PRESERVING INDIA’S DIGITAL ATMANIRBHARTA
NEED TO LOOK BEYOND DATA LOCALISATION

ROLE OF INFORMATION TECHNOLOGY-BUSINESS PROCESS MANAGEMENT (IT-BPM) INDUSTRY IN INDIA’S ECONOMIC PROGRESS

India’s digital trade is expected to grow more than 14-fold by 2030, from USD 35bn currently.

Contribution of IT-BPM Industry to India’s USD 1tn Digital Economy Target by 2025

Contribution of IT-BPM Industry to USD 1tn Digital Economy Target by 2025

25% from IT-BPM Industry

Between USD 280bn to USD 350bn

2025 (P)

USD 167 bn

Revenue of India’s IT-BPM Industry

ADVANCING INDIA’S GDP AND INNOVATION AND PROMOTING STATE’S GDP

Positive Correlation* Links between India’s Digital Services Exports and GDP, Number of Start-ups and Number of Patents filed

GDP
0.78

Start-ups
0.63

Patents
0.91

Correlation Links between State’s GDP and IT Exports

0.64
0.91
0.99

*Correlation does not mean causation
THE SCENARIOS ESTIMATES THE IMPACT OF VARYING DEGREES OF CROSS BORDER DATA FLOWS (CBDF)
RESTRICTIONS ON INDIA’S DIGITAL SERVICES EXPORTS AND GDP WHETHER THEY ARE IMPLEMENTED BY
INDIA, OR ITS TRADING PARTNERS, IN RETALIATION

~ denotes that CBDF restrictions are equivalent in the mentioned country
Vietnam: Hard Restrictions
EU: Soft Restrictions

INDUSTRY’S PERSPECTIVE AND EXPERIENCE

Privacy and Security of Data:
Not dependent on the physical location of the servers.

Start-up Ecosystem:
Ability to scale up globally and participate in the global data value chains would be compromised.

Compliance Costs:
Restructuring business processes and system architecture would create financial and operational consequences on businesses.

Data Centres:
Demand for data centres in India will increase, but fewer employment opportunities post-construction.

INVESTMENTS AND WELFARE

Domestic Investment
USD 18bn

Welfare (Wage)
USD 2.4bn

Under complete data localisation, investments and welfare will decline in 2025.

Scenarios

India adopts CBDF restrictions
% Change in Digital Services Exports
-10% India~EU
-16% India~Vietnam

India faces retaliatory restrictions on CBDF from top importer
-10.6% India~EU and USA~EU
-16.1% India~Vietnam and USA~EU
-16.2% India~Vietnam and USA~Vietnam

India faces retaliatory restrictions on CBDF from all trading partners
-18% India~Vietnam and USA~Vietnam, all others>~EU
-19% India~Vietnam and USA~Vietnam, all others>~Vietnam

Assumptions
% Change in Digital Services Exports
-0.2% India~EU
-0.29% India~Vietnam

-0.2% India~EU and USA~EU
-0.29% India~Vietnam and USA~EU
-0.292% India~Vietnam and USA~Vietnam

-0.32% India~Vietnam and USA~Vietnam, all others>~EU
-0.34% India~Vietnam and USA~Vietnam, all others>~Vietnam

% Change in GDP

India~EU
-0.29%

India~Vietnam
-0.292%

India~Vietnam and USA~EU
-0.29%

India~Vietnam and USA~Vietnam
-0.32%

India~Vietnam and USA~Vietnam, all others>~EU
-0.34%

India~Vietnam and USA~Vietnam, all others>~Vietnam

This translates to USD 19bn to USD 36bn (10-19%) shortfall towards USD 1tn digital economy objective by 2025.

This translates to USD 9bn to USD 17bn shortfall towards USD 5tn economy objective by 2025.