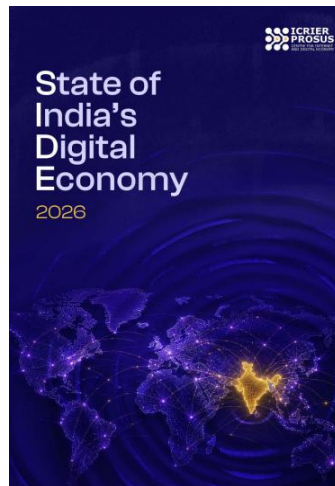


Putting India's Digital Inclusion Story in Perspective

Digital Inclusion in Perspective



May 2026



Dec 2025



March 2025



Feb 2024



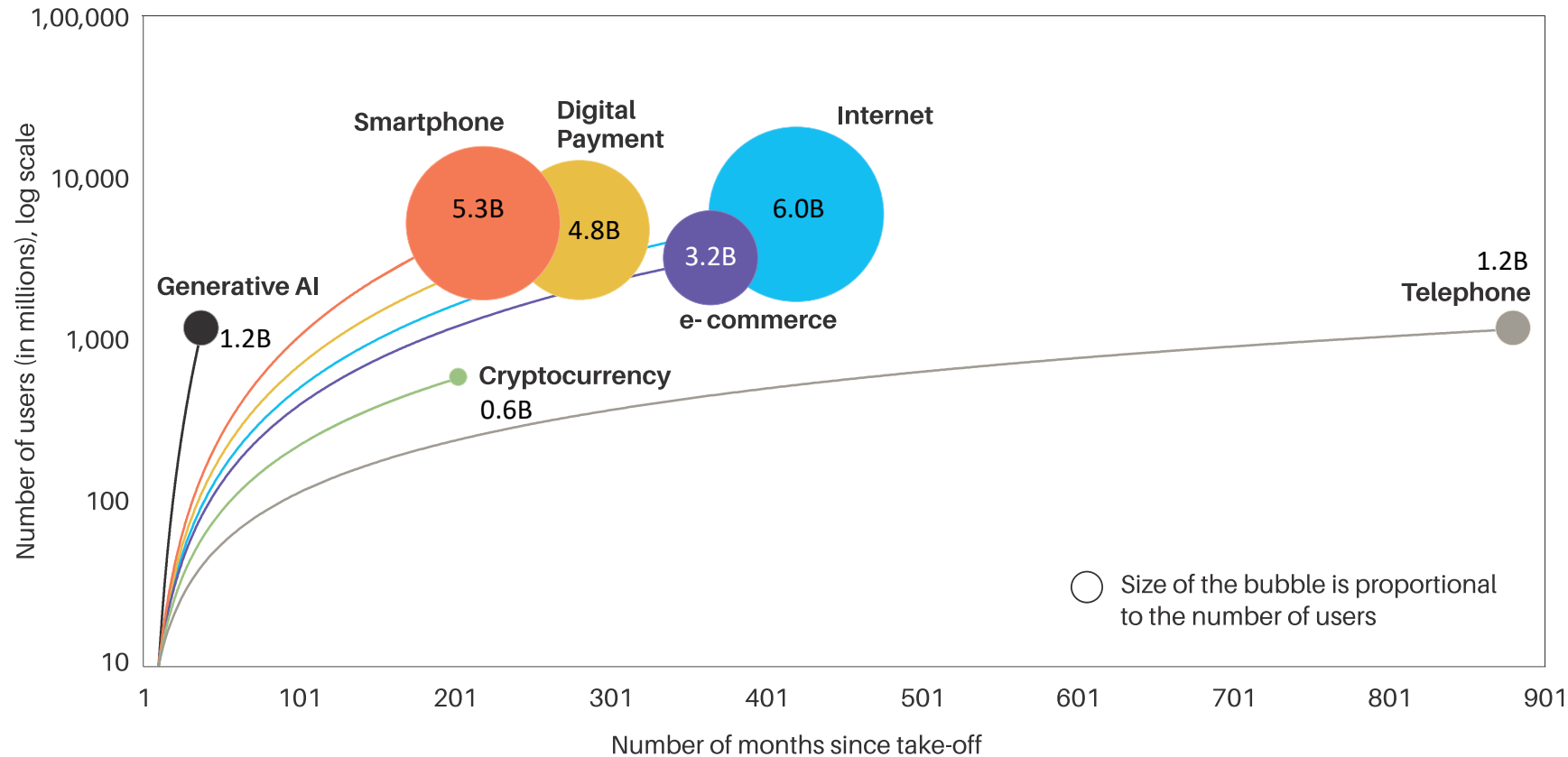
Feb 2023

01

Global

Digital technologies are known to diffuse rapidly

Figure 9 GenAI is the Fastest-Diffusing Technology in History



Source: SIDE 2026

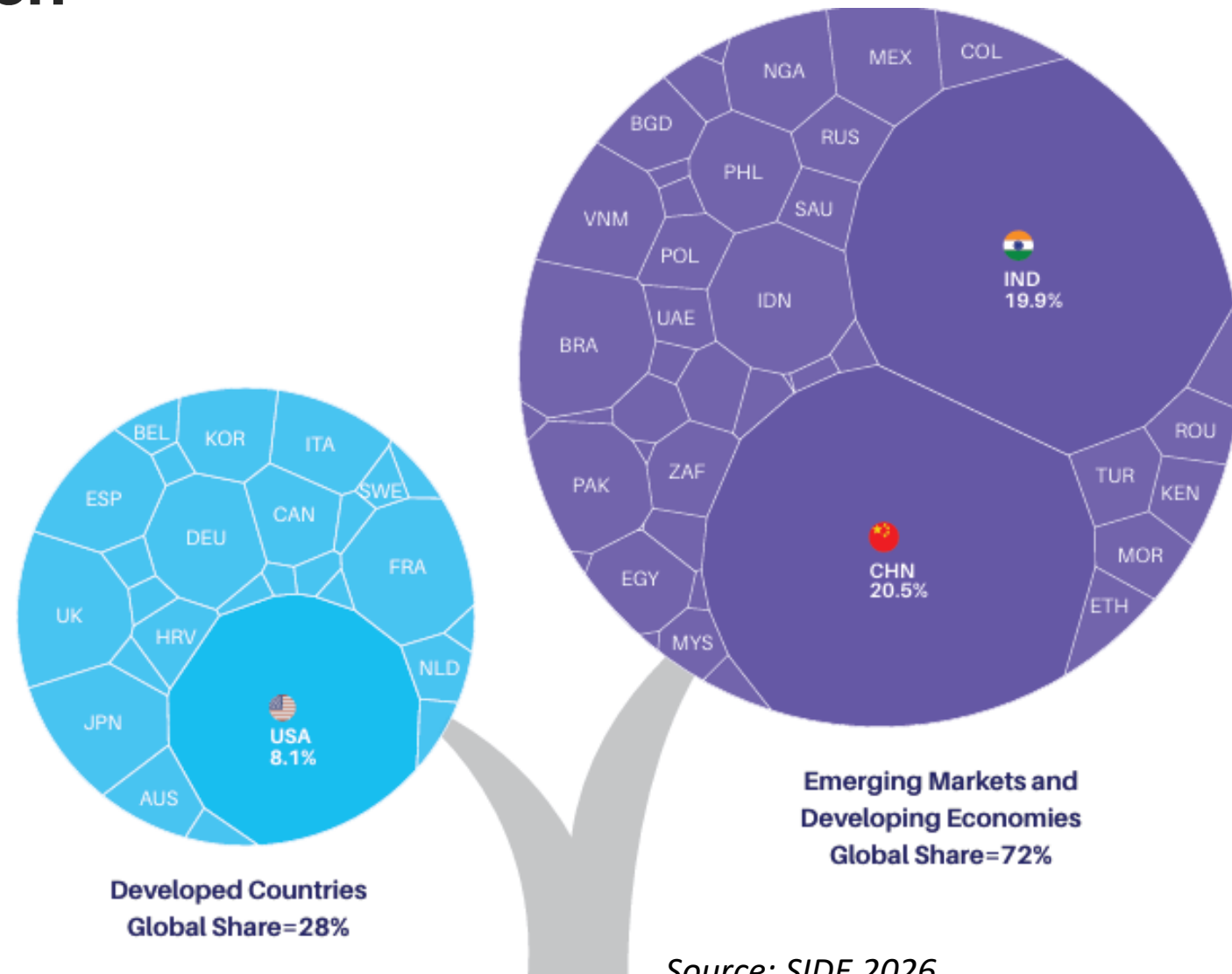
- GenAI reached around a billion users in ~3 years
- Much faster adoption than internet, smartphones, e-commerce, or digital payments
- In contrast, electricity used commercially in 1882, yet 45-50% of households in Sub-Saharan Africa lacked access to electricity in 2025
- Not very different when it comes to ownership of automobiles or access to piped water

Developing countries are doing particularly well with AI diffusion

Figure 10

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

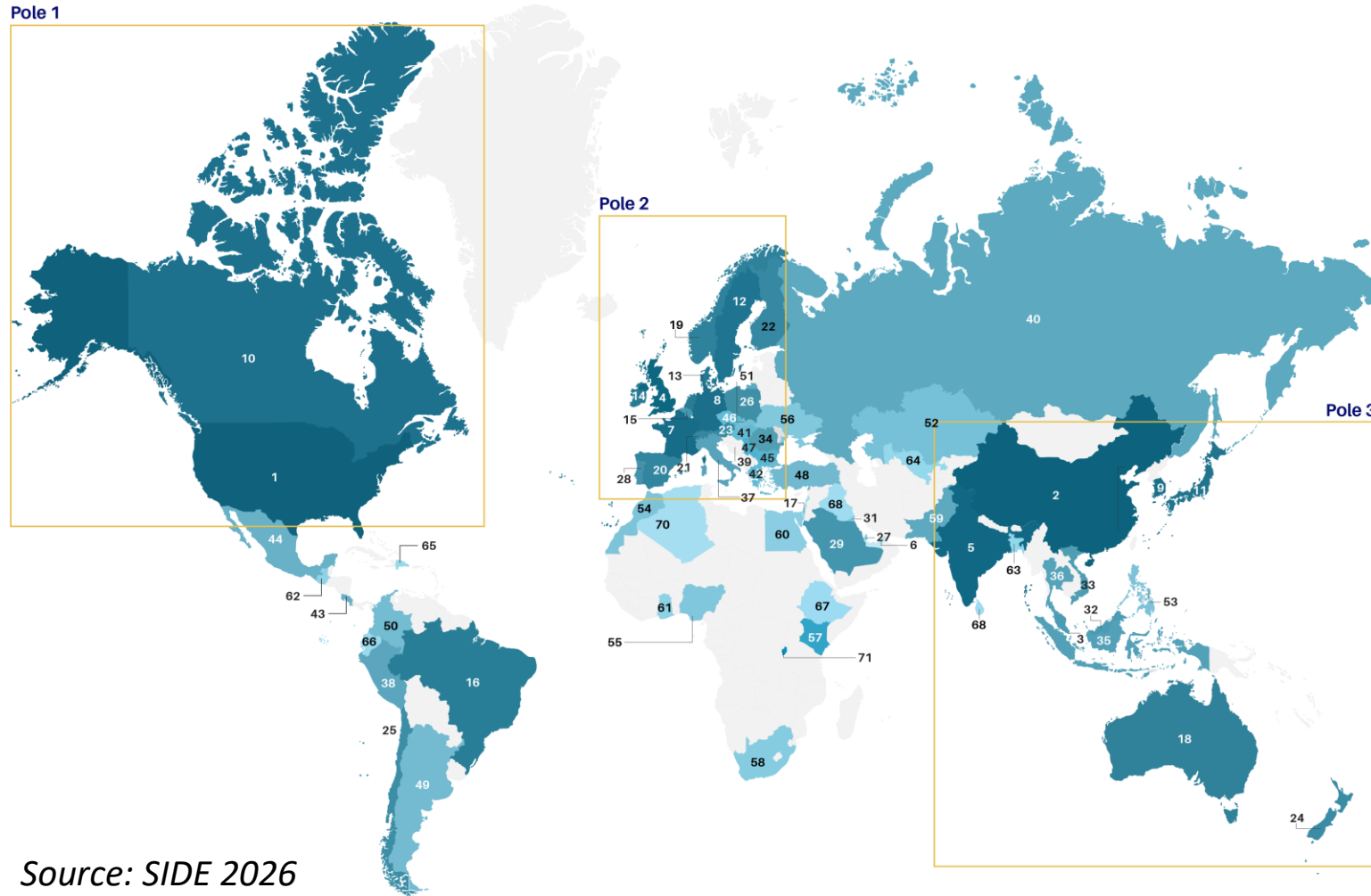
- EMDEs account for 72% of global AI users
- China and India together account for nearly two-fifths of global AI users
- Contrast with early internet era, when advanced economies dominated uptake
- Creates opportunity for EMDEs to shape AI applications and use cases
- But also the fear that India will remain only an AI-consuming nation. Will it?



Source: SIDE 2026

The global digital map is becoming more distributed and tripolar

Map 1 Global Digital Map 2026—An Increasingly Tripolar World



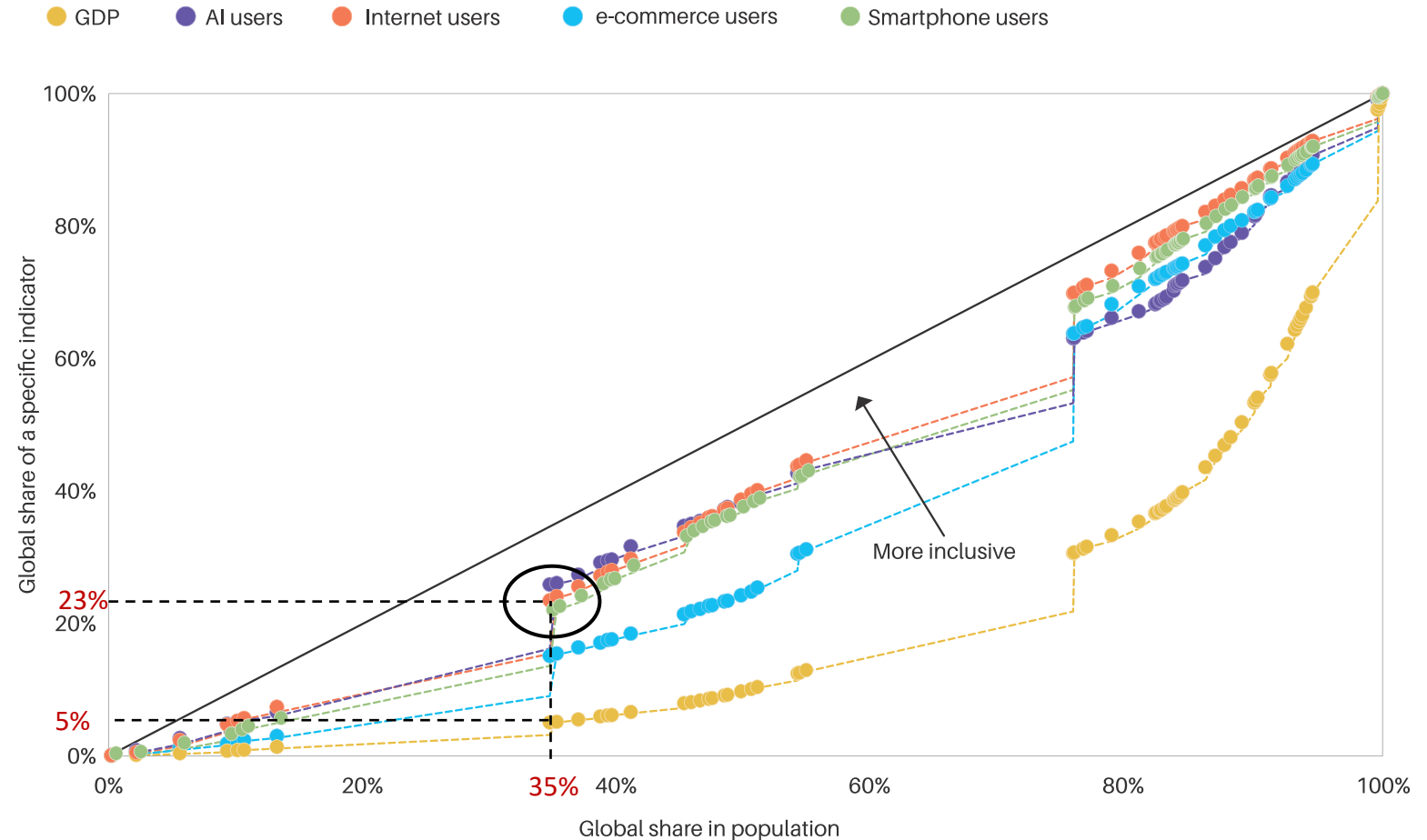
Source: *SIDE 2026*

- 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

While digital technologies are diffusing rapidly, digital dividends are not

Figure 5 Global Diffusion of Digital Technologies and AI Is More Inclusive Than GDP

- Digital technologies (e.g., internet, smartphone, e-commerce and AI) have diffused faster than income
- Access is inclusive; value capture is not
- Frontier production (advanced chips, cloud, LLMs, platforms) in a few countries and firms – risk of further exclusion
- Explanations: Missing analogue foundation; theory of weakest link



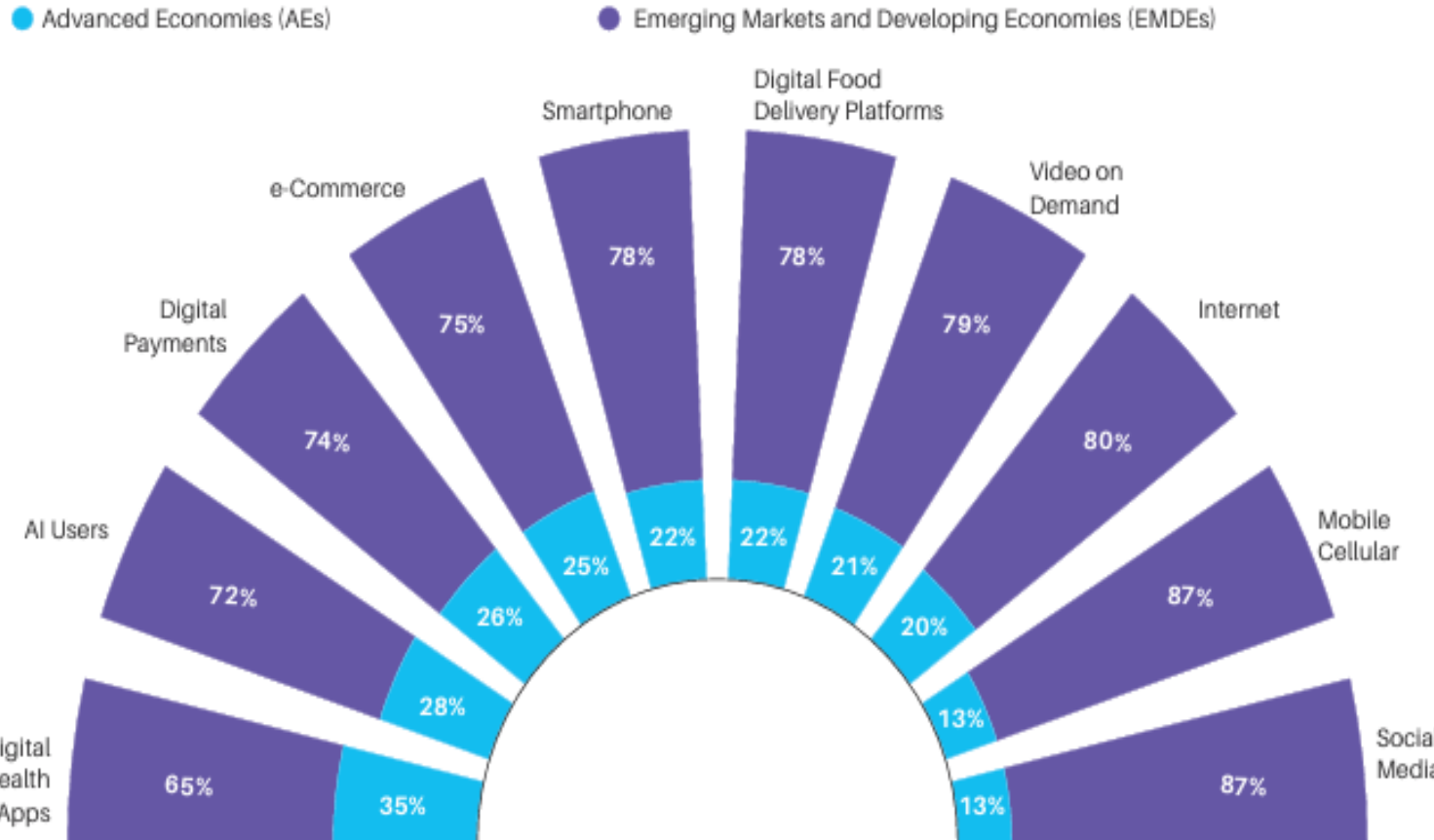
Note: The dots represent the respective shares for each country, in ascending order of GDP per capita.

Source: SIDE 2026

Global imbalance: Diffused consumers, concentrated producers

Figure 15 Most Digital Technology Users Live Outside Advanced Economies

(User share across various technologies)



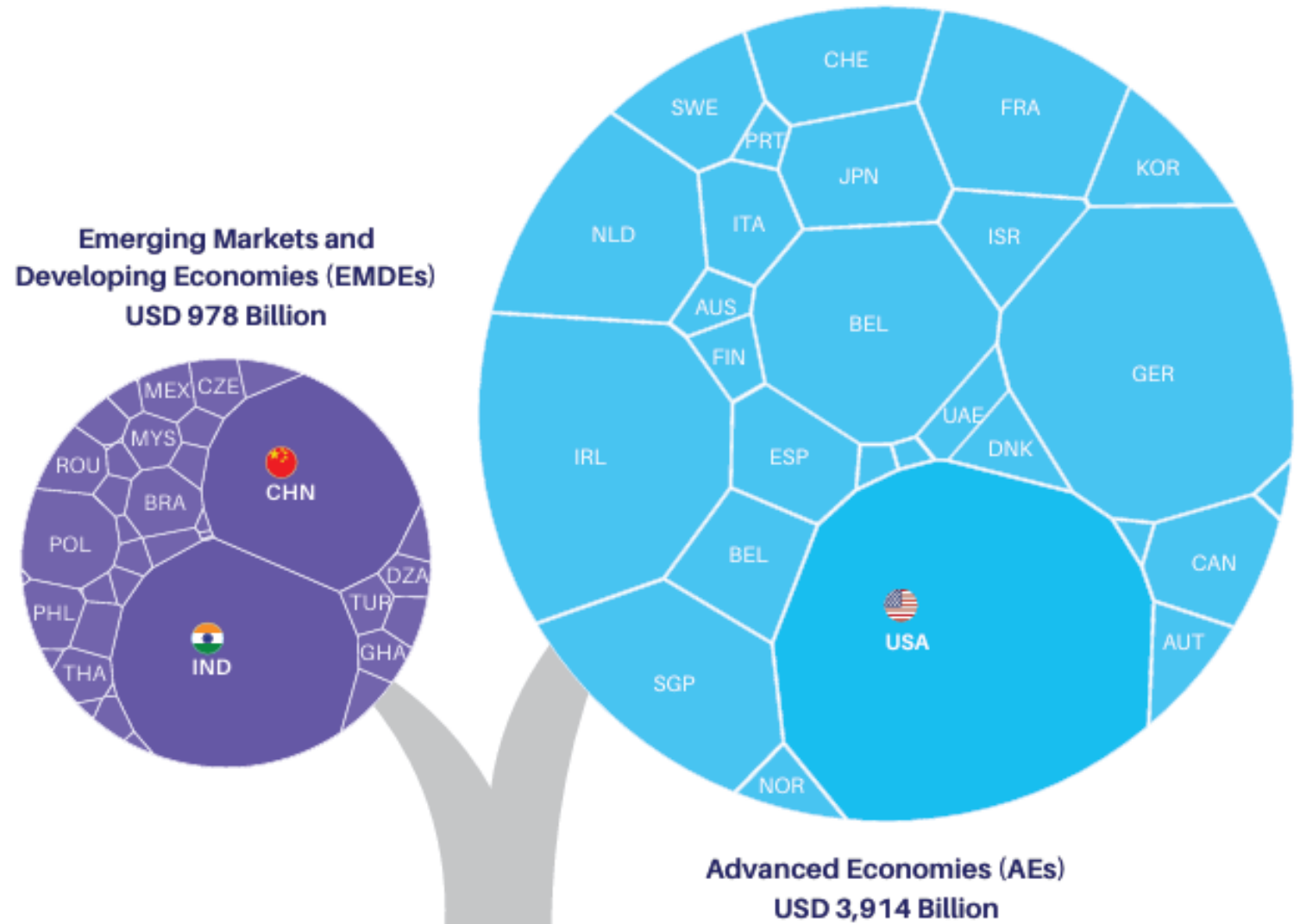
- Digital demand is shifting to EMDEs
- Young populations are driving digital adoption
- Digital technologies have also become more accessible and affordable
- Weak physical systems are pushing digital use
- However, production of digital technologies is staying AE-dominated

Source: SIDE 2026

Will AI exacerbate the “exclusion” problem?

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

- EMDEs host most digital consumers but earn <20% of digitally delivered exports
- Advanced economies, especially the US, capture most digital trade value
- But India is an exception: ~USD 328 bn in digitally delivered services
- India now the 4th-largest digital services exporter after US, UK, and Ireland
- Three reasons why India is likely to replicate its success in ICT in the AI era: (i) AI is not potato chips; (ii) Today’s users are tomorrow’s innovators; and (iii) India has done this before.



Source: SIDE 2026

02

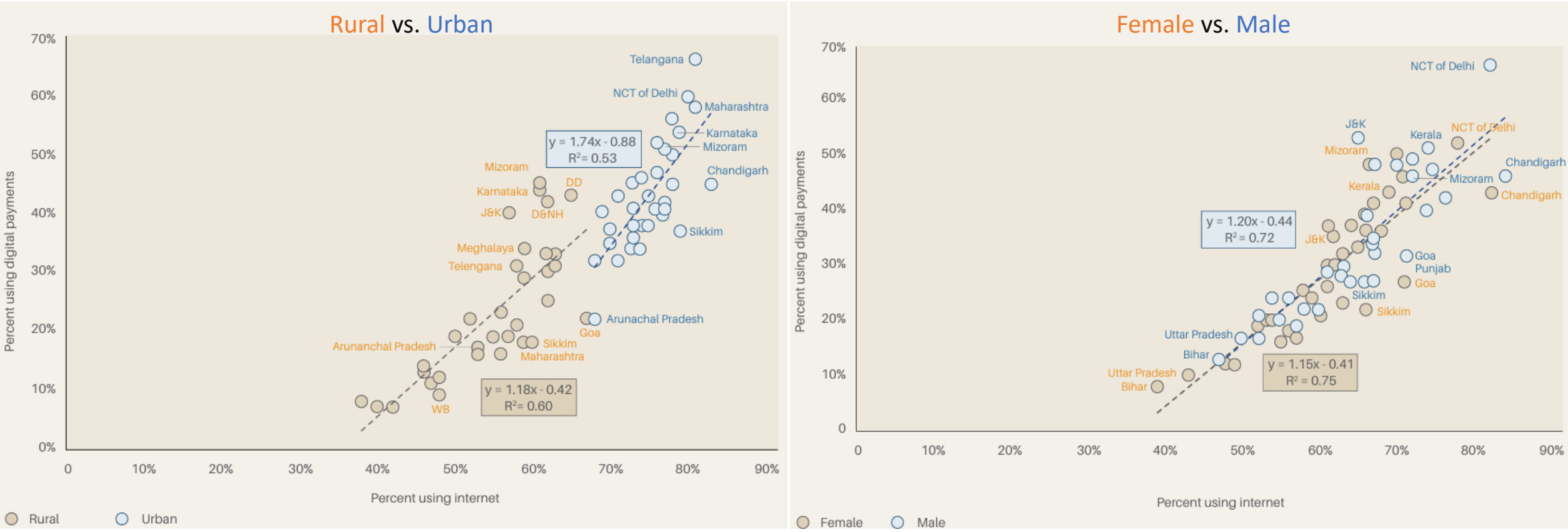
National

Gender divide persists in urban areas and worsens in rural areas



Source: SIDE 2025

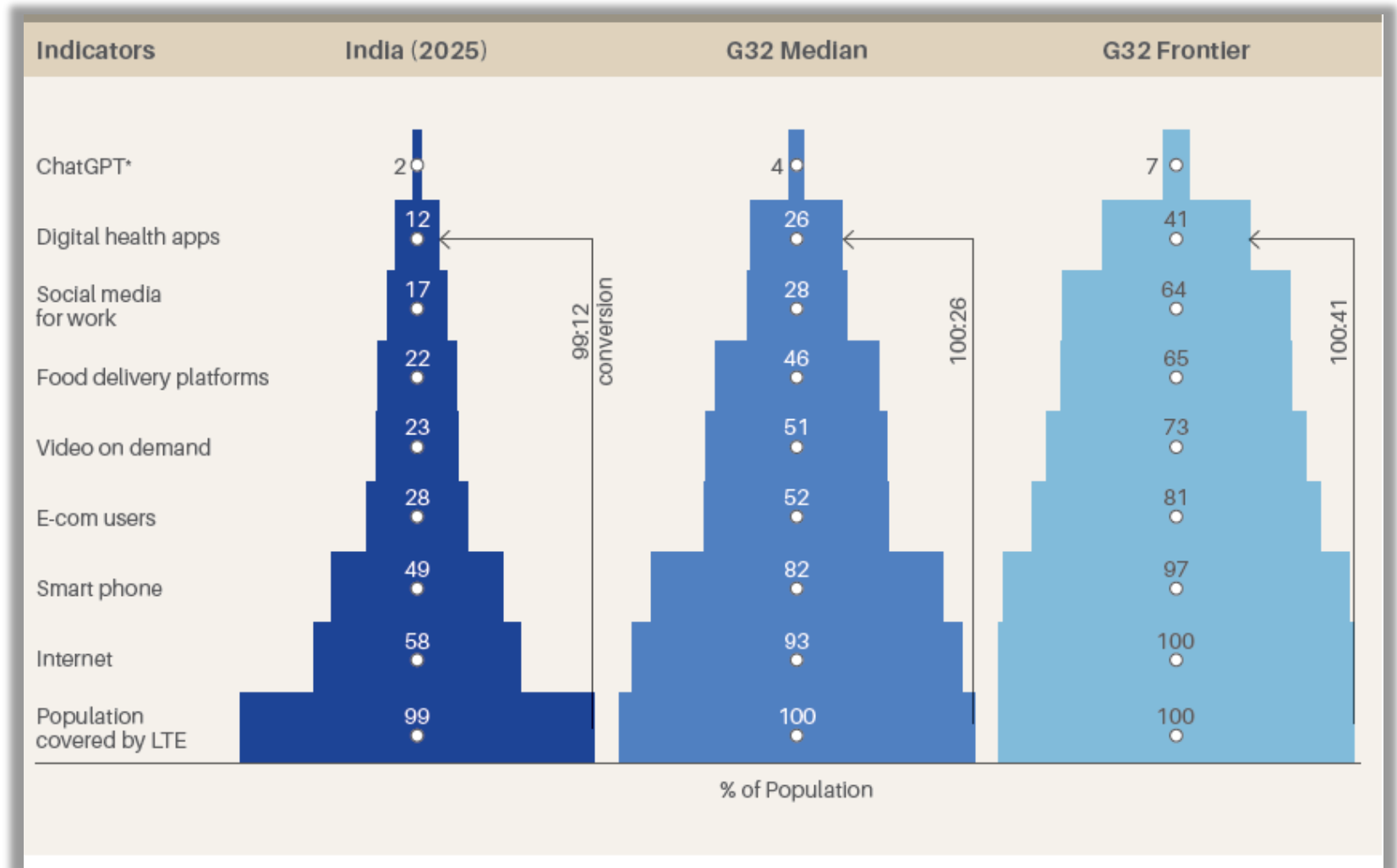
Geographical divides exist for digital payments but are not significant for gender



Source: SIDE 2025

Digital Use Pyramids

- India's DUP shows that while 99 percent of people are covered by LTE, only 58 percent access the internet.
- For digital health apps, about 88 percent population is left behind.
- India's skinny pyramid is also a huge opportunity to expand adoption of services

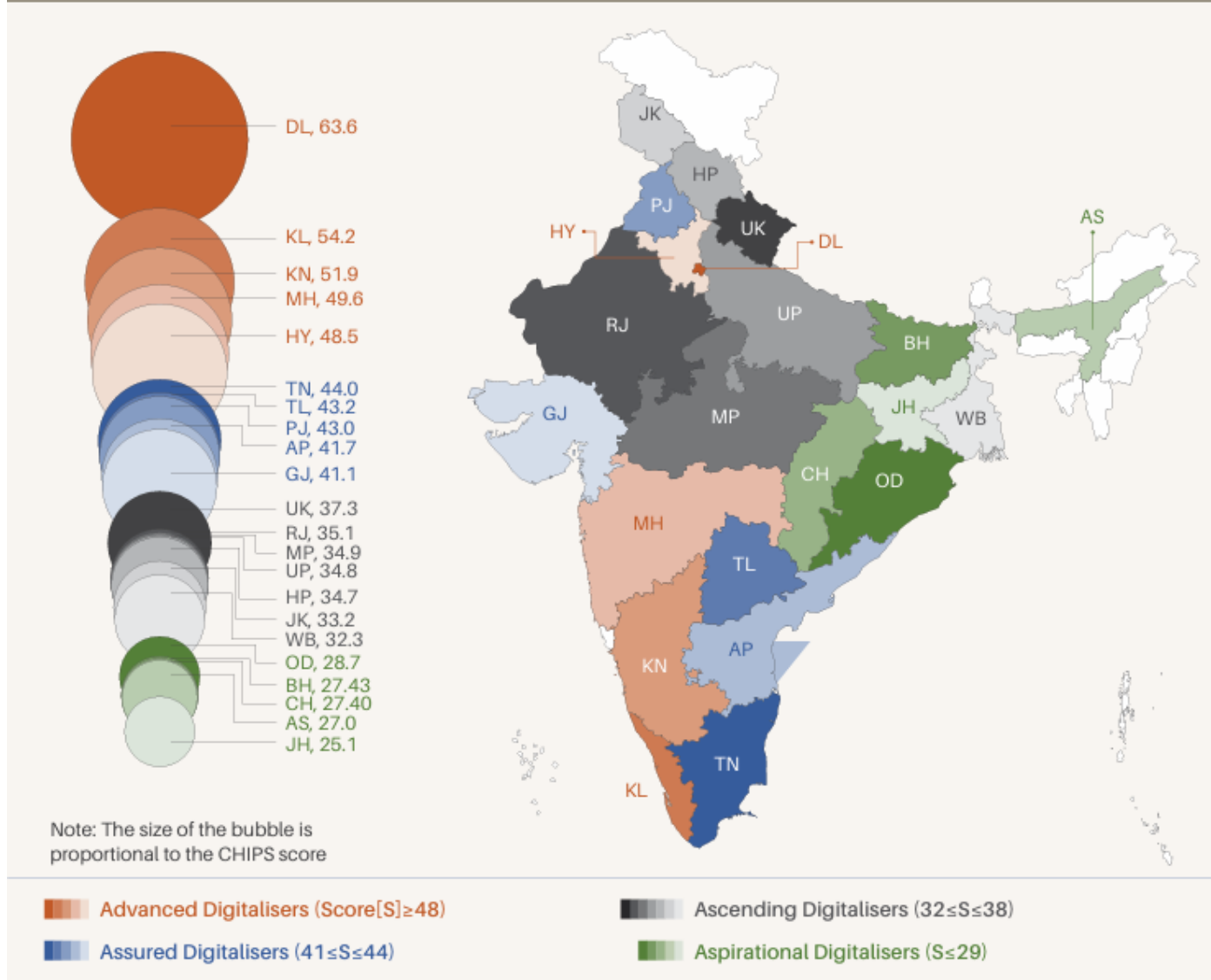


Source: SIDE 2025

03 Sub-National

India's Digital Hotspots and Dark Spots

Figure 2 Indian states ranked by their level of digitalisation, 2025

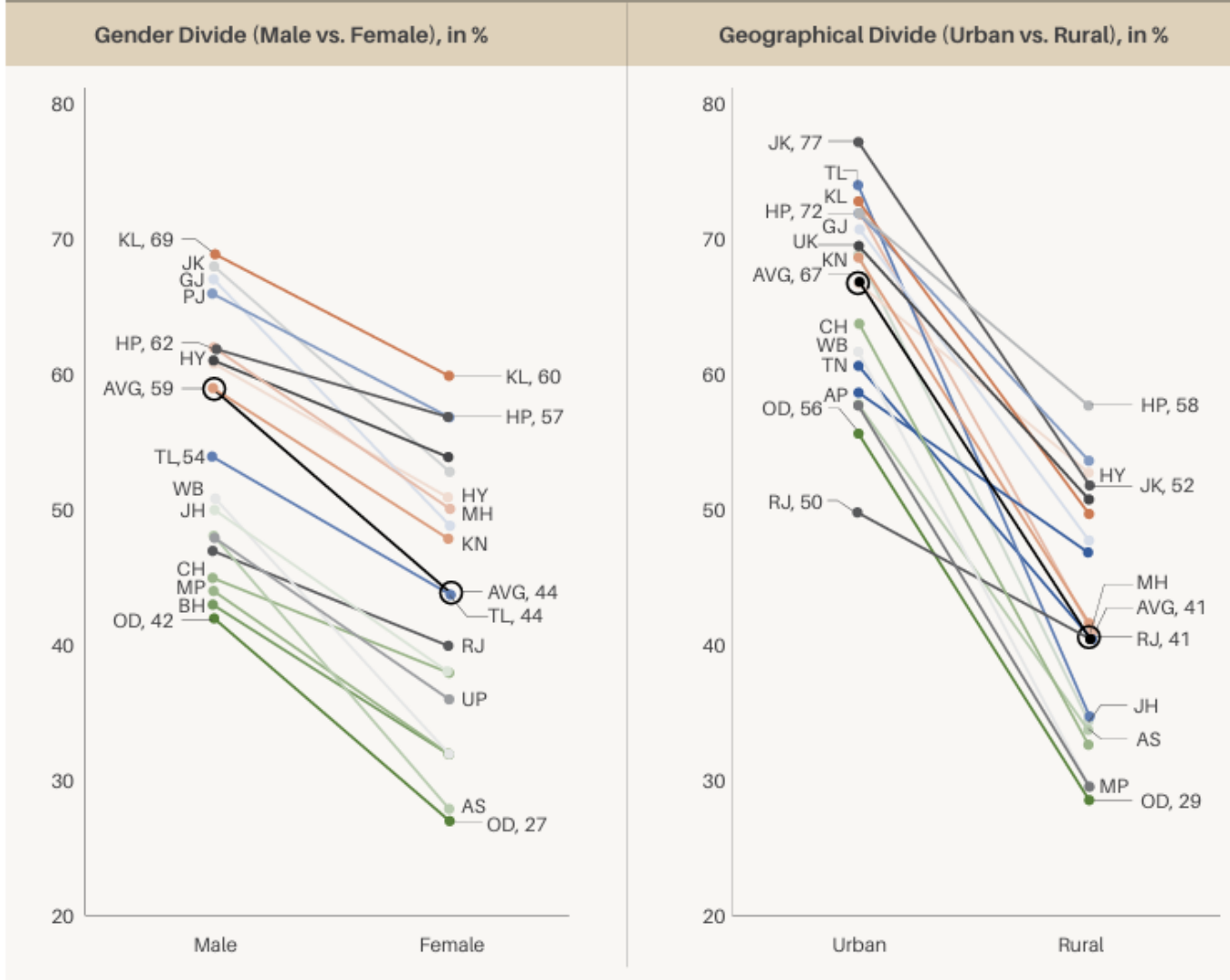


- India's digitalisation is highly uneven across states.
- Major states fall into four digitalisation clusters. Advanced digitalisers, assured digitalisers, ascending digitalisers and aspirational digitalisers.
- Advanced and assured digitalisers are better positioned for digital growth.
- Ascending digitalisers show strong momentum, while aspirational states remain far from the frontier.

Source: SIDE 2025 (Sub-national)

A tale of two divides: gender vs geography

Figure 10 The within-state gender divide is smaller than the between-state gender divide, whereas the opposite holds true for the urban-rural divide

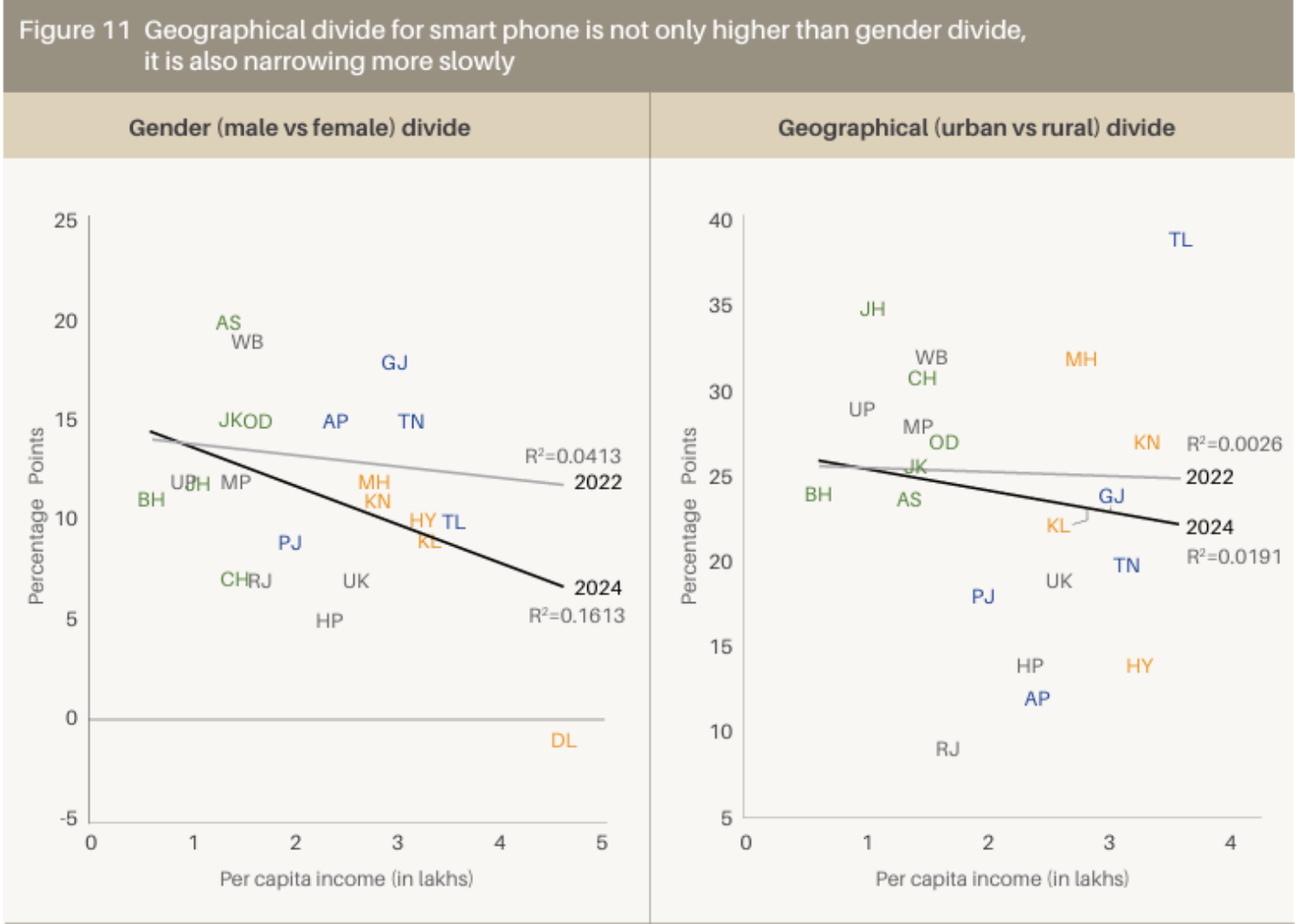


- In the case of gender, the average gap within a state is relatively small compared with the gap between states -- suggesting that gender-based digital inequality is likely to be shaped more by state and local context than by inter-state variation or national factors.

- In the urban-rural divide, the difference within states is as high as that the one between states – implying that urban-rural access gaps are a nationwide structural challenge, driven by national factors such as infrastructure quality, affordability and service availability, rather than by state-specific characteristics

Source: SIDE 2025 (Sub-national)

India could achieve gender parity in smartphone use by around 2029 but urban-rural parity remains a distant goal



- Gender gaps are narrowing: India could reach gender parity in smartphone use by around 2029 if current trends continue.
- Urban-rural gaps remain stubborn: Progress in closing the rural divide is much slower, with disparities largely unchanged in several states.
- Rural inclusion needs urgent policy focus: Without cheaper and wider access to smartphones and internet in rural areas, India’s inclusive digitalisation goals could be at risk.

Source: SIDE 2025 (Sub-national)

Key Takeaways

- ❑ Digital inclusion has become a necessary condition for development, but it is not sufficient
- ❑ Digital inclusion is often viewed through the lens of consumption, while digital production remains highly concentrated and exclusive – this matters especially for cross-country comparisons.
- ❑ At the national level, the digital divide needs to be unpacked more carefully, especially by distinguishing the gender divide from the geographical divide.
- ❑ When inclusion is treated as a core development objective, state-level digitalisation rankings reveal important surprises, such as Kerala outperforming Karnataka.
- ❑ India is close to closing the digital gender divide, but achieving urban-rural parity will take far longer without stronger policy action.

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Thank You!