India's G20 Presidency:
Towards a Digital Diplomacy Strategy

By Nazia Hussain

SYNOPSIS

India's G20 presidency provides a platform for New Delhi to project its digital diplomacy and lead the way to a multilateral framework for digital public infrastructure.

COMMENTARY

More than halfway into its Group of 20 (G20) presidency, India's digital diplomacy strategy has emerged as the centrepiece of its global agenda, with a focus on adopting a human-centric approach to technology. New Delhi has prioritised using the G20 platform to advocate for digital technology governance as recent crises such as the COVID-19 pandemic and the war in Ukraine have shown the crucial role of digital public infrastructure (DPI) and financial inclusion in building national resilience.

India is well positioned to lead the conversation on global digital governance – the country has made notable strides in accelerating digital transformation by rolling out DPI at population scale. According to a study by the Reserve Bank of India, India's digital economy grew 2.4 times faster than the traditional or "physical" economy of the country. Moreover, taking the lead in crafting a digital governance framework would cement India's status as a leading voice of the Global South – a diplomatic aspiration that the Indian government has expressed in no uncertain terms.

Leading the Way for Digital Public Infrastructure

The development of DPI aimed at implementing nationwide adoption of digital payments, data-sharing infrastructures, and boosting its digital economy has become an integral part of New Delhi's digital diplomacy strategy. The "Digital India" campaign launched in 2015 to raise the country's digital profile has paved the way for efforts at providing efficient digital solutions to various public services.

The cornerstone of this campaign is the "India Stack" digitisation project – a multi-layered and interoperable digital identity, payment and data management system of open application programming interfaces (APIs) and e-governance applications. The "India Stack" comprises the Aadhaar digital ID scheme – the world's largest biometric ID system covering more than 1.31 billion or 95 per cent of the Indian population. This identity layer works in tandem with a payments layer which includes the United Payments Interface (UPI) for real-time mobile payments and a data layer which aims to restore the ownership and control over user data to its rightful owners.

India has achieved considerable success in demonstrating that it is possible to adopt a DPI model at scale. Aadhaar enabled 50 times more direct transfer of benefits between 2014 and 2022, while UPI processed 8.3 billion secure, quick, and low-cost transactions in March 2023 alone.

However, the lack of an adequate data protection framework, regulatory oversight, gaps in internet access – 31 per cent of the rural population uses the internet as compared to 67 per cent of the urban population – and low digital literacy – only 38 per cent of households in the country are digitally literate – continue to pose challenges which could hinder the successful deployment of citizen-centric DPI.

New Delhi's prioritisation of digital transformation on the G20 agenda provides an impetus to the G20 Digital Economy Working Group (DEWG) to address such concerns. Tasked to shape global policy discourse on technological transformation, the DEWG could further discussions among G20 member states on development of a common multilateral framework for data regulation, cybersecurity threats, mitigating the risk of digital divide, and promoting capacity building to equip the workforce with digital up-skilling and re-skilling. Low- and middle-income countries could greatly benefit from a common framework for reference in the journey to digital transformation.

Leveraging Digital Soft Power

India's campaign to provide widely accessible and affordable DPI that can bring about socioeconomic transformation has been showcased at the G20 – a crucial platform given that the grouping involves developed and developing economies accounting for two-thirds of the world's population.

New Delhi has embarked on a digital diplomacy drive to promote its digital infrastructure template as a model for development around the world, and it has garnered interest among countries. India signed MoUs last month on the side lines of the G20 Digital Economy Working Group meeting with Armenia, Sierra Leone, Suriname, and Antigua and Barbuda on sharing "India Stack".

Moreover, countries have already started adopting elements of "India Stack". The Philippines and Morocco have become the first two countries to start adopting the open-source technology architecture of Aadhaar to replicate similar unique identifier systems for their citizens. Meanwhile, the technology behind the COVID-19 Vaccine Intelligence Network (CoWin) has been deployed in Indonesia, the Philippines, Sri Lanka and Jamaica to aid their vaccination programmes. Singapore recently connected its digital payments platform PayNow to India's UPI to allow for faster and more cost-efficient cross-border fund transfers.

Another window for India's digital soft-power push comes from the recent unanimous vote by the Shanghai Cooperation Organisation (SCO) member states, which includes China and Pakistan, to adopt India's proposal for developing DPI. In this proposal, Ashwini Vaishnaw, Union Minister for Railways, Communications, Electronics and Information Technology, urged member states to adopt the country's DPI like Aadhaar, UPI, CoWIN and DigiLocker.

As New Delhi also presides over the SCO grouping this year, pushing for digitally inclusive growth at a global scale ensures engagement of the Global South by addressing their concerns at a very crucial juncture for the international community.

A Diplomatic Win?

Having emphasised digital transformation as "the most remarkable change of our era", New Delhi would want a diplomatic feat to mark the end of its presidency at the G20 leaders' summit in September. To this end, the G20 digital task force would seek to facilitate consensus on the specificities of DPI as well as create a multilateral funding body for the uptake of digital public goods globally.

As India steers the G20 for the first time since the grouping was founded in the wake of the 1999 Asian Financial Crisis, alongside Indonesia and Brazil – the other two emerging economies which along with it form the G20 troika – the time is apt for New Delhi to take a diplomatic lead in engaging the Global South through the G20 platform and create an opportunity for the G20 to plug the vacuum in the governance structure of DPI.

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