

India's Digital Economy: Evolution, Future and Inclusion

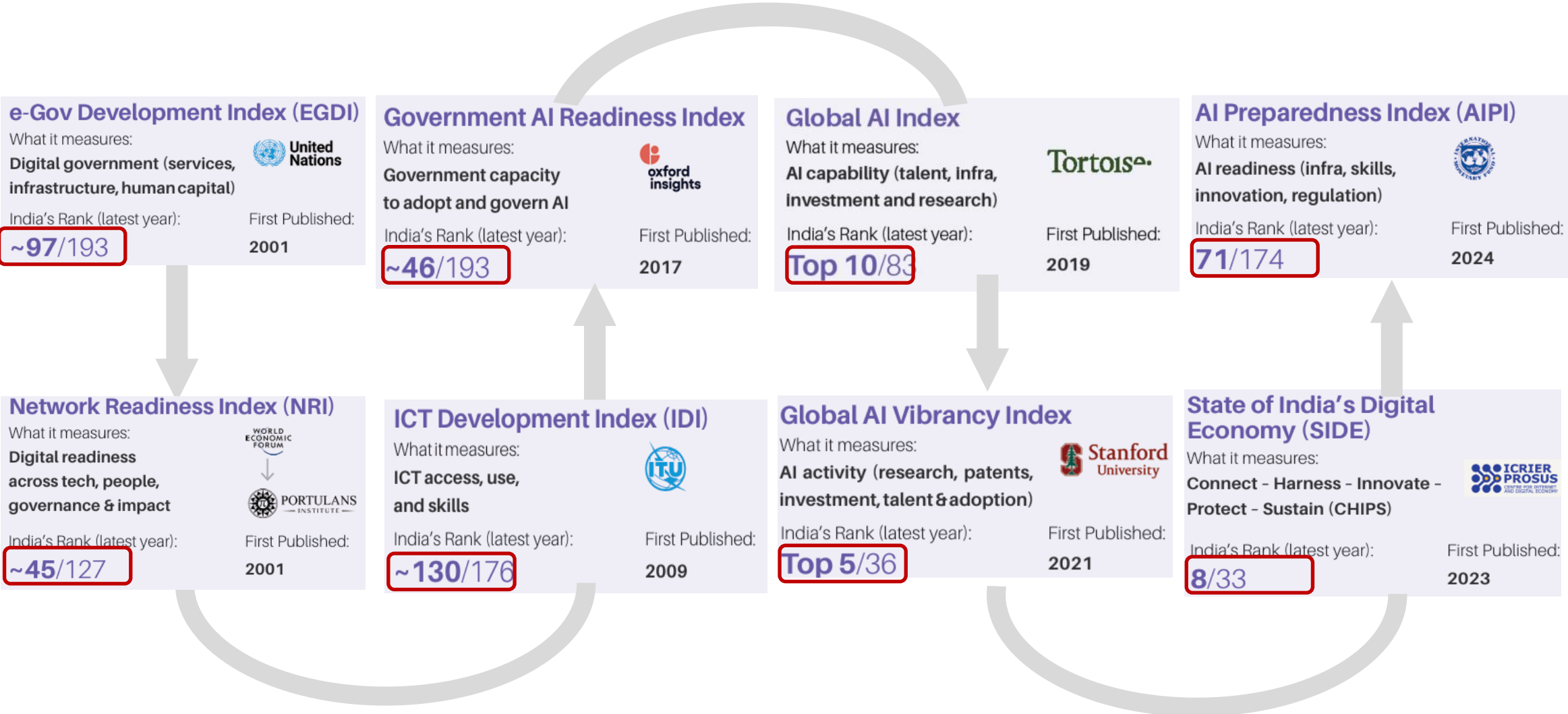
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Digital Benchmarking: A Weapon in the AI Arms Race

(The Davos Debate)



India's Position Across Key Global Digital & AI Indices



Digitalisation has made dramatic progress, but the way it is being measured has not we wanted to change that



Feb 2023



Feb 2024



March 2025



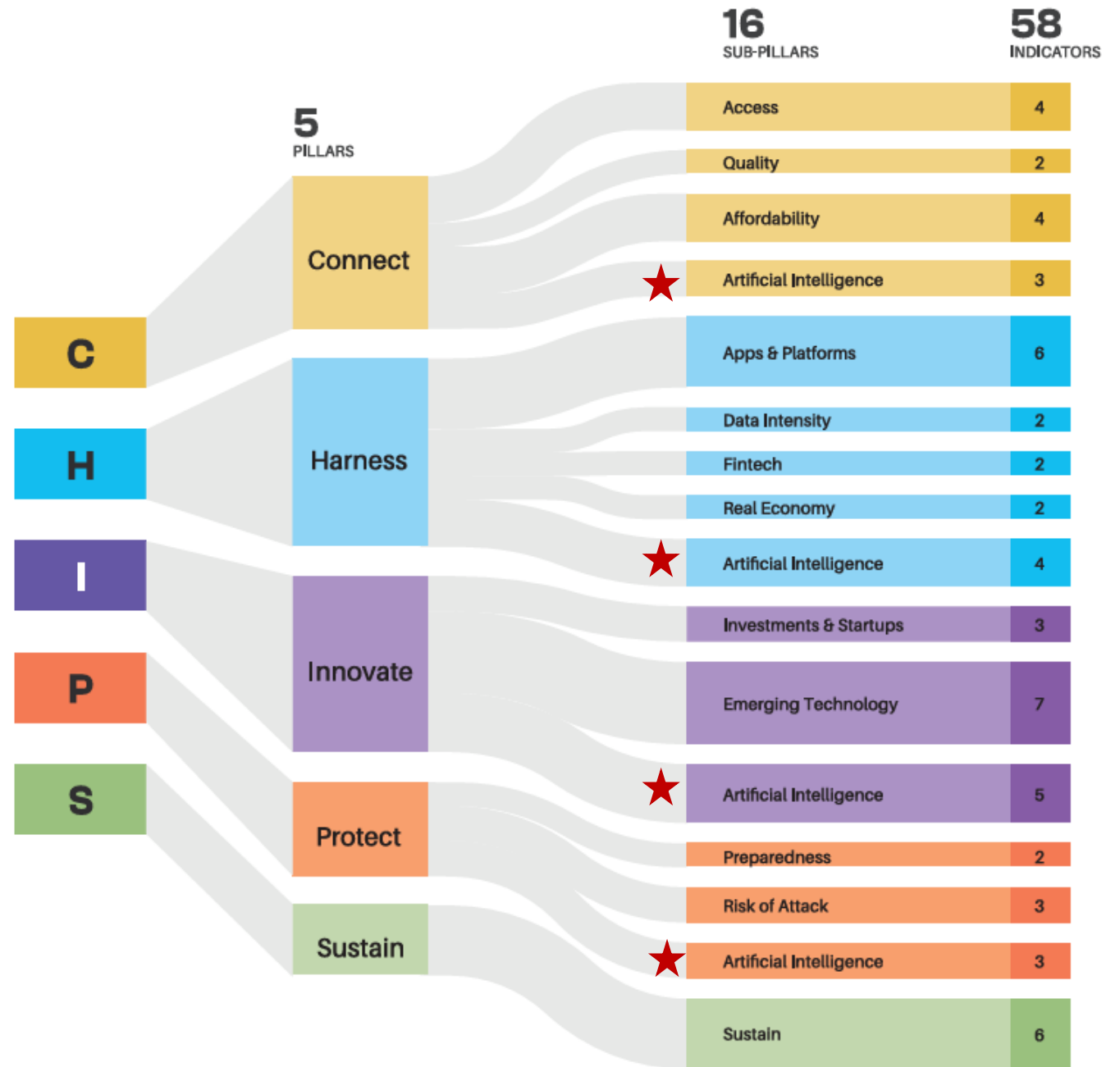
Dec 2025



May 2026

The CHIPS Framework, Upgraded for the AI Era

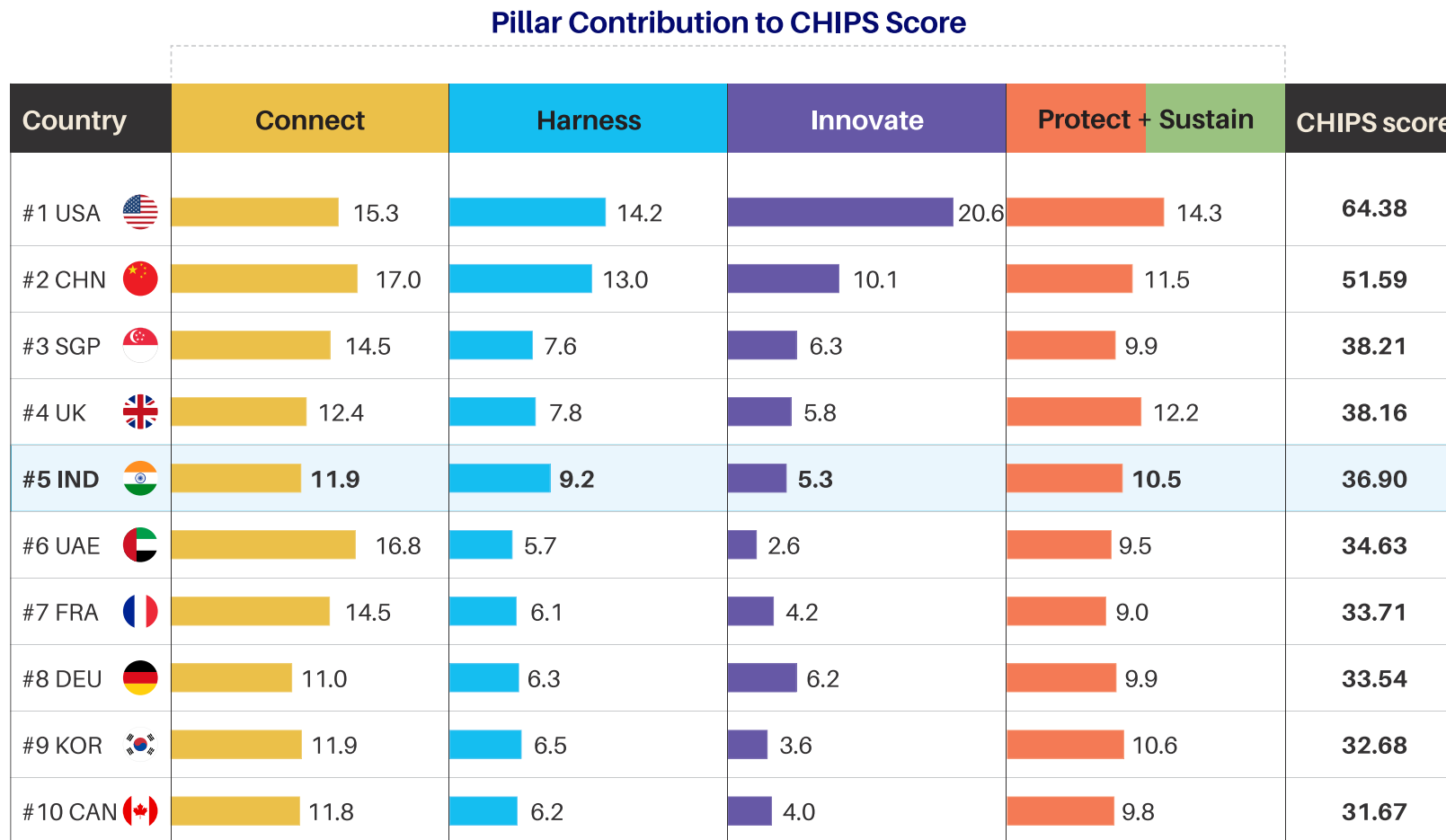
- Integrates AI indicators into CHIPS (Connect–Harness–Innovate–Protect–Sustain)
- 5 pillars: Connect, Harness, Innovate, Protect and Sustain
- 16 sub-pillars and 58 indicators (15 AI-related)
- Modular approach: Can benchmark at pillar, theme and overall levels
- Focus on both scale (economy-wide) and intensity (per user)
- Emphasis on outcome indicators rather than just inputs
- Country coverage expanded from 32 to 71 (96% of global GDP, 86% of internet users)



India's Digital Economy: The Present

Global Digital Rankings: India Joins the Top Five

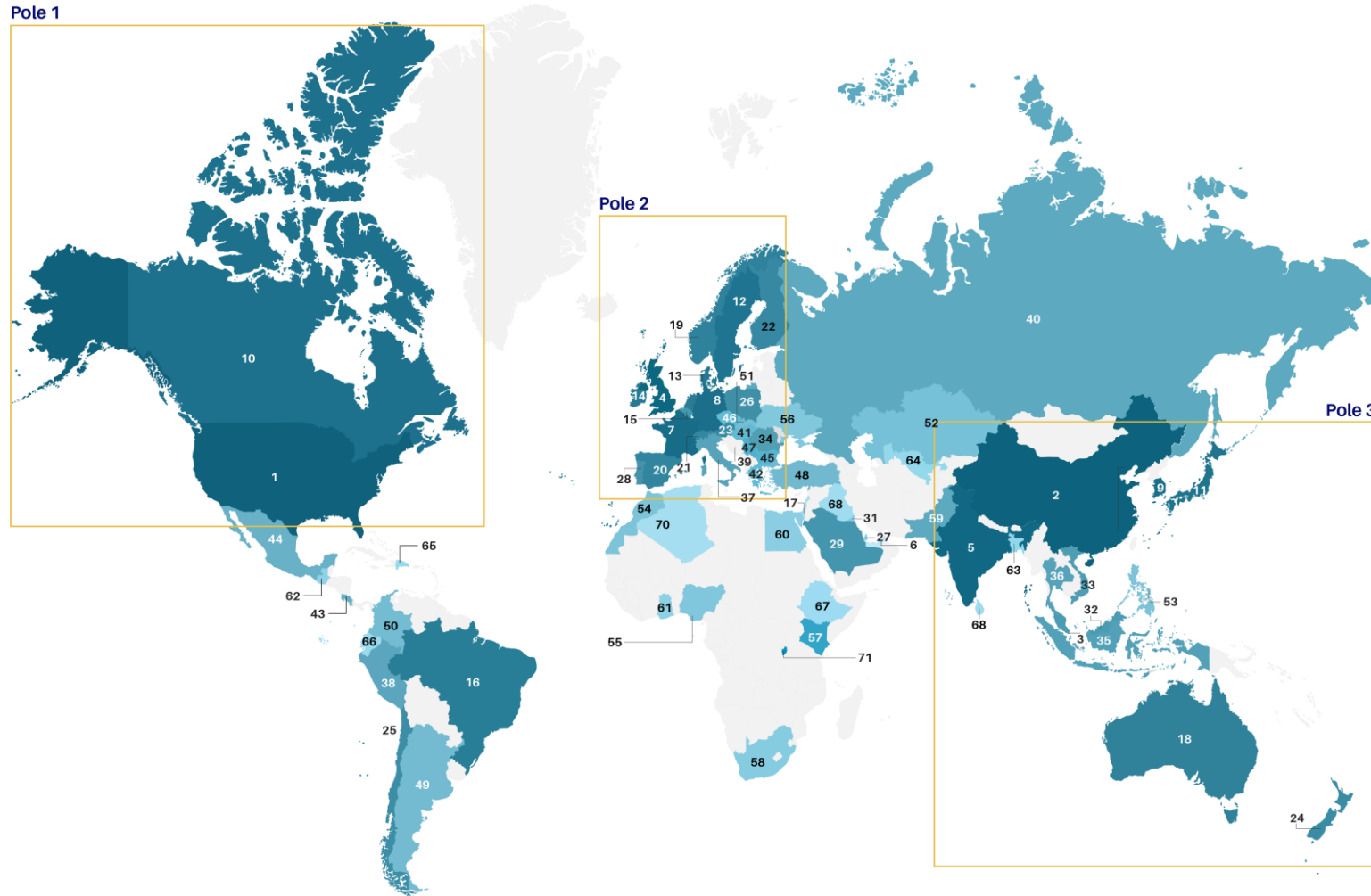
Figure 2 Global Digital Rankings—Top 10 Countries



- US is clear digital frontrunner (CHIPS score 64.4)
- China second (51.6) and now the most connected country
- Singapore, UK, and India form the next competitive tier in the high-30s
- India ranks 5th, ahead of many advanced economies
- Why India's Rank Improved?

Global Digital Leadership is shifting from North-Atlantic to Indo-Pacific

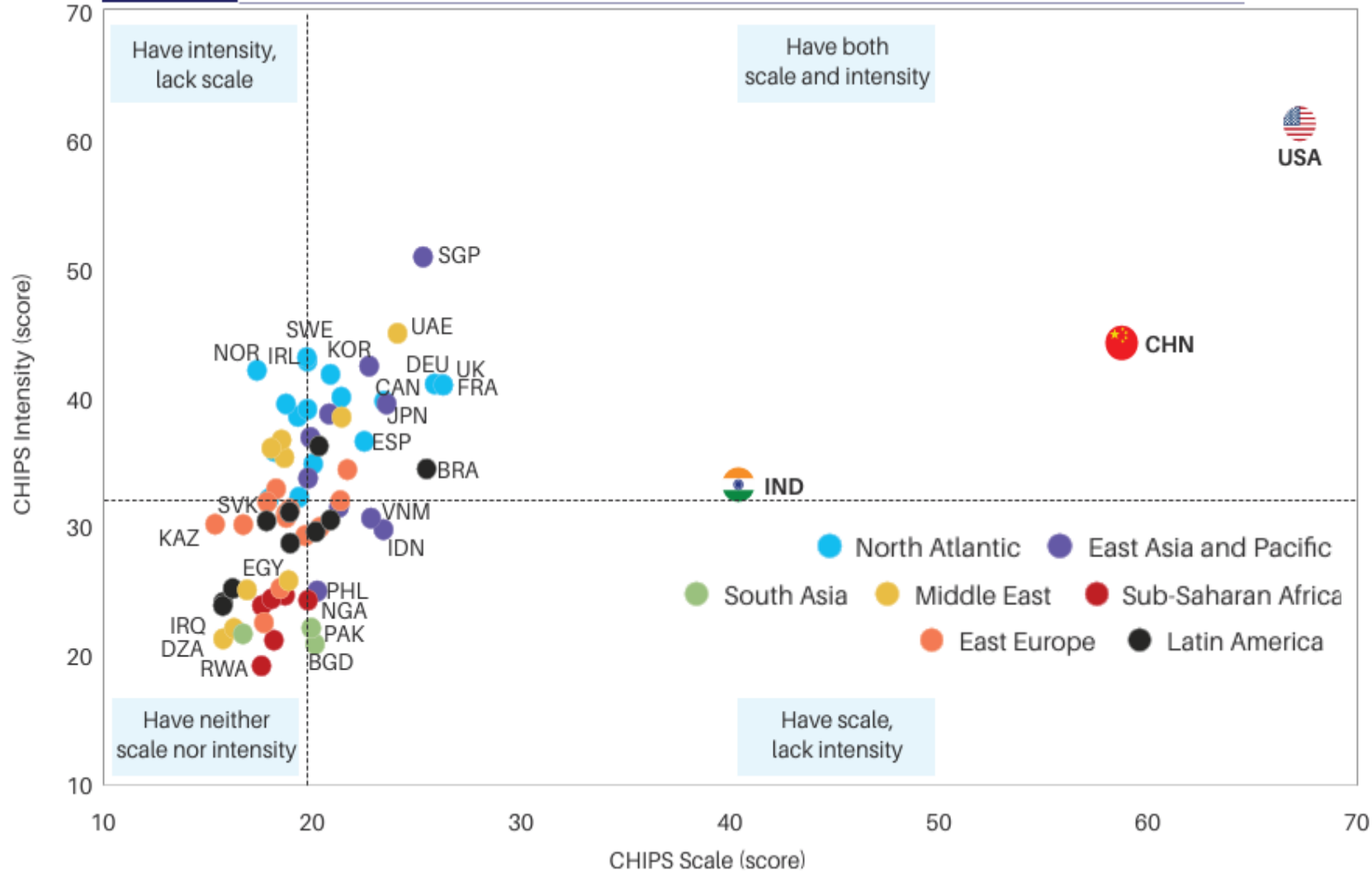
Map 1 Global Digital Map 2026—An Increasingly Tripolar World



- Digital leadership no longer confined to North America and Western Europe
- Top 5: US, China, Singapore, UK, India
- Three poles: North Atlantic, Indo-Pacific, Continental Europe
- Indo-Pacific hosts 3 of the top 5 digital economies

Digital Leadership Needs Both Scale and Intensity

Figure 8 High-Income Countries Lead in Intensity, while EMDEs Exhibit Greater Scale

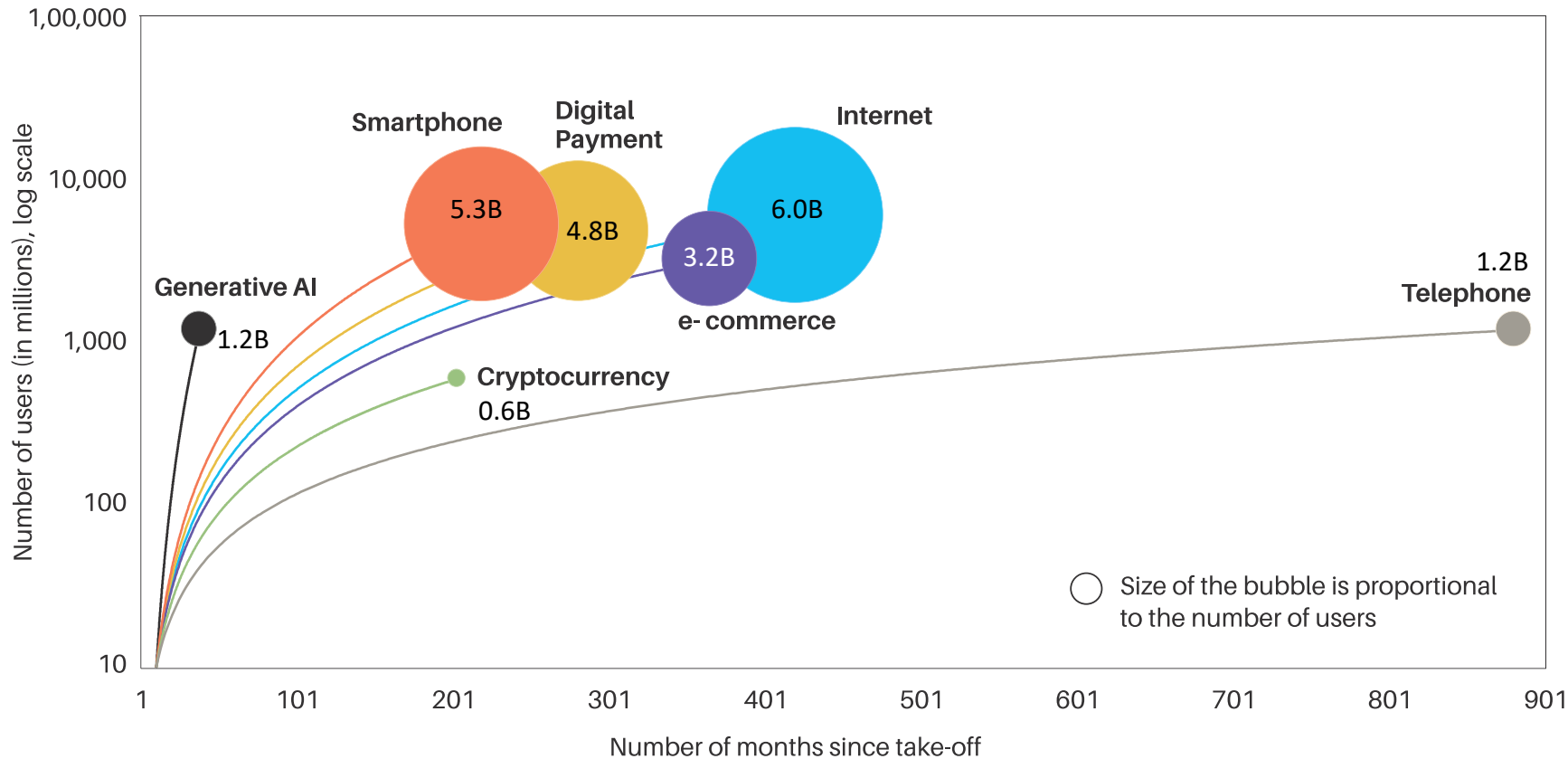


State of India's Digital Economy 2026 – ICRIER-Prosus Centre
for Internet and Digital Economy (IPCIDE)

- Scale of digitalisation is closely tied to population size
- Intensity (per user/firm) is strongly related to per capita income
- Combined CHIPS scores depend meaningfully on both scale and intensity
- High-income countries: strong intensity; large EMDEs: strong scale; few have both

Will GenAI Transform the Economies as Rapidly as it is Diffusing?

Figure 9 GenAI is the Fastest-Diffusing Technology in History

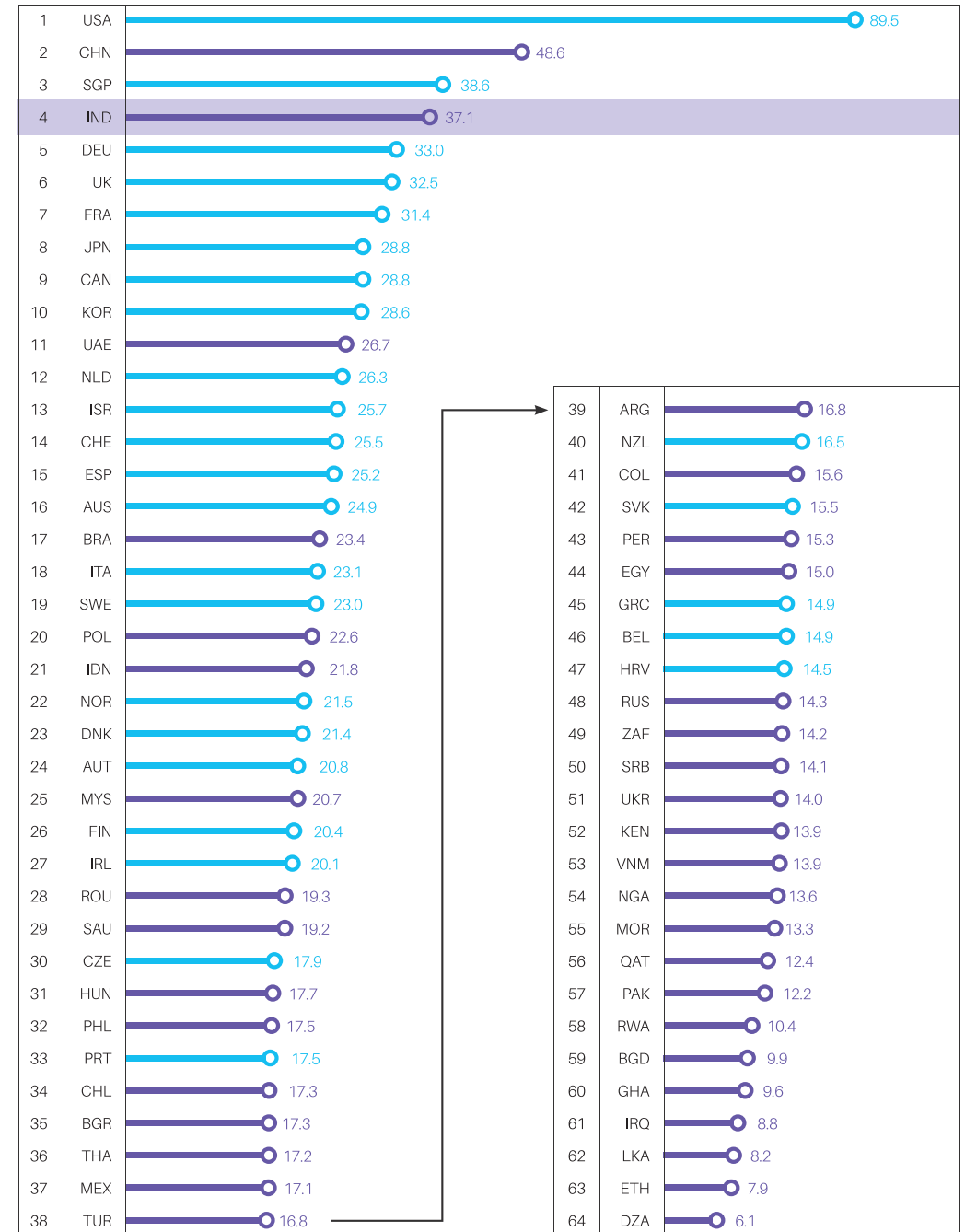


- Reached around a billion users in ~3 years
- Much faster adoption than internet, smartphones, e-commerce, or digital payments
- Marks a new phase: rise of the “intelligent digital economy”
- Makes tracking AI capabilities and usage critical

India Ranks 4th on the AI Index

- US, China, Singapore occupy the top three positions
- India ranks 4th—above Germany, France, Japan, Canada, and Korea
- Several EMDEs (e.g., Brazil) also feature relatively high
- Some advanced European economies underperform on AI relative to their digital base

Figure 11 Country Rankings by AI Score: India is in the Fourth Position



India's Digital Economy: The Possibilities

Is India Destined to Remain Only an AI-Consuming Nation?

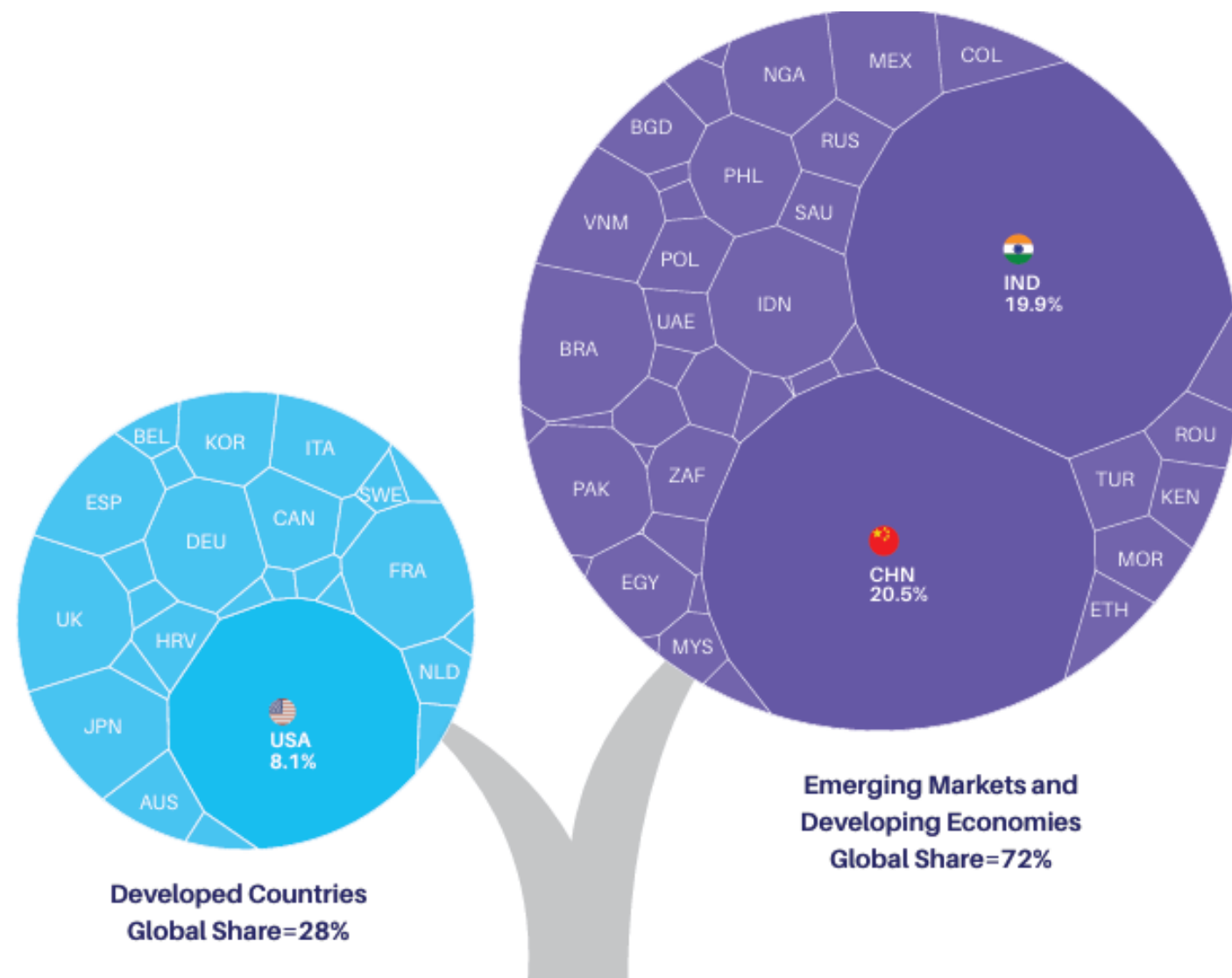
- Nearly 155 million Indians use GenAI—second only to China’s 160 million and more than twice the 63 million users in the United States
- We celebrated 1.15 billion Indians subscribing to mobile phones and 800 million plus using the internet. So why is the reaction different with AI? Because we are in the midst of a strong anti-AI narrative that ignores the fact that:

🧠 AI Is Not a Potato Chip

💡 Today’s Users are Tomorrow’s Innovators

🔄 India Has Done This Before

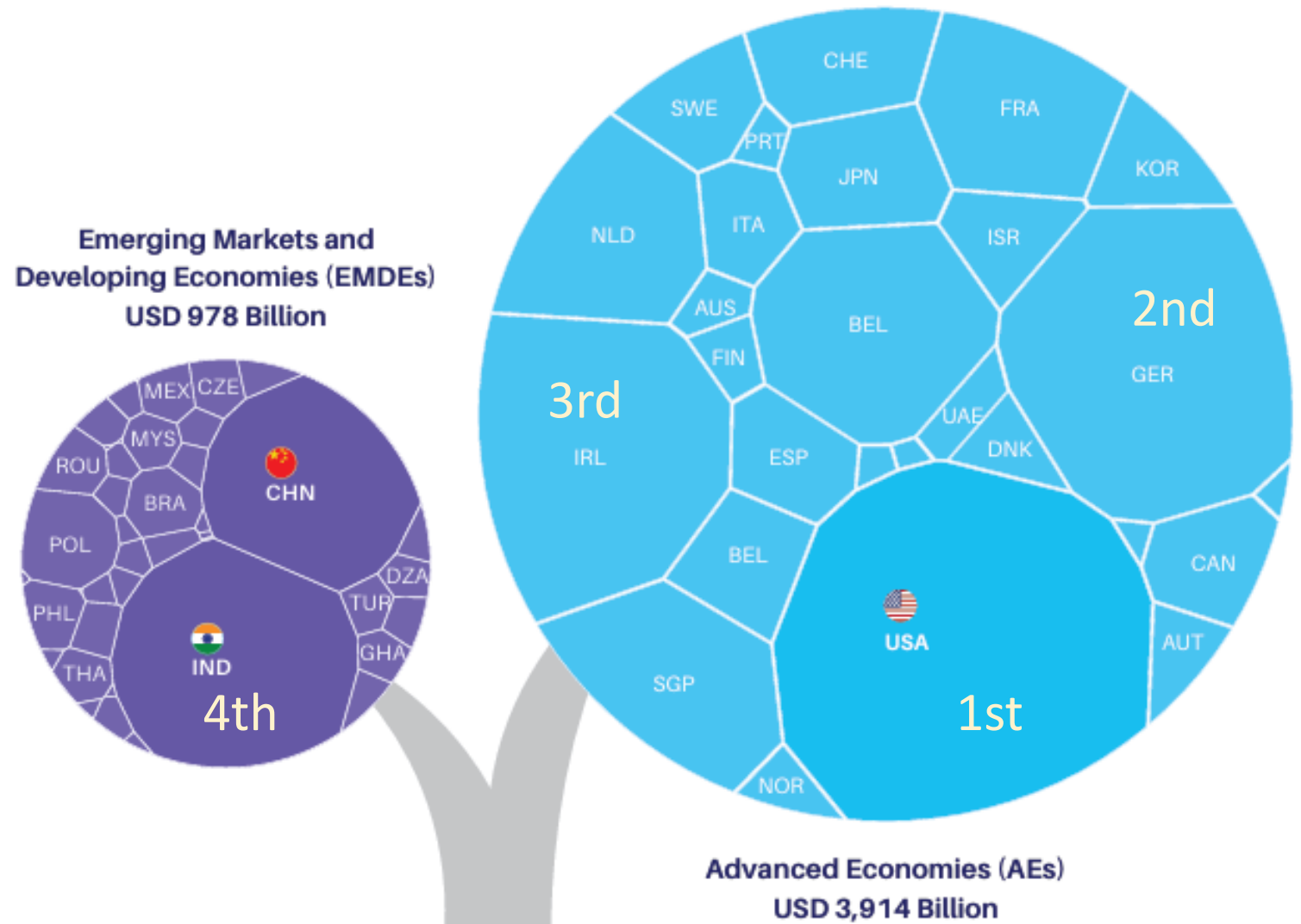
Figure 10 Developing Countries Account for Nearly Three-Fourths of Global AI Users



India is an exception when it comes to exports of digital services

- EMDEs host most digital consumers but earn <20% of digitally delivered exports
- Advanced economies, especially the US, capture most digital trade value
- India is an exception: ~USD 328 bn in digitally delivered services
- India now the 4th-largest digital services exporter after US, UK, and Ireland

Figure 16 EMDEs Account for Less than One-fifth of Digitally Delivered Exports



Countries Are Playing to Their Strengths in the AI Race

- US: Makes up the frontier in 9 of the 15 indicators/sub-pillars including safety, R&D, compute, infrastructure, models, talent, and investment
- China: strong on AI users, compute, AI R&D, safety and security
- India: strong AI-skilled population, talent, public trust, but lower on private investment, innovation and research
- Singapore: leading on safety and security and open data score

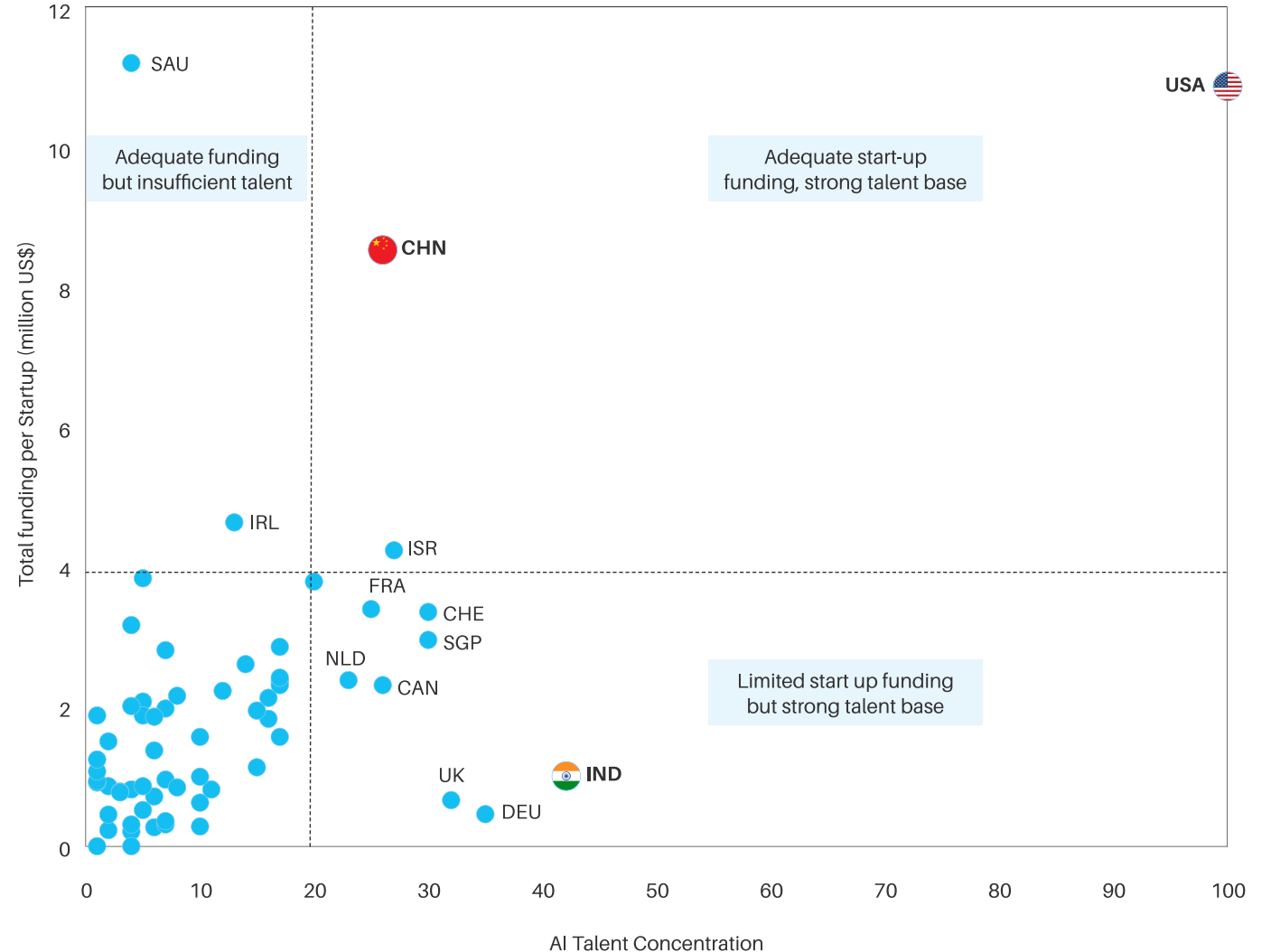
Figure 13 Countries are Playing to their Strengths in the AI Race

Indicators/ Scores	USA	China	Singapore	India
Safety and security	100	100	100	78.0
AI R&D	100	89.9	7.0	36.8
Compute capacity	100	88.5	44.9	52.3
AI Infrastructure	100	65.8	49.5	14.1
AI Innovation Research	100	54.0	25.0	10.0
AI commercial	100	48.0	27.0	14.0
Responsible AI	100	40.0	5.7	6.1
Open Source Models	100	26.2	18.7	0.7
AI Talent	100	25.3	29.3	41.4
AI Skilled population	94.9	N/A	21.8	100
Open Data score	80.6	17.7	100	41.9
Private Investment	75.7	7.7	10.8	2.7
Newly Funded AI Companies	70.8	21.2	39.3	20.0
Number of AI users	40.1	58.7	47.9	57.5
Public Trust Score	N/A	33.0	55.6	83.4

India's AI Edge: Talent-Led, Application-Driven

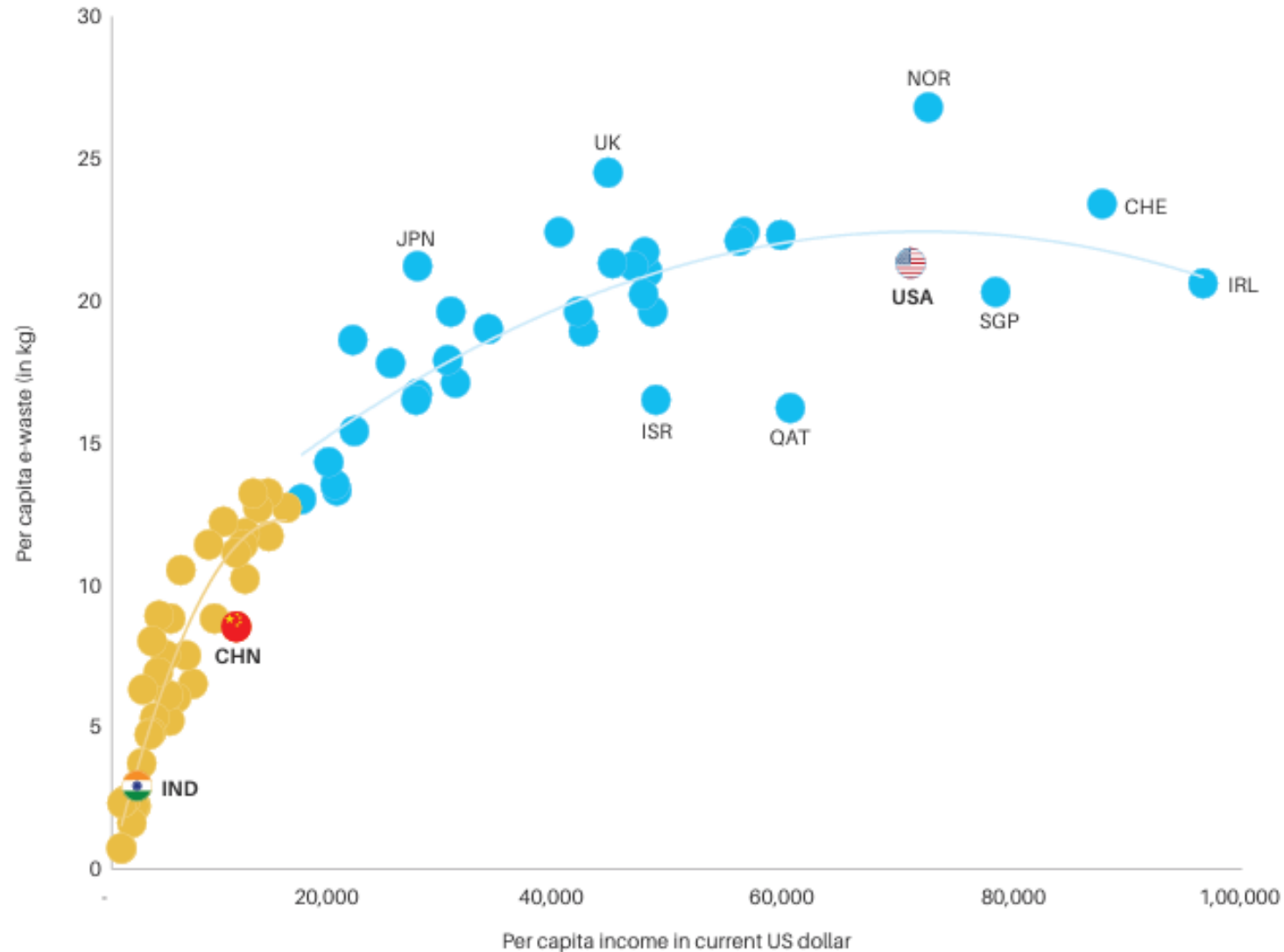
- Second-largest AI talent pool after the US
- Limited patient capital and compute compared with US and China
- Best opportunity in talent-intensive applications, agents, and downstream use
- Policy needs: risk capital, affordable compute, academia–startup linkages, shared datasets and sandboxes.

Figure 14 India's AI Advantage Lies in its Talent Pool



Digitalisation's Hidden Costs: E-Waste

Figure 21 As Incomes Rise, e-waste Rises Sharply



E-waste per person rises sharply with income; India low per capita, high in aggregate

Developing countries should build early e-waste systems and cybersecurity capabilities

Key Takeaways

- ❑ Global digital leadership is shifting from the North Atlantic to the Indo-Pacific
- ❑ India is now the fifth most digitalised country in the world
- ❑ Developing countries are performing better on AI diffusion than on traditional digital technologies
- ❑ India's comparative advantage in AI lies in its skilled workforce, deep talent pool, and ability to specialise in the application layer of AI
- ❑ The global digital economy is marked by a major imbalance: consumption is widely diffused, but production remains highly concentrated
- ❑ India is not destined to be merely a consumer of AI; as with IT services, it will emerge as a major producer of AI services
- ❑ On the global stage, “Digital India” remains strong, resilient, and increasingly influential.

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Thank You!