

## EU-India: Cooperation on digitalisation

A 'human-centric digitalisation to develop inclusive economies and societies' is the main concept behind the digital transformation of both the EU and India. During their July 2020 summit, the two agreed to promote global digitalisation standards characterised by 'safe and ethical deployment'. Their flagship initiatives – the EU digital single market and 'Digital India' – make them natural partners in the promotion of these global standards. Yet, if their ICT cooperation is to make sound progress, some of Delhi's protectionist policies need further consideration.

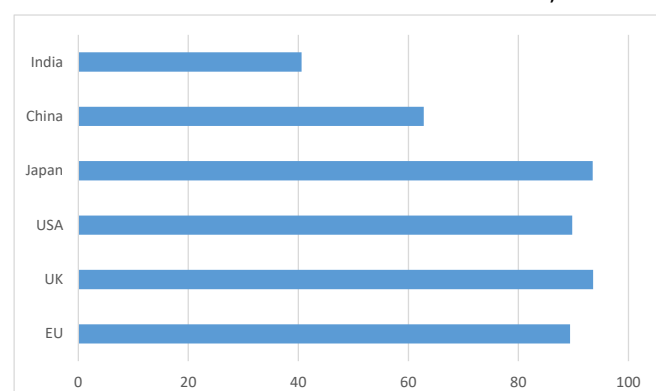
### Towards a digitally empowered India

Since its first mandate, Narendra Modi's government has been actively engaged in the country's digitalisation. Its flagship programme, [Digital India](#), is structured around nine key pillars aimed at transforming India into a digitally empowered society and knowledge economy, cutting dependency on bureaucratic processes, reducing corruption and bringing public services to the citizens at a faster pace. Robust IT connectivity and digitalisation are among the core infrastructure elements of another flagship government programme, [Smart Cities Mission](#), aimed at developing smart cities across the country and making them citizen-friendly and sustainable. [Digitalisation of manufacturing](#) and [digital payments](#) represent a growing dimension within another flagship government programme, [Make in India](#), seeking to transform the country into a global manufacturing hub and to ease its business climate for both domestic and foreign investors. The introduction of the one-stop government e-market place ([GeM](#)) has made it possible to launch [e-procurement](#). India is digitising at a fast pace and, alongside China, is in the global [lead](#) as regards many key dimensions of digital adoption. A major company, Reliance Industries, has announced it will be creating a [home-grown 5G network](#); meanwhile, according to McKinsey's Country Digital Adoption Index, the country has an [ample margin of growth](#) (see box on internet penetration). However, internationally India has [not joined the negotiations](#) on a multilateral mechanism on global rules at the World Trade Organization (WTO), due to scepticism over the accrued benefits of freer digital trade.

### The 'JAM trinity'

The government's [JAM trinity](#) is an initiative to link up Jan Dhan (accounts), Aadhaar (cards) and Mobile (mobile numbers). Pradhan Mantri Jan Dhan Yojana ([PMJDY](#): Peoples' Wealth Scheme), promotes financial inclusion, targeting universal access to banking facilities and facilitating the delivery of social benefits directly to bank accounts. [Aadhaar](#) provides each citizen with a 12-digit unique identification number with demographic and biometric information (fingerprint and iris scan). With the entire 1.2 billion residents enrolled, this is the world's largest biometric programme. [Concerns](#) have been voiced that it could be used as an instrument of state surveillance before data security and privacy regulations are established. A 2018 [Supreme Court](#) ruling on the unconstitutionality of some of the programme's provisions prompted the parliament to adopt the Aadhaar ([Amendment](#)) Bill. While sharing the [concern on privacy](#), the IMF deems the country a leader in digitalisation and [remarks](#) that 'Some reforms in India show the benefits of digitalization and reducing opportunities for discretion and fraud. For example, the adoption of an electronic platform for managing a social assistance program in India resulted in a 17 per cent decline in spending with no corresponding decline in benefits'. The JAM trinity's third component is its mobile network covering more than [1.16 billion customers](#) in February 2020 and serving as an

Penetration of internet in selected countries, 2019



Source: [Internetworldstats](#). Data are given as a percentage of users compared to the total population.

effective service delivery platform, especially in rural areas. In 2019, India surpassed the US, becoming the [world's second-biggest market](#) for smartphones after China.

## Public and private cooperation between the EU and India

The EU and India maintain regular [dialogues](#) under the India-EU Joint ICT Working Group, set up in 2011, and the EU-India ICT Business Dialogue. Since 2015, the EU and India have committed to work together on international [ICT standardisation](#) to define new standards on aspects such as telecom security, energy efficient ICTs or emerging technologies such as machine-to-machine communication. At their 2016 [summit](#), the EU and India agreed on enhanced cooperation in cybersecurity, ICT standardisation, internet governance, research and innovation. Moreover, the two parties agreed to advance business-to-business cooperation through increased presence of Indian IT-[ITeS](#) companies in the EU and EU companies' active participation in the Digital India programme. In a [second stage of cooperation](#) on ICT standardisation, a three-year project supported joint initiatives in several fields including 5G, intelligent transport systems/machine-to-machine (M2M) communications, network functions virtualisation/software-defined networks (NFV/SDN), and security as a cross-cutting issue. The independent initiative, [Startup Europe India Network](#) (SEINET), a high-calibre platform in the Europe-India tech corridor, consults on scaling up tech companies and on issues linked to venture capital and impact innovation and investment sourcing in the European and the Indian markets. In May 2018, the 5G Infrastructure Association ([5G IA](#)) Telecommunications, representing the European industry, and India's Research Programme Standards Development Society ([TSDSI](#)) signed a [memorandum](#) of understanding to foster collaboration on research, standards, regulations and policies on 5G through to 2021.

## Prospects for enhanced cooperation

The two partners' flagship initiatives – the EU [digital single market](#) and Digital India – lay the foundation for further developments in cooperation on digital issues, to be included in the EU's global digital cooperation [strategy](#). The relevance of this sector in bilateral relations has been reflected in the [roadmap to 2025](#) of the EU-India Strategic Partnership. In the roadmap, the partners voice their readiness to continue ICT cooperation under the above-mentioned working group; promote common approaches and standards for digital transformation; enhance convergence between the regulatory frameworks; promote technical and regulatory cooperation on the development of new technologies; and support the work between EU and Indian industries and start-up ecosystems on enhanced cooperation on innovation and technology deployment. The partners also express their will to make efforts towards reaching an agreement on taxation of the digital economy in the G20 framework, which India will host in 2022.

The EU-India summit held in July 2020 marked a key moment in which the leaders made an explicit reference to '[human-centric digitalisation](#) to develop inclusive economies and societies'. Having in mind Beijing's leadership in artificial intelligence (AI) as well as in 5G, the EU and India agreed to promote global standards characterised by 'safe and ethical deployment', as a vow to build a concept of digitalisation alternative to China's. This concept does not imply [high-tech decoupling](#), as the EU High Representative, Josep Borrell, had already clarified at the Raisina Dialogue in January 2020, in which he also insisted on cooperation to protect fundamental freedoms in cyber space and the free flow of data. The European Commission President, Ursula von der Leyen, proposed to engage in a high-level EU-India [digital investment forum](#) where business leaders could discuss concrete opportunities for cooperation.

Some aspects of the Indian legislation and its protectionist policies may complicate the bilateral digital agenda. Since February 2019, India does [not allow foreign-funded](#) e-commerce companies with inventory-based business models (such as Amazon and Flipkart) to operate in its market – a [restriction](#) that does not apply to domestic operators. The [Personal Data Protection Bill](#), submitted to the parliament in December 2019, enables government agencies to bypass personal data safeguards on grounds of national security, and requires companies to store certain categories of sensitive and critical data (relating to financial, health and biometric information) in India. These provisions have sparked concern as to whether the proposed legislation can protect [privacy](#) while promoting growth; a similar concern was raised when the Indian authorities set up a nationwide [facial recognition system](#). These kinds of provisions, including data localisation, may obstruct future EU-India data negotiations, as they would hinder data protection equivalence and a free transfer of data, both of which are key to EU-India cooperation in the digital sector.

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2020.

