



State of India's Digital Economy (SIDE) Report 2024

For Prelims: State of India's Digital Economy (SIDE) Report 2024, [Digital India](#), [BharatNet](#), [Open Network for Digital Commerce](#), [5G rollout](#), [Skill India Digital Hub](#), [India's Atma Nirbhar Bharat vision](#), [Ayushman Bharat Digital Mission](#).

For Mains: Key Drivers of India's Digital Growth, Key Issues Associated with India's Digital Growth.

[Source: PIB](#)

Why in News?

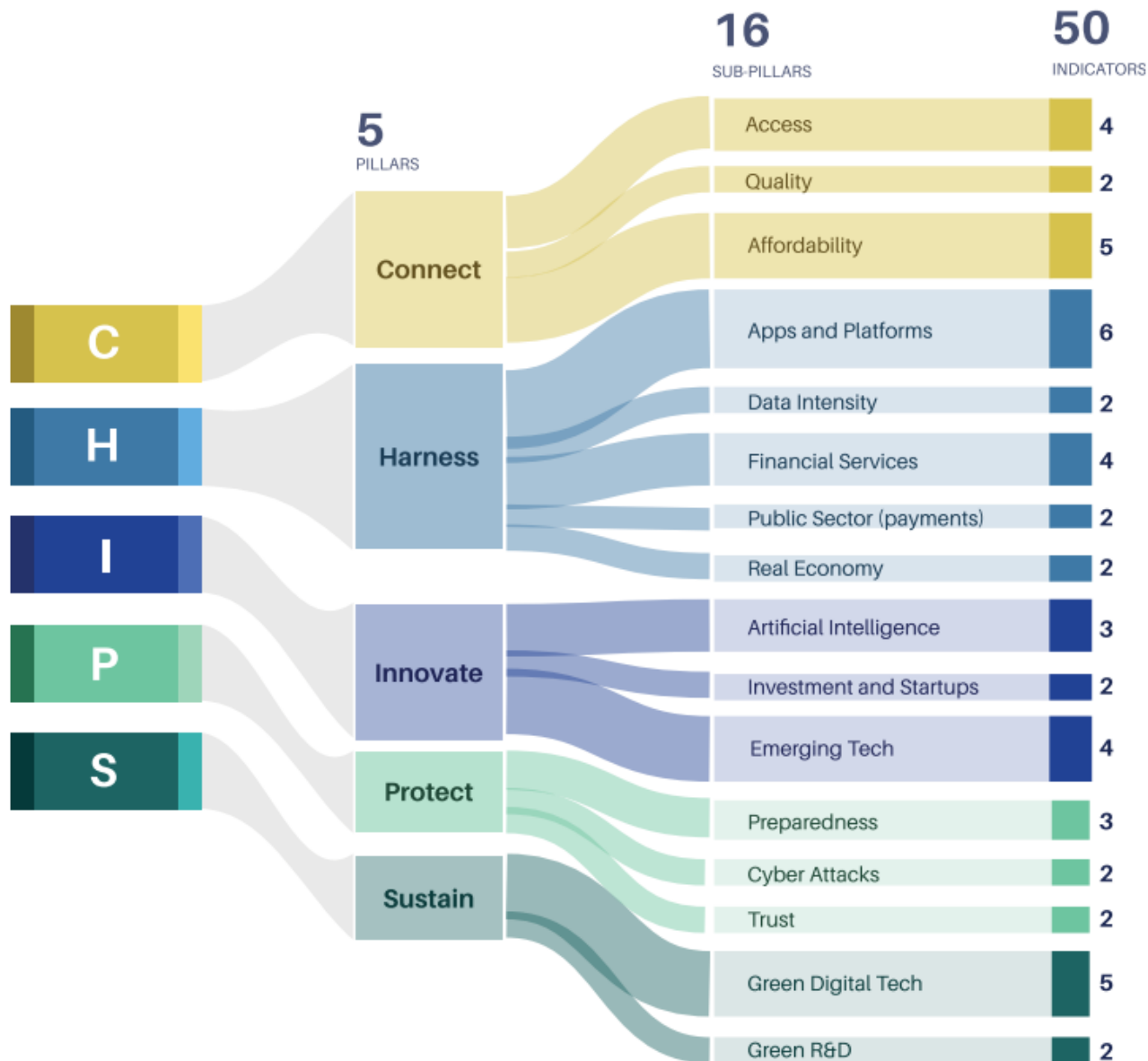
The **State of India's Digital Economy (SIDE) Report 2024**, published by the **Indian Council for Research on International Economic Relations (ICRIER)** and based on a study by the **Ministry of Electronics and Information Technology (MeitY)**, provides a comprehensive analysis of **India's digital economy**.

What are the Key Highlights of State of India's Digital Economy Report 2024?

- **India's Digital Economy Standing:** India is the **3rd largest digitalized** (behind the **US and China**) economy in the world **in terms of economy-wide digitalisation**.
 - It **ranks 12th** among **G20** nations in terms of **digitalisation of individual users**, indicating **lower average user digitalisation**.
- **Contribution of Digital Economy:** In 2022-23, the **digital economy** contributed **11.74%** to **GDP**, with projections to **rise to 13.42% by 2024-25**.
 - It **employs 2.55%** of the workforce with **productivity 5 times higher than the overall economy**.
- **Future Projection:** **By 2029-30**, the digital economy is expected to contribute **one-fifth (20%) of GDP**, surpassing agriculture and manufacturing.
- **Sectoral Breakdown:** The traditional **ICT sector** is the largest contributor to the digital economy, while new digital industries, including **Big Tech and platforms**, account for nearly **2% of GVA**.
- **State-Level Disparities:** **Richer states** like Karnataka, Maharashtra, Telangana, Gujarat, and Haryana exhibit higher **digitalisation levels compared to poorer states**.

CHIPS (Connect-Harness-Innovate-Protect-Sustain):

- The **CHIPS (Connect-Harness-Innovate-Protect-Sustain)** framework, introduced in the SIDE 2024, offers a **comprehensive approach to measuring digitalization**, focusing on **outcomes and risks**.
- Unlike traditional indices that emphasize internet access, the CHIPS framework includes **5 pillars (Connect, Harness, Innovate, Protect, Sustain)** and **50 indicators**, enabling comparisons at both **national and sub-national levels**.



Source: IPCIDE Research

What are the Key Drivers of Digital Economy Growth in India?

- **Expanding Digital Infrastructure:** India's digital infrastructure is bridging urban-rural divides and fueling a vibrant digital economy.
 - Initiatives like [BharatNet](#) are providing **high-speed internet to rural areas**, while the **5G rollout** is enhancing **digital adoption, e-governance, e-commerce**, fintech and IT services especially in underserved regions.
 - Programs like [Open Network for Digital Commerce \(ONDC\)](#) are enabling **small businesses to enter the digital marketplace**.
- **Rising Smartphone Penetration:** Affordable **smartphones and low-cost data** have positioned India as a mobile-first economy, enhancing access to **online education, digital payments, and entertainment**.
 - Domestic manufacturing incentives are supporting India's Atma Nirbhar Bharat initiative.
- **Global Capability Centers (GCCs):** India hosts **55% of the world's GCCs**, which provide essential services like **IT support, R&D, and business process management**.

- **Start-Up Ecosystem and Innovation:** India's startup ecosystem is a major driver of digital innovation. Initiatives like [Start-Up India](#) and strong funding have helped tech startups address unique market needs.
 - **In 2024, Indian startups raised USD 30.4 billion** in funding, despite global economic challenges.
- **Digital Financial Inclusion:** Programs such as [UPI](#) and [Jan Dhan accounts](#) are transforming [financial inclusion](#) in India, especially in rural areas.
 - UPI processed Rs 23.49 lakh crores across 16.58 billion transactions in October 2024.

India's Digital Advancements

Mobile Subscriptions

India ranks second globally with 1.14 billion mobile subscriptions.

Internet Traffic

India has an average monthly data traffic of 16.9 GB, ranking third worldwide after Saudi Arabia and Russia.

5G Deployment

By the end of 2023, 10% of India's population had subscribed to 5G services, making India the second-largest market for 5G smartphones in early 2024, after China.

Digital Identity

Over 1.3 billion biometric IDs have been issued in India, enhancing digital identity.

Digital Payments

India recorded over 1,644 billion digital transactions in FY 2023-24, the highest globally.

ICT Service Exports

India's ICT services exports reached USD 162 billion in 2023, second highest globally after Ireland's USD 236 billion.

AI Projects

India contributes 23% of global AI projects on GitHub, leading in AI development.

Unicorns

India has the third-largest (after US and China) number of homegrown unicorns, showcasing entrepreneurial growth.

What are the Key Issues Associated with India's Digital Growth?

Read more: [Navigating India's Digital Growth](#)

What Steps can be taken to Strengthen and Secure the Digital Landscape in India?

Read more: [Navigating India's Digital Growth](#)

Conclusion

India's digital economy is a key driver of **economic growth and employment**. The digitalization of traditional sectors, along **with the rise of digital platforms**, is transforming industries and creating new job opportunities. With growing digital literacy, adoption **of emerging technologies, and expanding employment prospects**, India is well-positioned to lead in digital transformation, ensuring sustainable and inclusive growth.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Consider the following: (2022)

1. Aarogya Setu
2. CoWIN
3. DigiLocker
4. DIKSHA

Which of the above are built on top of open-source digital platforms?

- (a) 1 and 2 only
(b) 2, 3 and 4 only
(c) 1, 3 and 4 only
(d) 1, 2, 3 and 4

Ans: (d)

Mains

Q. “The emergence of the Fourth Industrial Revolution (Digital Revolution) has initiated e-Governance as an integral part of government”. Discuss. (2020)

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