



Data Localisation: India's Double-Edged Sword?

Key Findings and Way Forward

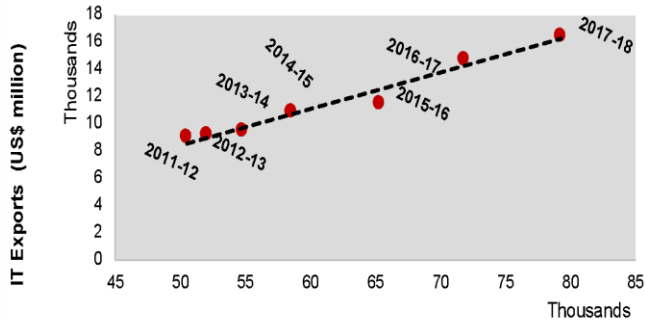
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India's Digital Services Exports

- India – leading exporter of DSE (US\$117.9 bn in 2018-19 and holds a share of 11% in the global DSE)
- Surplus digital services trade w/ US and Canada (61.2% of DSE in 2018-19)
- India's DSE growth is dependent on favourable policies abroad that ensure open market access, including the ability to transfer data across borders.
- DSE and GDP are statistically significant – **1% increase in DSE, increases GDP by 0.02%.**

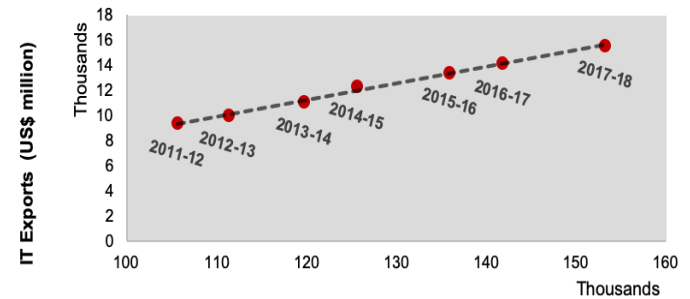
Telangana, Tamil Nadu, Delhi-NCR, Karnataka and Maharashtra's IT exports are positively correlated with their Gross State Domestic Product

Telangana



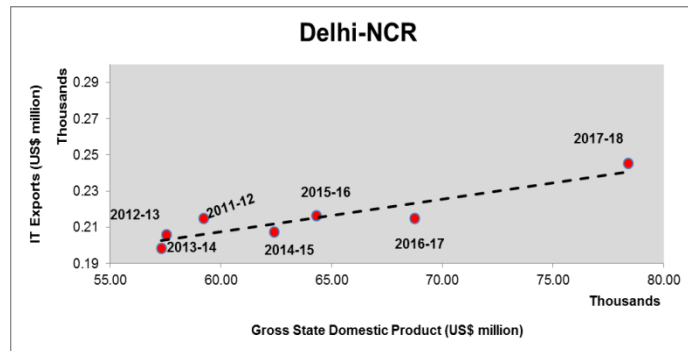
Gross State Domestic Product (US\$ million)

Tamil Nadu



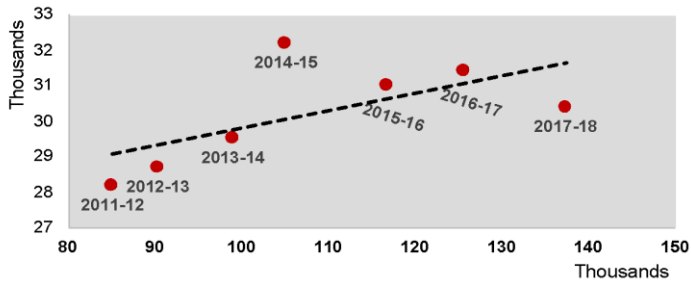
Gross State Domestic Product (US\$ million)

Delhi-NCR



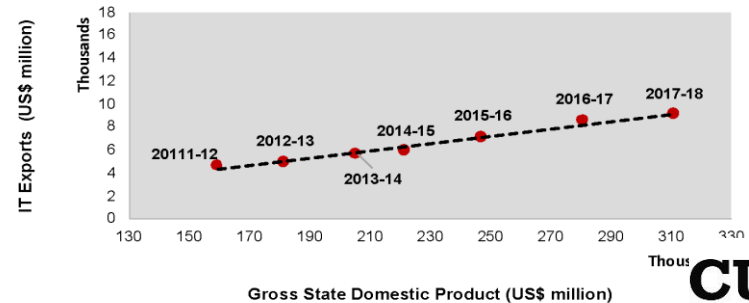
Gross State Domestic Product (US\$ million)

Karnataka



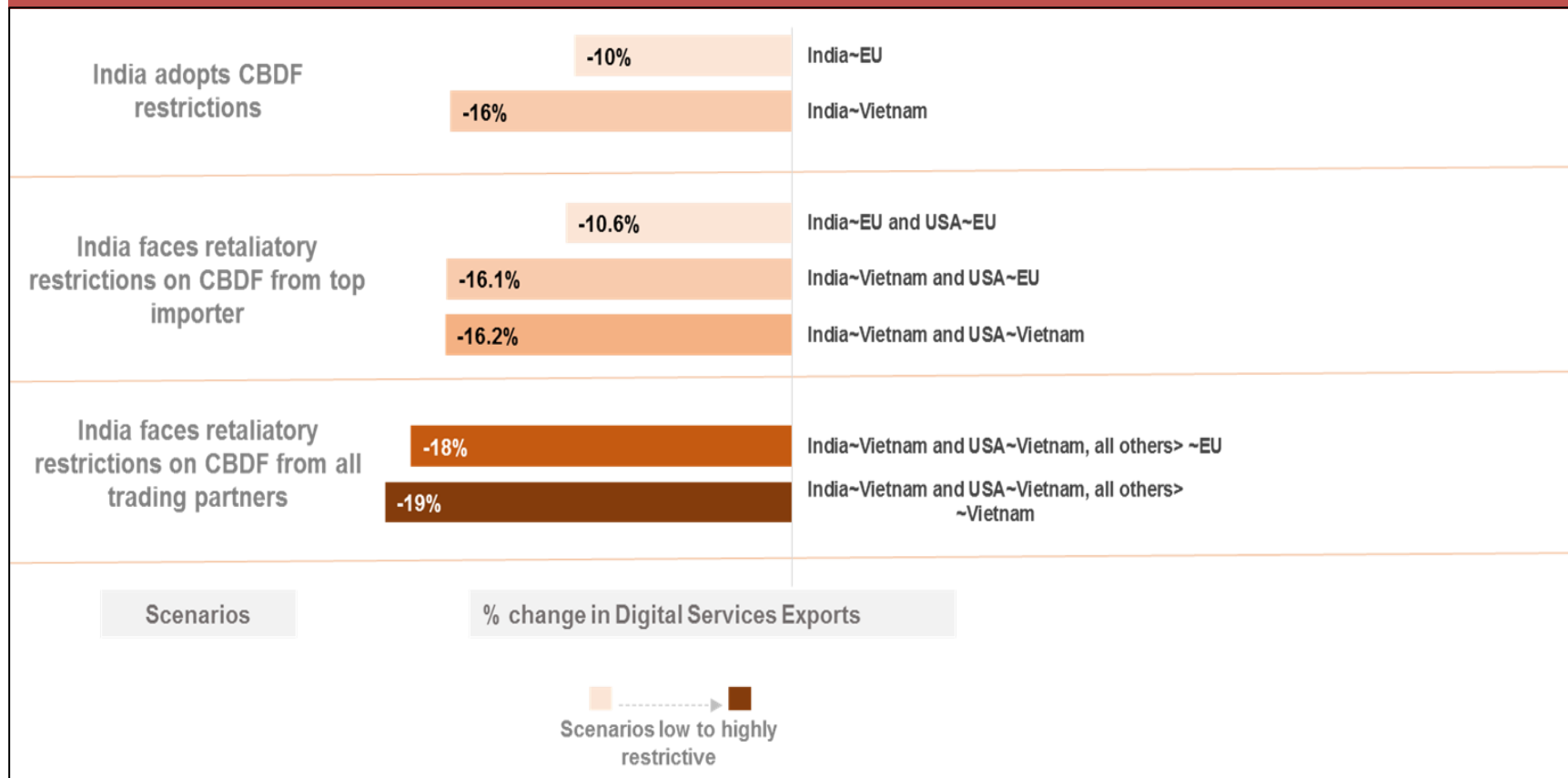
Gross State Domestic Product (US\$ million)

Maharashtra



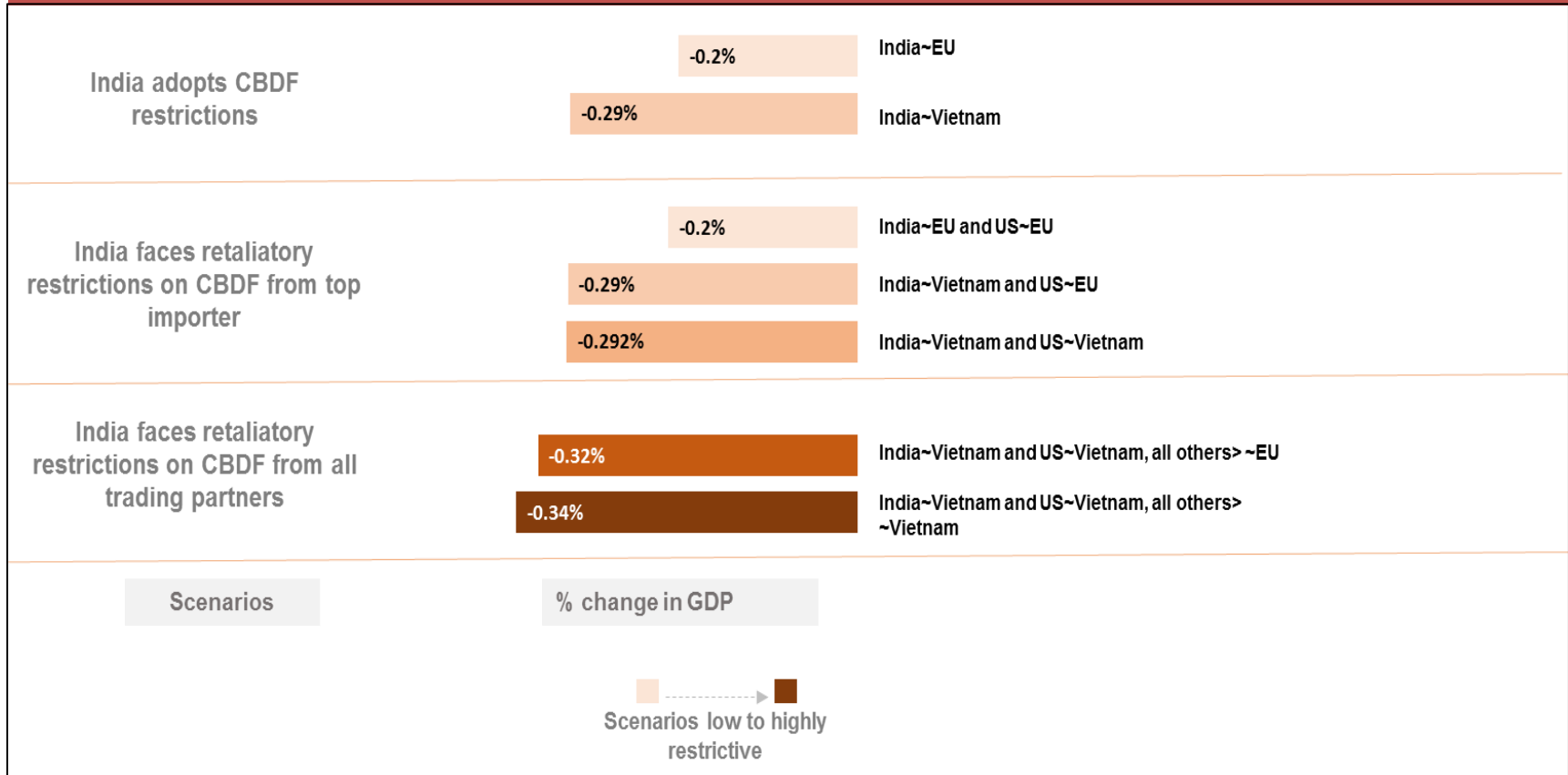
Gross State Domestic Product (US\$ million)

Impact of Restrictions on Cross Border Data Flows on Digital Services Exports under various scenarios



Impact on DSE – translates to **US\$19 billion to US\$36 billion (10% to 19%) shortfall** to US\$1 trillion digital economy objective by 2025

Impact of Restrictions on Cross Border Data Flows on GDP under various scenarios



Impact on GDP – translates to **US\$9 billion to US\$17 billion (0.2% to 0.34%) shortfall** to US\$5 trillion economy objective by 2025

Other Impact Areas

Investment*	Loss of US\$18 billion in 2025
Welfare*	Loss of US\$2.4 billion in 2025
Innovation and Startups	Ability of scaling up globally and participating in global value chain would be compromised
Compliance Costs	Restructuring and redefining business processes and system architecture would create financial and operational consequences
Data Centres	Increased demand for data centres in India, but fewer employment post-construction

* Under complete data localisation

THANK YOU

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