

## **ABSTRAK**

Currently, MSMEs still have an important role in development and economic growth in Indonesia and are a solution to the unemployment problem in Indonesia which automatically opens up income for the Indonesian people. During the Covid-19 pandemic, MSMEs in Indonesia experienced major problems. Many MSMEs were forced to close due to being constrained by the pandemic. The digital economy is a business that is carried out through virtual media with the exchange of values, transactions and relationships between actors carried out online. Digital literacy is used as a moderation to see whether digital literacy can have a positive or negative effect on digital economic variables in increasing MSME income in Grobogan Regency.

This study aims to test the effect of the digital economy on MSME income in Grobogan Regency with digital literacy as a moderating variable. This study uses a descriptive quantitative method with the sample used being MSME actors and using internet media in their business activities both in promotional activities or transactions. The number of samples in this study was 125 respondents. The analysis tool used was SmartPLS version 4.0. The results of this study prove that the digital economy has a positive and significant effect on MSME income in Grobogan Regency City. And the role of digital literacy is significant in moderating the relationship between the two variables, thus indicating that MSME income will increase if digital literacy is maximized.