

Apps Expenditure Expected to Reach INR 64 Lakh Crores by 2030, Fuelling 12% of GDP Growth: says Broadband India Forum Report

- First of its kind study to measure the impact of applications on the country's GDP based on time and money spent through smart-phones
- Growth in app economy estimated to be around 32%, more than four times the GDP growth
- This may just be the tip of the ice-berg as digital push, 5G and increasingly available affordable smartphones may lead to a huge upsurge
- Key recommendations for the growth include government support for indigenous manufacturing, reviewing tax on imports, and accelerating chip manufacturing.

Friday, June 30, 2023, New Delhi: Broadband India Forum today released the findings of its study on **"The Economic Value of the App economy in India"**. According to the study, the amount of money spent on apps is projected to reach around USD 800 billion (INR 64 lakh crores) by 2030. Given that, the Indian economy is expected to be around USD 6600 billion by 2030, the app spending is likely to be around 12% of the GDP. The study further estimates that the growth in the app economy is around 32%, which is more than four times the GDP growth. This significant growth can be attributed to the larger multiplier effect of smartphone users and overall economic expansion.

The study was unveiled by the Honourable Union Minister of State for Electronics and Information Technology and Union Minister of State for Skill Development and Entrepreneurship, Shri. Rajeev Chandrasekhar, in the presence of senior government dignitaries and the broadband industry.

"India's aspiration to become a \$5 trillion economy in the next few years is premised on a \$1 trillion contribution from the digital economy," said **Aruna Sundararajan, Chairperson of the Broadband India Forum** and Former Secretary (Telecom) of the Department of Telecommunications, Ministry of Communications, and Chairperson of the Digital Communications Commission (DCC). "Apps are an integral part of the digital economy as they empower individuals, businesses, and governments to make informed, data-driven decisions. They are expected to have a positive impact on overall productivity and GDP."

"Apps are creating huge multiplier effects through induced and indirect effects. Considering the significant impact of the apps ecosystem on the country's economy and the socio-economic welfare of its citizens, the government must be commended for enabling this through the current policies and regulations for apps. The same support should be continued to help unlock the true potential of the app ecosystem in India," said **T.V. Ramachandran, President of the Broadband India Forum**.

The study is based on the amount of money spent by the user on smartphone apps, reflecting the framing of the app economy as the attention economy. The study can be seen as a lower bound estimate of the impact of apps on the overall economy. If the Indian Government increases its push towards digitization and more and more businesses shift towards apps, this number is likely to be higher than our current estimate. In addition, the penetration of 5G is likely to accelerate the adoption and usage of apps.

It is interesting to note that the contribution of the app economy to India's GDP is higher than that for the EU and UK for 2021. This is possibly due to the relatively higher value of payments made on mobile in India. Nearly 85% of the total digital transactions in India, which include credit and debit cards, internet banking, etc., are made through mobile payments.

The study also provides several key recommendations to ensure the long-term growth of the app's economy and its sustained contribution to India's GDP. Given the 4x growth multiplier effect of the app economy in relation to GDP, the government's role should be to help lower the cost of smartphones by supporting indigenous manufacturing, reviewing taxes on imports, and accelerating chip manufacturing in the medium term. The Mobile PLI scheme is an outstanding example of such a government policy that has enabled India to become a global hub for smartphone manufacturing, not only for India but for the world.

About Broadband India Forum

Broadband India Forum (BIF) functions as an independent policy forum and knowledge-based think-tank that works for the development and enhancement of the entire broadband ecosystem in a holistic, technology-neutral, and service-neutral manner. BIF has established itself as a thought leader and a credible and effective voice, to help propel the nation to achieve the country's ambitious vision of creating a Digital India. To achieve this, BIF works to promote the rapid development of policies, so as to facilitate affordable and high-speed ubiquitous broadband throughout the country.