

'Digital economy, a \$1-trillion opportunity for India'

IT Ministry report details prospects to be created by tech revolution

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India can create over \$1 trillion of economic value from the digital economy in 2025, with half the opportunity originating in new digital ecosystems that can spring up in diverse sectors, says a report from Ministry of Electronics and Information Technology, in partnership with McKinsey.

"The trillion dollar economy report is the symbol of opportunity

that India offers," said Ravi Shankar

Prasad, Minister of Information Technology.

"Digital India is also an opportunity for people in digital space to do business in India. The size and scale that India offers is a big business opportunity for global companies," he added.

Contribution to GDP

Currently, India's digital economy generates about \$200 billion of economic value annually — 8 per cent of India's GVA in 2017-18 — largely from existing digital ecosystem comprising information technology and business process management (IT-BPM), digital communication services (including telecom), e-commerce, domestic electronics manufacturing, digital payments, and direct subsidy transfers, the report said.

"By 2025, India could create a digital economy of \$800 billion to \$1 trillion (value equivalent to 18-23 per cent of the country's nominal GDP). The existing digital ecosystem could contribute up to \$500 billion of economic value, but the potential economic value

for India could be as much as double that amount — almost \$1 trillion — if digital technologies are used to unlock productivity, savings, and efficiency across more diverse sectors such as agriculture, education, energy, financial services, government services, healthcare, logistics, manufacturing, trade, and transportation," the report said.

According to Prasad, while India's e-commerce market grew to \$35 billion, growing at 17 per cent year-on-year in 2018.

As much as two-thirds of that growth came from catchment areas in rural India, because "they don't have malls".

He said the work on data protection

policy has mostly been finalised, and the government is also working on a software product policy.

"Whatever policy initiatives we sought, we've

done that," he said. Prasad urged Nasscom to come up with fresh ideas as to what the government needs to do further.

The government on Tuesday came out with the first electronics manufacturing policy.

Opportunities galore

According to the report, the potential for five-fold increase in economic value from India's digital transformation by 2025 would create a rapidly growing market for a host of digital services, platforms, applications, content, and solutions.

This represents an attractive opportunity for global and local businesses, start-ups, and platform-based innovators who will be investing in emerging technologies (for example, artificial intelligence, blockchain, drones, and robotics) customised to India's needs.



Minister for Information Technology Ravi Shankar Prasad