



KAMARAJ IAS ACADEMY
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'Estimation and Measurement of India's Digital Economy' report

Published On: 23-01-2025

Context:

The **Ministry of Electronics & Information Technology (MeitY)** released the '**Estimation and Measurement of India's Digital Economy**' report. This report makes India the first among developing countries to adopt the **OECD framework** for assessing the size of the digital economy, and it goes beyond the traditional framework by also considering the digital contributions from sectors like **trade, banking, financial services, insurance (BFSI), and education**.

Findings from the Report:

1. Contribution to National Income:

- In **2022-23**, the **digital economy** contributed **11.74%** to India's national income, and this is expected to increase to **13.42%** by **2024-25**.

1. Global Digitalization Ranking:

- India is now ranked as the **third-largest digitalized country** in the world, according to the **State of India's Digital Economy Report 2024**.

1. Key Sectors and Components:

- **Digitally Enabling Industries** (such as ICT services and telecommunications) were the major contributors, accounting for **7.83%** of India's **Gross Value Added (GVA)**.
- **New Digital Industries**: Companies in sectors like **big tech** and **digital platforms** are also contributing significantly to the digital economy.
- **Digitalization of Traditional Sectors** (e.g., BFSI, education) added another **2%** to the national GVA.

1. Employment Impact:

- The digital economy provided **employment to 14.67 million workers** (about **2.55%** of India's workforce) in **2022-23**.

1. Future Projections:

- By **2029-30**, the digital economy is expected to account for nearly **one-fifth** of India's national income, surpassing the contributions from **agriculture and manufacturing**.

Recommendations:

To further strengthen India's digital economy, the report suggests the following:

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- **Universal high-quality broadband access:** Expanding broadband connectivity across the country.
- **Data Harmonization and Collection:** Addressing existing data gaps and creating more comprehensive datasets to better measure and support digital economy growth.

This report highlights India's growing digital economy and its potential to transform various sectors of the economy. With increasing contributions to GDP and employment, the digital economy is set to become a driving force in India's economic development, providing opportunities for growth and innovation across industries. The recommendations aim to foster a more robust, inclusive, and data-driven digital ecosystem.