State of India's Digital Economy

Originally published by: IPCIDE PROSUS Indian Council for Research on International Economic Relations (ICRIER)

Introduction:

The **State of India's Digital Economy** (SIDE) **Report** assesses and analyzes India's digital transformation using data, information, and evidence tailored to the Indian environment. The report breaks from the global study norm in this regard. While global indicators seek breadth rather than depth by selecting measures that are widely available across many nations, the SIDE study focuses primarily on those metrics that are important for understanding India's digital economy. The same data is then discovered for countries used as comparisons. The paper also offers comparisons at the sub-national level.

Key Highlights:

- India is witnessing a steady growth in its digital growth
- India is the second largest and the fastest growing telecommunications market in the world.
- Indians are the most intensive mobile data users, spending very close the average of user in G20 countries.
- Pandemic has been a significant push – it has narrowed the digital divide and accelerated the business connectivity.
  - Although there has been disparity across various sectors.
  - Schools have seen a slower growth online, whereas police stations and sub-registrar's offices has seen a significant growth across the country.
- Rural users have overtaken urban users in internet user numbers, but there remains significantly high rural-urban disparity in internet penetration.
- There is a clear departure from average in female users of internet than other observed regions of the world.
  - India has the lowest gender parity in terms of mobile ownerships that other G20 countries, and this disparity has worsened in recent years.
- E-commerce across all activity sectors has seen the highest growth, and India is now the second biggest digital payments market.
  - India also ranks second in terms of other online activities like – E-Health, Online Learning platforms and Online Food Delivery.
- While India has shown significant improvement in digitization, there has been a massive lack in protection of these resources. India has seen rise in numbers of cybercrimes reported over the years, of which the principal number of incidents have been that of online financial frauds.
- The 5 DPIPs (Digital Public Infrastructure and Platforms) have been leading the Indian Digital Revolution.
  - Aadhar is the largest digital identity program in the world.

- - Aadhar has a achieved almost universal saturation in most of India.
  - Has been the boost for financial inclusion in the country with the Jan-Dhan-Aadhar-Mobile (JAM) trinity
- UPI launched in 2016 has been the digital payment gateway for the masses.
  - The growth if UPI has made it the dominant player in the digital payment's ecosystem with the increase in market from 2% in the 2016-2017 to 52 percent in 2021-2022.
  - P2P (Peer-to-Peer) transaction constitutes the bulk of UPI transactions in both terms of volume & value.
    - Though UPI has been criticized for burdening the banking infrastructure for minimal payments which would have been done previously in cash.
- ABDM (Ayushman Bharat Digital Mission) is the digital public ecosystem for healthcare sector.
  - Multiple DPIPs are included under this umbrella like -
    India's covid vaccination system – CoWin, eSanjeevani, ABHA, UHI.
  - CoWin registration has been the most significant push for registration of the ABDM system, and there are huge regional disparities.
  - This has been a largely public sector driven ecosystem with about 95 percent of ABHA generation has been from offline or online government facilities.

- UPYOG and DIGIT for effective online governance.
  - Urban Platform for delivery of Online Governance,
    or UPYOG to be implemented as a part of the National Urban Digital Mission (NUDM)
  - Till date 27 states and union territories have signed MoUs for implementing UPYOG.
  - Digital Infrastructure for Governance, Impact & Transformation, or DIGIT is a set of open-source protocols and code designed to build scalable and interoperable applications centered round urban governance and delivery of public services.
- Account Aggregator Framework for bridging the credit gap.
  - The Account Aggregator Framework, often known as the AA Framework, is a digital public infrastructure (DPI) that makes it easier for regulated companies to communicate financial data. The AA Framework, which is built on the Data Empower and Protection Architecture (DEPA), requires user consent to share data with account aggregators (AAs), who act as consent managers and enable data sharing based on legitimate consent from individual users.
  - The AA is still in its nascent phase with guidelines and industry usage evolving. It is yet to become a requirement.

Conclusion

India's digital economy is among the fastest-growing in the world and has considerable room to support the growth and development of the national economy. To reach this objective, however, an array of issues must be resolved, including the digital divide, a lack of digital skills, cybersecurity issues, and privacy concerns. To address these challenges and promote the growth of India's digital economy, the following government actions are suggested –

- **Close the digital divide:** by expanding broadband connectivity to rural areas and making affordable internet access available to all.
- **Workforce upskilling**: To create and implement digital skills training programs for all demographic groups, the government and business sectors must collaborate.
- **Strengthen cybersecurity and privacy**: The government must make investments in infrastructure, education programs, and a comprehensive framework for data privacy.

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