



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 Ministry of Electronics and Information Technology (MeitY), provides a comprehensive analysis of India's digital economy.

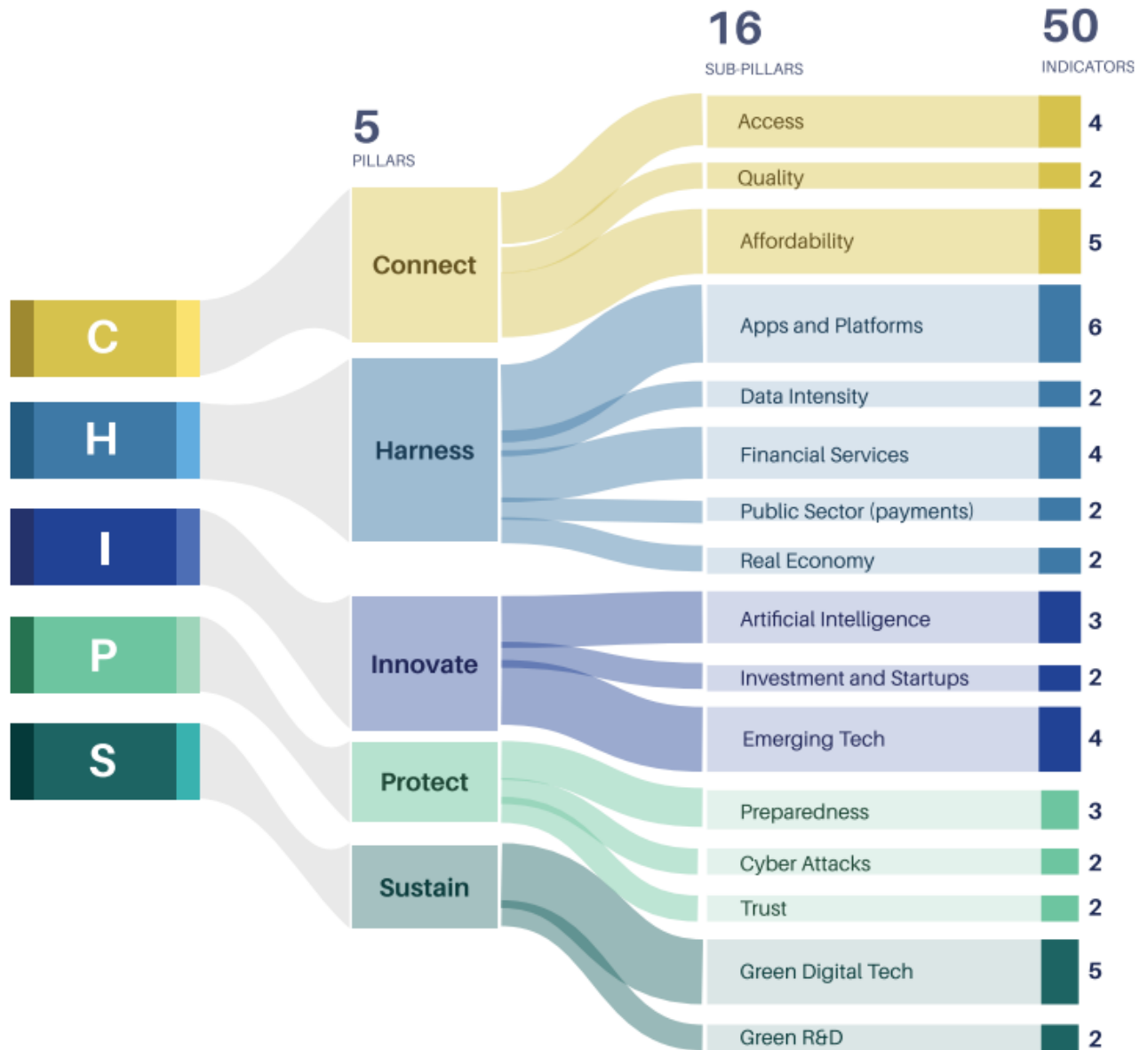
What are the Key Highlights of State of India's Digital Economy Report 2024?

- **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**.

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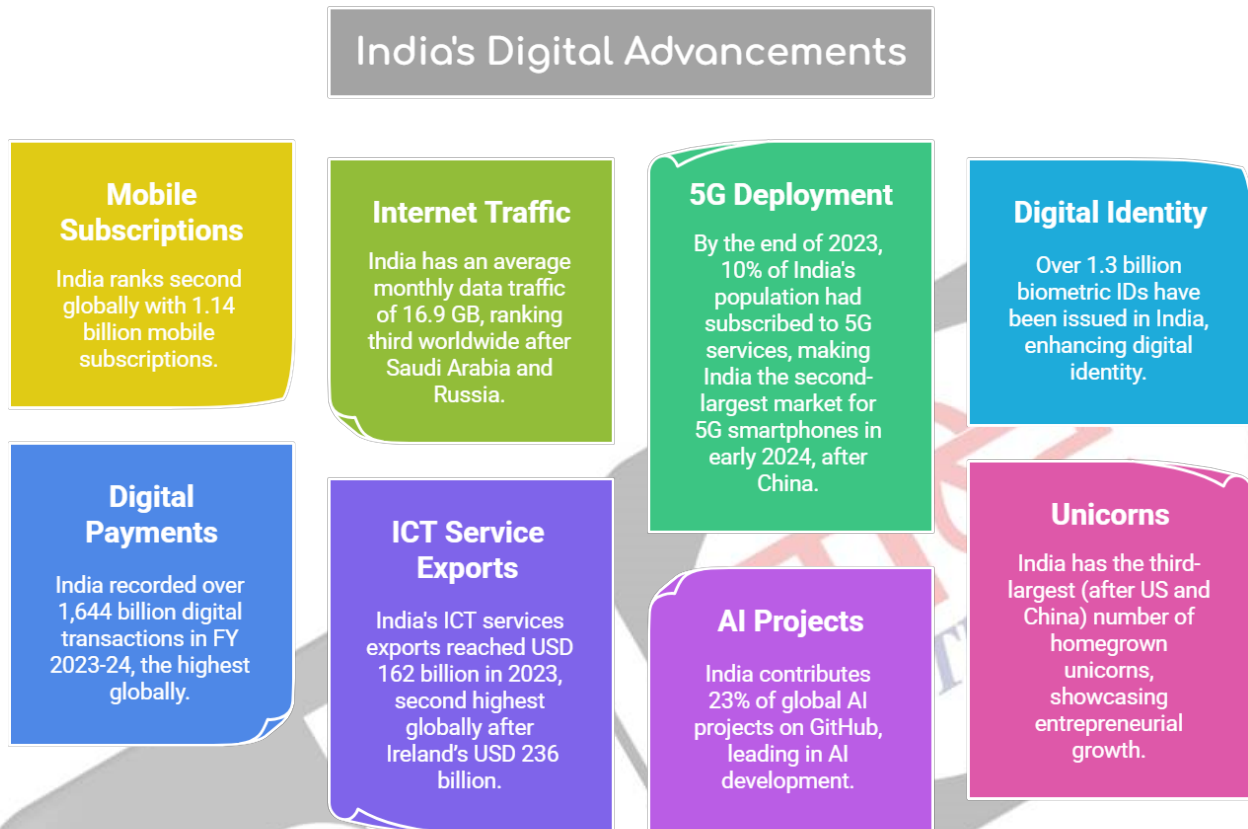


Source: IPCIDE Research

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.



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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