



drishti

## Digital Transformation in South Asia

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This article is based on **South Asia's emerging digital transformation** which was published in The Hindu on 07/08/2021. It talks about the issues prevalent in South Asia and how digital transformation can help tackle such issues.

**Covid-19 pandemic** has forced South Asia to take a quantum leap in digitalisation. The shift to remote work and education has propelled an unprecedented spike in Internet penetration, with even smaller nations such as Nepal recording almost an 11% increase in broadband Internet users.

For a region with old and weak public health infrastructure, the digitisation of health-care services was a watershed moment, providing novel solutions to the public health crises. In India, Covid-19 accelerated the launch of the **National Digital Health Mission**, enhancing the accessibility and the efficiency of health-care services by creating a unique health ID for every citizen.

The pandemic-induced suspension of bricks-and-mortar businesses led to slowdown of the economic growth. In this context, it is imperative for the South Asian region to adapt to technological advancement in order to collectively fight against the main enemy (poverty) of the region.

### Technological Challenges In South Asia

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- **Digital Divide**: As one of the **world's poorest regions**, a wide digital divide persists in access and affordability, between and within the countries of South Asia.  
Despite having the **world's second largest online market**, 50% of India's population are without Internet with 59% for Bangladesh and 65% for Pakistan.

- **Exclusion of Women And Child:** With monetary and health assistance schemes distributed online, **51% of South Asian women were excluded from social protection** measures during the pandemic.
  - Children too were at the receiving end, with 88% lacking access to Internet powered home schooling.
  - This disruption could permanently put children out of school, place girls at risk of early marriage, and push poor children into child labour costing economies billions of dollars in future earnings.
- **Businesses Suffered Due to Gap in Digital Solutions:** Many South Asian firms failed to embrace e-commerce or other cloud-based technologies to survive the financial chaos of the novel coronavirus pandemic.
  - The region recorded a **64% decline in sales**, with small and women-led firms faring the worst.
  - With Covid-19 transforming work life, the acute skills gap among youth will continue, creating unemployment.

## Role of Digital Transformation in the Development of the Region

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- **Drive Development Agenda:** Digital transformation is a global imperative with adoption of advanced technologies such as **cloud computing**, **artificial intelligence**, **the Internet of things**, **Big Data**, etc., key to success.
 

From banking to manufacturing and retails, the role of digital technology is too important to be overlooked as countries embrace the digital revolution to drive their development agenda.
- **E-commerce** could drive the post-pandemic growth in South Asia, providing new business opportunities and access to larger markets.
  - In India, e-commerce could create a million jobs by 2030 and be worth USD 200 billion by 2026.
  - **Fintech** could drive significant growth and reduce poverty by building **financial inclusion**.
  - A timely, inclusive, and sustainable digital transformation can not only bolster productivity and growth but also serve as a panacea for some of the region's socio-economic divides.
- **Example of Asian Economies:** At the forefront of Asian digitalisation are countries such as Singapore, Japan, and South Korea recognised as global technological hubs.
  - Increased smartphone and Internet penetration and availability of trusted digital payment platforms, China's e-commerce industry is said to reach USD 3 trillion in 2024.
  - The digital boom in the **Association of Southeast Asian Nations (ASEAN)** economies is pushing a "**common market**" initiative, fostering regional economic integration and enhancing global competitiveness.

## Way Forward

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- **Need For a Robust Digital Infrastructure:** To reap the dividends of digital transformation, South Asia needs to address legal, regulatory and policy gaps as well as boost digital skills.
  - A robust digital infrastructure is a sine qua non and there exists a huge financing gap.
  - **India alone** needs an **annual investment of USD 35 billion** to be in the top five global digital economy and public-private partnership needs to be leveraged for the region's digital infrastructure financing.
- **Need For Proper Regulations:** Regulatory roadblocks need to be addressed as e-commerce regulations are weak in South Asia.
 

For the sector to drive growth, issues such as **customer protection, digital and market access regulation**, etc. need to be addressed.
- **Universal Digital Literacy:** There would be no digital revolution without universal digital literacy.
 

Governments and businesses need to come together to revamp the education system to meet the demand for digital skills and online platforms.
- **Need For Cyber Security:** The crossflow of data and personal information calls for stringent cybersecurity measures.
- **Increase Inter-regional Trade:** In South Asia, only a third of the inter-regional trade potential has been exploited, losing out on USD 23 billion in revenues.
 

By addressing issues such as regulatory barriers on currency flows inhibiting online payment to transport-related constraints for cross-border e-commerce activities, South Asia can emulate the European Union's Digital Single Market Proposal.
- **Collaboration needed:** Concerted collaboration at all levels is needed to push South Asia out of stagnancy and towards a digital future of shared prosperity.
  - The right blend of regulatory and physical infrastructure, skill sets and regional cooperation can lead toward a digital utopia whereas, the lack of which can breed a dystopian tomorrow.
  - Adequate support is needed for those who risk falling through the net of digital progress.
  - A shared "**digital vision**" could place the region on the right track towards the Fourth Industrial Revolution.

## Conclusion

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During the pandemic, South Asian nations joined hands to collectively battle the crises by contributing towards a **Covid-19 emergency fund**, exchanging data and information on health surveillance, sharing research findings, and developing an online learning platform for health workers.

If the South Asian nations can start walking the talk, partnership for a successful digital revolution is plausible. It will need vision, wisdom, and commitment at the highest level of the region's political leadership.

***Drishti Mains Question***

The South Asian region's post-pandemic adoption to digital life can shape its future prosperity. Discuss.

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