

# SOUTH ASIA'S EMERGING DIGITAL TRANSFORMATION

Relevant for: International Relations | Topic: India's Foreign Policy evolution and changes

COVID-19 has forced South Asia to take a quantum leap in digitalisation. The shift to remote work and education has propelled an unprecedented spike in Internet penetration, with even smaller nations such as Nepal recording almost an 11% increase in broadband Internet users. For a region with threadbare public health infrastructure, the digitisation of health-care services was a watershed moment, providing novel solutions to the public health crises.

In India, COVID-19 accelerated the launch of the National Digital Health Mission, enhancing the accessibility and the efficiency of health-care services by creating a unique health ID for every citizen. The pandemic-induced suspension of bricks-and-mortar businesses spurred South Asia's embrace of e-commerce, boosted by digital payment systems. Bangladesh alone witnessed an increase of 70-80% in online sales in 2020, [generating \\$708.46 million in revenues](#).

### The gender technology gap has to end

As one of the world's poorest regions, a wide digital divide persists in access and affordability, between and within the countries of South Asia. Despite having the world's second largest online market, [50% of India's population are without Internet with 59% for Bangladesh and 65% for Pakistan](#).

With monetary and health assistance schemes distributed online, [51% of South Asian women were excluded from social protection measures](#) during the pandemic. Children too were at the receiving end, with [88% lacking access to Internet powered home schooling](#). This disruption could permanently put children out of school, place girls at risk of early marriage, and push poor children into child labour costing economies billions of dollars in future earnings.

Businesses too have paid a heavy price for the gap in digital solutions, whereby many South Asian firms failing to embrace e-commerce or other cloud-based technologies to survive the financial chaos of the novel coronavirus pandemic. The region [recorded a 64% decline in sales](#), with small and women-led firms faring the worst. With COVID-19 transforming work life, the acute skills gap among youth will continue, creating unemployment.

### Bringing the Internet to everyone

Digital transformation is a global imperative with adoption of advanced technologies such as cloud computing, artificial intelligence, the Internet of things, Big Data, etc., key to success. From banking to manufacturing and retails, the role of digital technology is too important to be overlooked as countries embrace the digital revolution to drive their development agenda.

At the forefront of Asian digitalisation are countries such as Singapore, Japan, and South Korea recognised as global technological hubs. Owing to increased smartphone and Internet penetration, coupled with the availability of trusted digital payment platforms, [China's e-commerce industry is said to reach \\$3 trillion in 2024](#). The digital boom in the Association of Southeast Asian Nations (ASEAN) economies is pushing a "common market" initiative, fostering regional economic integration and enhancing global competitiveness.

South Asia has also made significant strides in the adoption of digital technologies. The Digital Bangladesh Vision 2021 envisages transforming Bangladesh into a prosperous, digital society, whereas India's biometric identification systems intend to improve the efficiency of welfare programmes through digital innovation. However, the region still has a long way to go.

E-commerce could drive the post-pandemic growth in South Asia, providing new business opportunities and access to larger markets. In India, e-commerce could create a million jobs by 2030 and be worth \$200 billion by 2026. Fintech could drive significant growth and reduce poverty by building financial inclusion. For instance, Pakistan's digital financial sector could boost GDP by 7%, if faster payment gateway, lower costs and fast track licensing are put in place. A timely, inclusive, and sustainable digital transformation can not only bolster productivity and growth but also serve as a panacea for some of the region's socio-economic divides.

To reap the dividends of digital transformation, South Asia needs to address legal, regulatory and policy gaps as well as boost digital skills. A robust digital infrastructure is a *sine qua non* and there exists a huge financing gap. India alone needs an annual investment of \$35 billion to be in the top five global digital economy and public-private partnership needs to be leveraged for the region's digital infrastructure financing.

Regulatory roadblocks need to be addressed as e-commerce regulations are weak in South Asia. For the sector to drive growth, issues such as customer protection, digital and market access regulation, etc. need to be addressed. There would be no digital revolution without universal digital literacy. Governments and businesses need to come together to revamp the education system to meet the demand for digital skills and online platforms. The crossflow of data and personal information calls for stringent cybersecurity measures as many have experienced painful lessons in data privacy during the pandemic.

This decade will be 'India's techade', says PM Modi

In South Asia, only a third of the inter-regional trade potential has been exploited, losing out on \$23 billion in revenues (<https://bit.ly/37ohglr>). By addressing issues such as regulatory barriers on currency flows inhibiting online payment to transport-related constraints for cross-border e-commerce activities, South Asia can emulate the European Union's Digital Single Market Proposal.

During the pandemic, South Asian nations joined hands to collectively battle the crises by contributing towards a COVID-19 emergency fund, exchanging data and information on health surveillance, sharing research findings, and developing an online learning platform for health workers. If the eight nations (Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka) can start walking the talk, partnership for a successful digital revolution is plausible. It will need vision, wisdom, and commitment at the highest level of the region's political leadership.

COVID-19 has rendered old ways of operating redundant. Concerted collaboration at all levels is needed to push South Asia out of stagnancy and towards a digital future of shared prosperity. The right concoction of regulatory and physical infrastructure, skill sets and regional cooperation can lead toward a digital utopia whereas, the lack of which can breed a dystopian tomorrow. Adequate support is needed for those who risk falling through the net of digital progress. A shared "digital vision" could place the region on the right track towards the Fourth Industrial Revolution.

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

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