



## DIGITAL PLATFORMS FOR ECONOMIC GROWTH

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### ABSTRACT:

Digital platforms hold a central position in today's world economy and are said to offer a great potential for the economies and societies in the global south. Yet, to date, the scholarly literature on digital platforms has largely concentrated on business while their developmental implications remain under studied. The purpose of this article is to focus on digital platform on economics growth in the country. To do so, we first define what digital platforms are and differentiate between transaction and innovation platforms, and explain their key characteristics in terms of purpose, research foundations, material properties and business models. We add the socio-technical context digital platforms operate and the linkages to developmental outcomes. We then conduct an extensive review to explore what current areas, developmental goal. We later elaborate on few research questions to advance the studies on digital platforms for development: on indigenous innovation, digital platforms and institutions, on exacerbation of inequalities, on alternative forms of value, on the dark side of platforms and on the applicability of the platform typology for development.

**Key words:** -digital platform, advance technology, typology, economic growth.

### INTRODUCTION:

Digital platforms hold a central position in the business models of the largest companies in the world, transforming traditional roles in areas like employment, productivity and innovation activities. Four of the largest firms in the world in terms of market value in late 2018 were microsoft, apple, amazon and alphabet – all platform companies (cusumano et al., 2019). If adding the three other platform leaders, facebook, tencent and alibaba, these seven companies represented close to \$5 trillion in market value and were reported to account for two-thirds of the total market value of the world's 70 largest digital platforms in 2018 (unctad, 2019). Although most of these platforms have their origins in the global north and china, digital platforms are becoming important players in the global south due to increased access to devices and connectivity in these regions, with new platform companies also being established there. A good example of this is the Latin American digital platform,

mercadolibre, which started in Argentina and today operates in virtually all countries of the region.

The rise of the digital economy, defined as an economic and social phenomenon facilitated by platforms, has engendered an ideological shift in business practices and consumer choices (chen et al., 2020). These models are frequently referred as “by-demand” or “on-demand” business models in which services are provided from one entity to numerous buyers. Examples range from vehicle-sharing services to short-term rental companies (benjaafar and hu, 2019; klarin and suseno, 2021). Other examples of new e-business models in this context leverage resource-sharing strategies, social media e-commerce, crowd funding, shared mobility and crowd sourcing systems, often coupled with online delivery capabilities. The new business models are profoundly changing the way we live, work, socialize and create value, and enable platform companies to earn profit in this hypercompetitive market (eckhardt et al., 2019).

While, several on-demand models are becoming ever more popular, pricing strategy acts as an important factor that affects the benefits of both customers and service providers.

Two types of platform modes, customer-to-customer (c2c) and business-to-customer (b2c) sharing, have emerged in which customers receive products and services through a third-party platform (dai and nu, 2020). Platform models make the supply chain more efficient, agile, and customer-focused through digitization, artificial intelligence (ai) and information and communication technology (ict), and big data analytics, and thus effectively enhancing network effects.

Data analytics not only help providers to operate their activities and thus their performance, but also enhance the forecasting of economic effects, such as inflation, unemployment, or housing prices, among others (richthofen and wangenheim, 2021). Platform economy is the new form of capitalism therefore it has caused several concerns for customers and digital platforms in terms of pricing strategy, privacy, safety, risk of fraud and customer loyalty (xu et al., 2021).

#### **MERITS OF DIGITAL ECONOMY :**

Digital economy has given rise to many new trends and start-up ideas. Almost all of the biggest companies in the world (google, apple, microsoft, amazon) are from the digital world. Let us look at some important merits of the digital economy

##### **1. Promotes use of the internet**

If you think about it, most of your daily work can today be done on the internet. The massive growth of technology and the internet that began in the USA is now a worldwide network. So there is a dramatic rise in the investment on all things related – hardware, technological research, software, services, digital communication etc. And so this economy has ensured that the internet is here to stay and so are web-based businesses.

##### **2. Rise in e-commerce**

The businesses that adapted and adopted the internet and embraced online business in the last decade have flourished. The digital economy has pushed the e-commerce sector into overdrive. Not just direct selling but buying, distribution, marketing, creating, selling all become easier due to the digital economy.

##### **3. Digital goods and services**

Gone are the days of movie dvd and music cd's or records. Now, these goods are available to us digitally. There is no need for any tangible products anymore. Same is true for services like banking and insurance etc. There is no need to visit your bank if you can do every transaction online. So certain goods and services have been completely digitized in this digital economy.

##### **4. Transparency**

Most transactions and their payment in the digital economy happen online. Cash transactions are becoming rare. This helps reduce the black money and corruption in the market and make the economy more transparent. In fact, during the demonetization, the government made a push for online transactions to promote the web economy.

#### **DEMERITS OF DIGITAL ECONOMY :**

##### **1. Loss in employment**

The more we depend on technology, the less we depend on human resources. The advancement of the digital economy may lead to the loss of many jobs. As the processes get more automated, the requirement for human resources reduces. Take the example of online banking itself.

##### **2. Lack of experts**

Digital economy requires complex processes and technologies. To build the platforms and their upkeep require experts and trained professionals. These are not readily available, especially in rural and semi-rural areas.

##### **3. Heavy investment**

Digital economy requires a strong infrastructure, high functioning internet, strong mobile networks and telecommunication. All of this is a time consuming and investment heavy process. In a developing country like ours, development of the infrastructure and network is a very slow, tedious and costly process.

#### 4. Risk in digital technology

As we all aware about the benefits of digital technology but on the other hand it is crucial and risk in digital technology due lacking of knowledge. Poor network connectivity, rising of fraud cases in digital transaction is a cause of concern. Tribes and backward people are not aware about the digitalization.

#### RESULTS AND CONCLUSION :

The advantages of digital platforms as a tool for the development of the regional economy are as follows:

- Consolidation of the external resources of diverse business partners, which determines the high speed and quality of managerial decisions on the development of entrepreneurial activity in the region.
- The possibility of seamless integration of new functional modules into an existing platform, showing the possibility of expanding digital platforms over time with changing needs of the socio-economic development of the region.
- Economy of scale through demand, this distinguishes the use of modern digital solutions from standard forms of doing business, when only the expansion of production capabilities led to a reduction in fixed costs of the enterprise.
- Reduction of transaction costs, the exclusion of a large number of intermediaries between producers and consumers of material goods and services.
- The growth of the platform's value with an increase in the number of users, that is, the attractiveness of the digital platform for suppliers and sellers is directly proportional to the size of the community and users of this platform, in this regard, the digital platform

must be dynamic and well scalable for the changing segment of consumers with a convenient and multifunctional user interface.

- Increase in return as the network effect of the digital ecosystem growth, this advantage follows from the previous one, when an increase in the use of the digital platform leads to an increase in the profitability of each individual network user.
- Possibility of rapid monetization and capitalization of the service, this is determined by the relevance of the benefits and services offered by the platform, a large number of users, which affects the popularity of the platform among advertisers, partners and stakeholders.
- Control over all the business processes of the digital ecosystem, the platform owner has the ability to track any changes in user mood, regulate real-time conflicts in the system and use artificial intelligence technologies to predict future problems and anticipate their timely resolution.

Thus, we can conclude that the introduction of digital platforms into the economic system will indeed be a driver for the development of the regional economy due to faster and better satisfaction of the needs of owners, participants, users and stakeholders of electronic platforms. At the same time, special attention should be paid to creating the conditions for entrepreneurs and organizations of any size to enter the digital market of all sectors of the regional economy, actively using the identified advantages of digital platforms to create an open innovative technology market.

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