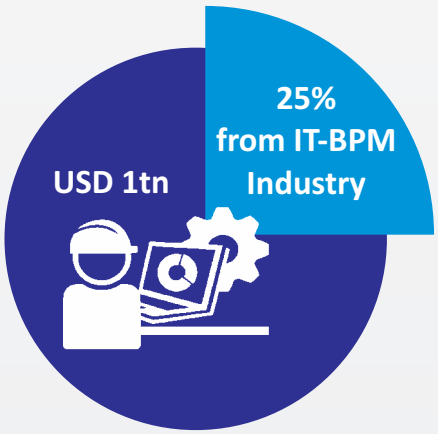
PRESERVING INDIA'S DIGITAL ATMANIRBHARTA
NEED TO LOOK BEYOND DATA LOCALISATION

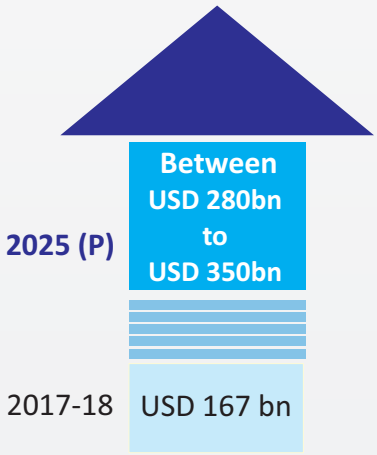
CUTS International

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





Revenue of India's IT-BPM Industry

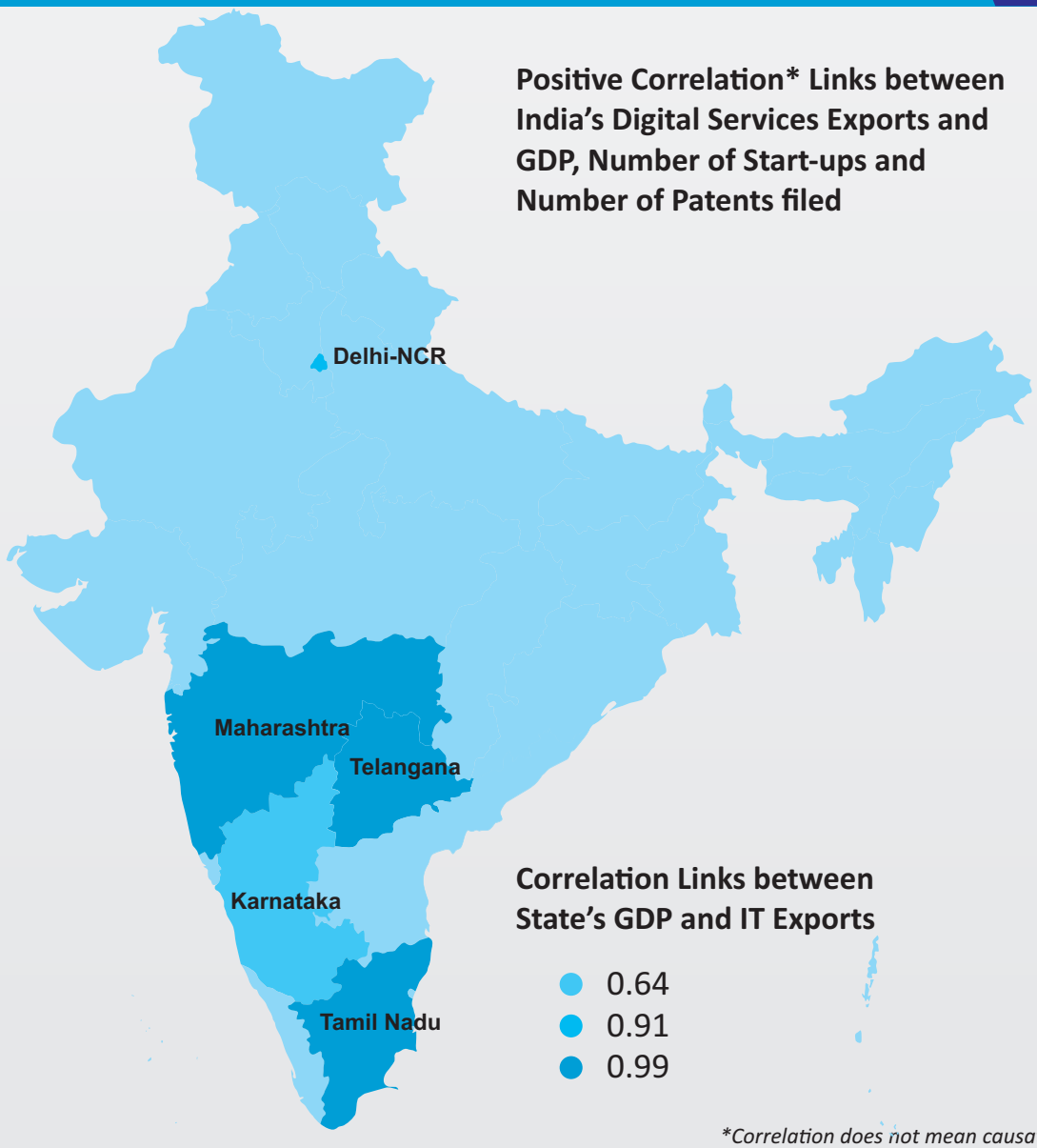
ADVANCING INDIA'S GDP AND INNOVATION AND PROMOTING STATE'S GDP

GDP **0.78**

Start-ups **0.63**

Patents **0.91**

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



Correlation Links between State's GDP and IT Exports

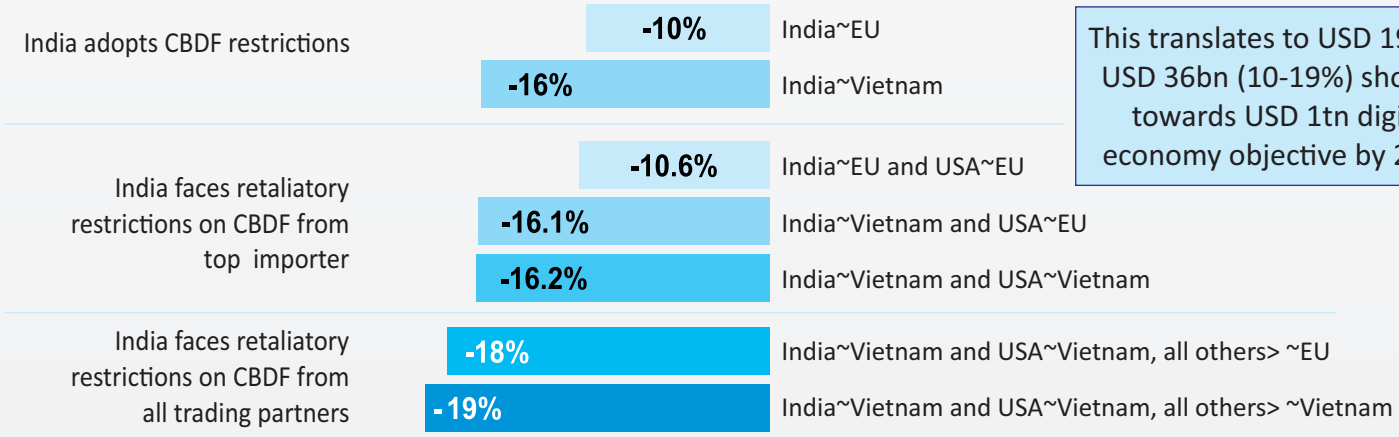
- 0.64
- 0.91
- 0.99

*Correlation does not mean causation

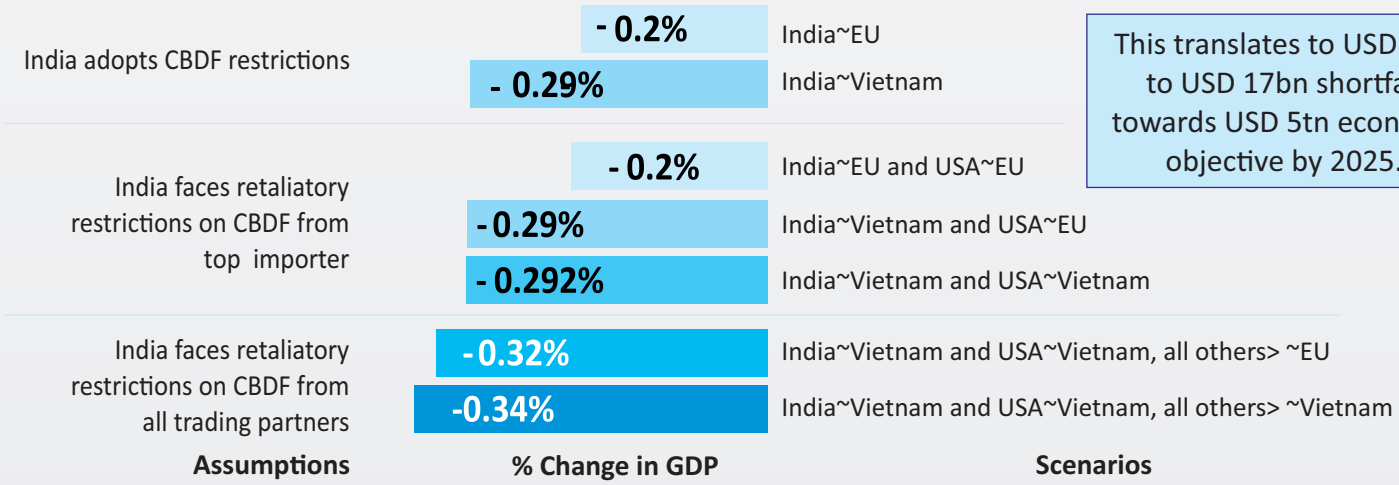
IMPACT ON DIGITAL SERVICES EXPORTS AND GDP

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

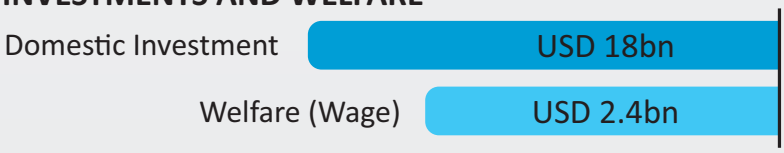


This translates to USD 19bn to USD 36bn (10-19%) shortfall towards USD 1tn digital economy objective by 2025.



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

INVESTMENTS AND WELFARE



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

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.

For any questions or queries, please contact:
UDAI S MEHTA, usm@cuts.org | KAPIL GUPTA, kgu@cuts.org

www.cuts-international.org
https://cuts-ccier.org/understanding-impact-of-data-localization-on-digital-trade/