



Digital Trade

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According to a digital trade report released by Hinrich Foundation (a philanthropic organization) and the All India Management Association (AIMA), **digital trade** is likely to create Rs. **3,331 thousand crore** economic opportunity for India **by 2030**.

Digital trade encompasses digitally-enabled transactions of trade in goods and services that can either be digitally or physically delivered, and that involve consumers, firms, and governments.

Example includes purchase of a book through an on-line marketplace, or having an online access to some data.

All India Management Association

- The All India Management Association (AIMA) is the **apex body for management in India** with over 37000 members and close to 6000 corporate /institutional members through 68 Local Management Associations affiliated to it.
- It is a non-lobbying, **a not for profit organisation**, working closely with industry, Government, academia and students, to further the cause of the management profession in India.
- It is **located in New Delhi**.

Key Findings

- The report also predicted that **value-added** to India's domestic sectors through digital trade could grow over **14-fold** by 2030.
- The **export value** of virtual goods and services enabled by the digital economy, such as e-commerce, account for \$58 billion in 2018-19, making it India's second largest export sector.

In such a scenario, it is estimated that India's digital exports could **grow by 238%** from today's levels to touch \$197 billion by 2030.

- Digital trade can enable Indian firms to **reduce the cost of storing data**, improve business practices, generate richer business insights, and enter new markets.

- Digital trade can also facilitate the more **efficient management of global supply chains** (e.g. tracking of export containers using Internet of Things technology).
- Many countries are adopting digital trade rules that could undermine the digital trade opportunity for India.

Concerns

- India is contemplating an umbrella legislation on data protection. A 10-member expert group headed by former Supreme Court judge B.N. Srikrishna has submitted **the draft Personal Data Protection Bill, 2018**, to the Ministry of Electronics and Information Technology. The committee has **recommended** setting up of a data protection authority and placing restrictions on cross-border data flows.
- India is also opposed to joining any global deal on e-commerce with the Prime Minister **refusing to sign the Osaka Track**, an overarching framework promoting cross-border data flow, at the recently held **G-20 summit**.
- Many businesses, particularly **small and medium enterprises (SMEs)**, often lack the resources to research international sales opportunities, build global business networks and promote their products overseas.

Steps to be Taken

- To maximise the positive impact of digital trade, issues such as undue red tape on digital enterprises, restricted cross-border data flows, and **imbalanced copyright and intermediate liability regulations**, need to be addressed.
- Good regulatory frameworks are essential to address issues such as privacy and cybersecurity.
- Minimizing border frictions (e.g. imposition of customs duties on digital goods) and enable open data flows (e.g. creating an internationally interoperable privacy rules system).
- Enabling cross border data flows and clarifying the framework for processing and storing data will be required to further expand the contribution of digital exports.
- The report has suggested that countries should adopt the **APEC (Asia-Pacific Economic Cooperation) Privacy Framework** and join the APEC Cross Border Data Privacy Rules System, besides adopting the International Organization for Standardization (**ISO Standards**), which specify controls to protect personal data.

Way Forward

There is an opportunity for India to play a leading role, not only at home, but also abroad in pushing for facilitative digital trade rules in its various bilateral and multilateral trade negotiations.

Source: HBL