

**Research Unit** Press Information Bureau Government of India

# Future Ready: India's Digital Economy to Contribute One-Fifth of National Income by 2029-30

(Ministry of Electronics and Information Technology)

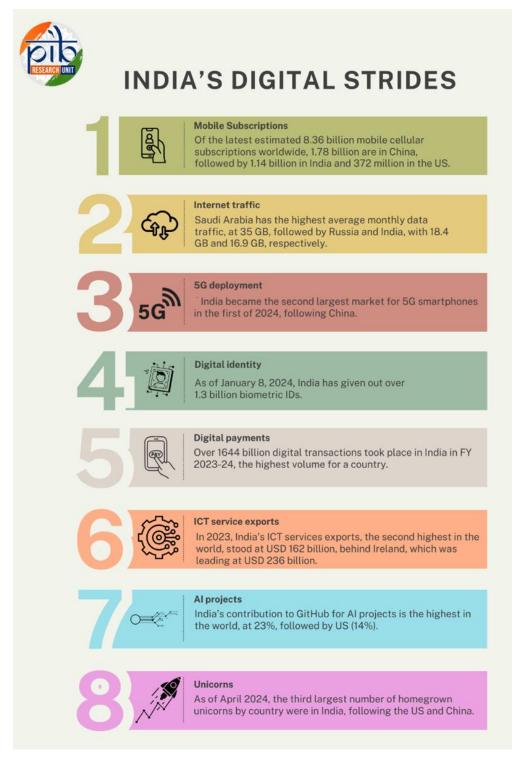
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The Indian economy has been digitalising at a remarkable pace over the last decade. Quantifying and understanding the role of the digital economy in driving economic growth, employment, and sustainable development are essential for both policymakers and the private sector. According to the State of India's Digital Economy Report 2024, India is the third largest digitalised country in the world in terms of economy-wide digitalization, and 12th among the G20 countries in the level of digitalisation of individual users.

India's digital economy is expected to grow almost twice as fast as the overall economy, contributing to nearly one-fifth of national income by 2029-30. This means that, in less than six-years, the share of digital economy will become larger than that of agriculture or manufacturing in the country. In the short run, the highest growth is likely to come from the growth of digital intermediaries and platforms, followed by higher digital diffusion and digitalisation of the rest of the economy. This will eventually lower the share of digitally enabling ICT industries in the digital economy.

India's digital economy has emerged as a significant contributor to its economic growth, accounting for **11.74% of the GDP (INR 31.64 lakh crore or USD 402 billion)** in 2022-23. Employing **14.67 million workers (2.55% of the workforce)**, the digital economy is nearly **five times more productive** than the rest of the economy. The **digitally enabling industries** such as ICT services and manufacturing of electronic components, computers, and communication equipment, which form the core, contributed **7.83% of GVA (Gross Value Added)**, while digital platforms and intermediaries added another **2% of GVA**. Furthermore, digitalisation in traditional sectors like BFSI, retail, and education added **2% of GVA**, showcasing the pervasive impact of digital transformation. Projections indicate the digital economy's share will grow to **20% of GVA by 2029-30**, outpacing agriculture and manufacturing. Key growth drivers include the rapid adoption of AI, cloud services, and the rise of global capability centers (GCCs), with India hosting **55% of the world's GCCs**. GCCs are offshore centres established by multinational corporations

to provide a variety of services to their parent organisations, including R&D, IT support, and business process management.



India's progress in digital advancements

Source: ESTIMATION AND MEASUREMENT OF INDIA'S DIGITAL ECONOMY REPORT, January 2025 (Page 15)

#### Digitalisation of traditional sectors

The primary survey and stakeholder discussions highlighted interesting facts about how different sectors are digitalising and their contribution to the revenue generated by firms. Not all aspects of businesses are digitalising uniformly. For example, retail sales are digitalising much more than wholesale sales. Firms are also investing in digital methods for customer acquisition and business development. Chatbots and AI applications are fairly commonplace.

- In the BFSI sector, over 95% of banking payment transactions are digital, but revenue-generating activities like loans and investments remain largely offline, with financial services less digitalised overall.
- **Retail** is shifting to omni-channel models, with e-tailers adding physical stores, while AI chatbots and digital inventory tools enhance efficiency.
- Education has begun adopting offline, online, and hybrid models, with most institutions favoring hybrid approaches
- **Hospitality and logistics** are embracing AI, metaverse, and digital tools, with large firms fully digitalising operations, while smaller players lag behind.

### The Way Forward

By 2030, India's digital economy is projected to contribute nearly one-fifth of the country's overall economy, outpacing the growth of traditional sectors. Over the past decade, digital-enabling industries have grown at 17.3%, significantly higher than the 11.8% growth rate of the economy as a whole. Digital platforms, in particular, have expanded rapidly, with an anticipated growth rate of approximately 30% in the coming years. In 2022-23, the digital economy accounted for 14.67 million workers, or 2.55% of India's workforce, with the majority of these jobs (58.07%) in the digital-enabling industry. Though the workforce is predominantly male, digital platforms have contributed to increasing job opportunities for women, especially in sectors where mobility and safety concerns were previously barriers.

India's digital economy is a key driver of both economic growth and employment, with an increasing role in empowering women in the workforce and creating new opportunities across various sectors. The rapid expansion of digital platforms signals an ongoing transformation that is set to shape the future of work in India.

## **References:**

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