum of royalty payment. The heavy investment in research and development will reap long-term benefits. In India, large resources of labour are available and require a little time of training will definitely yield the benefits. New products, new industries and more jobs require continuous addition to knowledge of the laws of nature and application of that knowledge to practical purposes. Change provides an opening and an opportunity, gives purposes to the people just starting out, and provides them with a reason to participate. Both logic and history suggest that it is for easier to generate high paying attractive new jobs in an exuberant economy compared with a continuous one. Typically, big technological breakthroughs create new and profitable industries, which need many workers and are willing to pay good money. Omitting technological change distorts discussions of long-term economic policy. Since technology drives much of the long-term productivity growth. Dismissing the importance of technology, or minimising its ability to influence the growth, makes it harder to get the support for R&D spending.

India is becoming one of the electronic housekeepers to the world. Business process outsourcing is emerging new sun shine industry in India. The boom in BPO sector is an excellent opportunity to the policy makers to absorb the growing mass of educated unemployed. They are treating this sector because of reforms fruits. Reforms are not accidental but they are incidental. Business process outsourcing means, attending for preparation of payroll work, reconciliation of daily accounts, preparation of invoices,

preparation of cheques, processing applications, billings and collections, attending for customers queries of the respected clients. The BPO companies carry all of the assigned transactions. Credit card enquiries, insurance policy premiums collections and settlements, medical transcription, legal advising work, corporate taxation and all other financial affair would be carried out by the requirement of the client. The BPO companies undertake front office and back office transactions as per the contract agreement. The growth in this sector is purely on a contractual basis. There is no guarantee for permanent sources of work. The employees are searching and settling in different companies one after another company. The companies are required to search for client's year after another. The attrition rate in this sector is very high. Any change in global market will leads to burst the BPO bubble. The global market is based on different and typical aspects. The government should concentrate to keep the present demand and should encourage the corporate sector to capture more market. The basic raw material for this sector is human resources. The large pool of human resources in the world is available in India after china. India has an advantage of large pool of resources of work force and the reservoir of the talented skilled workers of the globe. It provides sincere and dedicated workers to all industries. The requirement of information technology commands high educational standards. The technical education is necessary for skilled works. Business process outsourcing, knowledge process outsourcing and call centre business becoming more popular in India. Knowledge is an intellectual property of a person. It is based on individual's educational standards. It requires an accumulation of information regarding a particular aspect. Knowledge is a reservoir of various skills. The process of knowledge creation is deeply rooted in managing "synthesis" across a multitude of opposites. Knowledge becomes obsolete as soon as it is created. New knowledge has to be created continuously in order for a nation to survive in this competitive global world. Knowledge management is the process of continuously creating new knowledge, disseminating it widely through the origination and embodying it quickly in new services technologies and systems. In this global knowledge society, few nations have proved to be capable of changing as fast as the environment around them and dealing with the complexities surrounding them. Knowledge is made up of two dichotomous. They are explicit knowledge and tacit knowledge. Knowledge is inherently paradoxical. Explicit knowledge is formal and systematic. It can be easily communicated and shared in a specific formula or service. Tacit knowledge is highly personal. It is hard to formalize and difficult to communicate to others. Tacit knowledge consists partly of technical skills. The nations create and utilise knowledge by converting tacit knowledge into explicit knowledge and vice versa. Knowledge is elevated

dynamically from a lower ontological level to high levels. Knowledge is about beliefs and commitment. It is a function of a particular stance, perspective, or intention. It explores action. It is created dynamically in social interaction among people. Only individuals create it. Any country cannot create knowledge without individuals. Knowledge is constantly exchanged with the outside environment. In this business world, the capability and utilization of knowledge are considered the most important sources of a firm's sustainable competitive advantage. Knowledge based economies will survive in long term in the global market of high competition. Competition in the global market is not an ordinary thing. To meet the global competition is possible with only a technological knowledge. The global competition is gift to the poorest countries because of they will be able to get goods with high quality and low price. The poor people can also able to get international standard of goods at affordable prices. Due to a lot of competition in the global market can create wonders to the innocent poor exploited consumers. The globalisation provides a wonderful opportunity to all nations' business community to show their talent and skills to the global customers. The competition in the market can enhance the productivity levels and skills of the corporate sector. Companies operating without competitive advantages should focus all their efforts on being efficient. Companies that do have competitive advantages need to design strategies with regard to their competitors, and in an increasingly global economy, competitive advantage stems primarily from local conditions. Strategies are the essential plans for achieving and sustaining business success. They are ideas for making a product or service and selling it to the customer with a slice of profit built into it. As it core, strategic thinking is about creating, protecting and exploiting competitive advantages and ensuring a decent profit for the firm. Therefore, to earn and retain the profit margin, the firm must do something that its competitors cannot, thus, benefit from the competitive advantage. The existence or absence of competitive advantage constitutes a divide as far as the strategies go. Persuing operational efficiency is very critical for companies in markets where the competitive advantage is nonexistent. However, operational efficiency should not be confused with strategies, which are tactical in nature. Operational efficiency is more internally focused on the systems and practices, while strategies, on the other hand look outward at the marketplace and understand the moves of the competitors. Strategic decisions imply long-term commitments of an organisation. They require large allocation of resources. Changing strategies is like changing the course of an aircraft.

A firm may have a competitive advantage by having a low cost structure that cannot be duplicated by its potential rivals. Such a cost advantage can accrue to the firm due to either

lower input cost or proprietary technology. The competitive demand advantage requires customers to be captive in some degree to the incumbent firm and this captivity or loyalty of the customers offers a distinct advantage to the firm. There are several reasons for customer captivity. Habits lead to customer captivity. Customers are captive to their current brand suppliers because it takes substantial time, money and effort to get accustomed to the new supplier. Software is an example of this phenomenon.

The competitive advantage of economies of scale depends not on the absolute size of the dominant firm but on the size of the difference between it and its rivals. Growth of a market is generally the enemy of competitive advantages based on economies of scale. There are three basic steps involved in assessing competitive advantages. They are

i. The competitive land scope and the identified players
ii. Test for the existing market share in each market
iii. Identify the likely nature that might exist

Markets expose many factors about the functioning of the corporate sector. Market is a combination of different customer's desires and dreams. To meet the customers demand is not an easy task. In the competitive global digital economy, every nation should redesign their policies and programmes of their governments. The economy must be built up with high productivity levels. High productivity levels will be met by the nation with only knowledge workers. Knowledge workers have high degrees of expertise, education, or experience, and the primary purpose of their jobs involves the creation distribution or application of knowledge. They are highly educated or experienced, hate being told what to do, and are relevant to share knowledge. They usually have good reasons for working in their own way, although they are likely to become clear only after detailed surveillance. Peter drucker defined a knowledge worker as "someone who knows more about his or her job than anyone else in the organisation does". The organisational success depends on the innovativeness and productivity of these workers within their organisations. In the advanced economies are knowledge workers whose primary tasks involve manipulation of knowledge and information. Knowledge intensive companies are the most successful in the US and other leading countries and have generated growth in most of their economies in the last couple of decades. Therefore, many countries are transforming their economies into knowledge economies. Knowledge workers are like horses that pull the plough of economic progress. They are responsible for sparking innovation and growth in organisations. They invest in new products and services, design marketing programmes, and plan strategies. If

companies are more profitable and strategies are more successful, it is because knowledge workers have done their work in a more productive and effective manner. They help the society to advance. They tend to be closely aligned with the organisations growth prospects. Therefore, without knowledge workers there would be neither any new products and services nor any growth. The knowledge workers are critical to the success of almost any organisation, but they present unique challenge as well. Unlike the traditional workers, knowledge workers primarily rely on their intelligence rather than their physical abilities in their jobs. THE following data will reveal about the India position in various aspects of global competition of the business.

Statistical information about India

- Competitiveness aspect India occupied 5th place in global market.
- Globalization is a worldwide battle for talent.
- 66 robots introduced by Maruti in manufacturing process of vehicles.
- The research and development commitment in India is 157 dollars per million, 4099 dollars in the United States 2800 dollars South Korea and in china 589.
- India produced 25 lakhs graduates every year.
- India produces 6 lakhs engineering graduates every year
- India is estimated to produce a little over 5 dollars per person as compared to Thailand 11 dollars, 20 dollars in Mexico.
- India produces 1, 20,000 management professionals every year.
- India has the second largest population of able-bodied men and women in the world. The estimated workforce is 46 crores in overall population of about 108 crores. The unemployment present rate is 9 % in India.
- 90% of Indian workforce is in unorganized market. The per capita income is 460 dollars.
- India has 10 lakhs schools, 8000 colleges, and 270 universities.
- The enrolment in elementary schools is 17 crores
- 30 lakhs teachers working in schools. Highest school dropouts in India are 39% before 5th class, 55% dropout before 8th class and 65% to junior colleges dropouts.
- 70% of workforce is illiterate and not even in primary education levels.
- In technology sophistication America occupies first rank Japan second UK third Germany fourth and Switzerland fifth place

- In business markets and capital, America occupied first rank, UK second rank Germany third rank Japan fourth place France fifth place.
- In wealth America dominates first rank Germany second, UK third, France fourth and Italy fifth position.
- Israel has the highest number of engineers per capita in the world. Twice that of Japan and USA
- Europe provides high quality education in the world.
- An average of 24 days to start up a business in Germany.
- America productivity is based on technology with 80% utilization.
- South Korea is the most advanced broadband society in the world.
- Institutions and policies Singapore occupied first rank, Finland second place us third place Canada fourth place use fifth place.
- Infrastructure Denmark occupied its place Iceland second Switzerland third Netherlands fourth Germany fifth place.

The Indian information technology sector has seen significant growth in terms of employment and revenue and is expected to provide quality employment to a large number of workers in the coming years.

Several researches were conducted in the business process outsourcing sector to study various aspects of the information technology sector.

"In the information economy the sources of productivity lie in the technology of knowledge generation, information processing and symbol communication" (CASTELLS 2001, 17).

"The transition or shift from industrial to informational economy is not the historical equivalent of the transition from agricultural to industrial economies and cannot be equated to the emergence of service economy" (CASTELLS 2001, 100).

"In the information economy, economic growth would depend on human capital and less dependent on physical capital, which was dominant in the industrial economy. There is increasing importance of highly skilled labour in the information economy" (STEHR 1999).

"With the growth of the global information economy, the potential of participation of developing nations in the global economic processes also increase. Besides, for developing countries with scarce capital resources, increases in productivity or growth can take place through information technology and can also speed up the developmental process ".(KELKAR CT AL 1991).

"If workers are to invest in specialized skills, they will either require long term employment relations or possibility of rehire with a rapid and efficient job search" (STORPER AND VENABLES 2003).

"Greater knowledge tends to raise the benefits from specialization and thus tends to raise the optimal division of labour. (BECKER AND MURPHY 1992; 1141, 1157).

"Interactions with the Indian it industry personnel suggest that export market projects are often less complex than domestic projects but are more lucrative" (BESANT AND CHANDRA 2003)

"The country's labor arbitrage has attracted the biggest IT companies and best talent pool is also providing an army of number crunchers for companies to perform an array of financial tasks in Indian centers" (ECONOMIC TIMES, OCTOBER 22, 2003).

"INDIA is a major player in many of BPO functions, not just due to its advantage in English language but also due to its institutional compatibility like, having similar legal and accounting systems, which gives it a comparative advantage" (ECONOMIC TIMES, OCT.23, 2003).

"Indian ITES BPO operating costs on average are 20% of the US costs but the telecom costs in India are 155% of the US costs" (NASSCOM 2002).

"Indian firms have moved from less to more complex, risky, investment intensive and profitable IT activities. This transition has largely been facilitated by inter firm alliance, including those of the outsourcing variety, without which it may not have been possible" (BASANT 2004).

"In recent years hiring of new IT professionals was highest in south India at 44% and lowest in eastern India at 6%." (NASSCOM 2003: 138 – 139).

"There is a shift in the IT occupation workers from system analysts and programmers to computing machine operators. This is particularly so among female workers and in states like Maharastra and Delhi. This may partly reflect that these two states are emerging as important ITES hubs and more women are being employed in this segment." (Besant and Rani 2004).

"English is not the language of speech and thought, and the English accent leaves much to be desired" (THE HINDU, MARCH 20, 2003).

"IT market can facilitate larger participation of human resources. Some of the states like ANDHRA PRADESH already have a graduate employability test to determine the suitability of an individual for the ITES AND BPO industries" (THE ECONOMIC TIMES, NOVEMBER 13, 2003)

"The high attrition rate in BPO and call centers 35-40%, forces to increase demand for housewives as they are much more committed to work and stable. ITES companies are spending huge amount money in training the personnel for more consistent employees, so that they can reduce their tangible losses both training costs and person hours" (ECONOMIC TIMES, OCTOBER 22. 2003).

"only about 21% of software professionals in software companies were women, the ratio of male to female workers in the ITES sector was 35:65" (NASSCOM, 2003).

"IT industry has a large number of small players. About 88% of the total firms have a turnover of less than rs. 10 crores. Large shares of IT firms are small entrepreneurial ventures managed by self-employed individuals. However, the industry is highly skewed in terms of share of the market: top five firms had a share of 32% in the revenues. The next top 47 firms with a turnover between 100 and 1000 crores had a share of 35%. Firms with turnover of less than 100 crore (98% of the total firms) had a share of only 11 %"(NASSCOM, 2003: 39-40)

"Private entrepreneurship can now deliver what the market needs" (Arora and Athreye 2002)

The spectacular growth in information technology in recent years placed India as the world leader in the business. The business requires best English communication skills and talent where it is available in India with spontaneously. The comparatively easy access to job, as it does not require a lot of experience or a series of academic degrees also pulls the youngsters. India is a low cost destination for several industries, where there is a scope for cost reduction strategy like the world low cost car NANO created a revolutionary provoking thoughts among the business communities. At present "AKASH" creating radical vibrations in tablet pc market segment. The device is going to provide at an affordable cost that leads to increase in the penetration of net users. The increase in surfing enhances the sales turnover to the business portals.

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