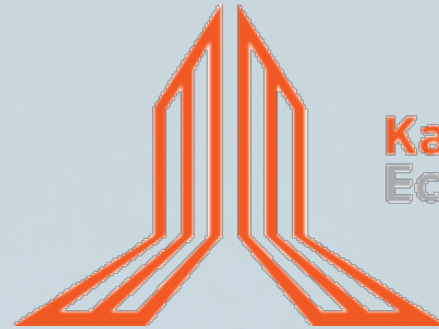
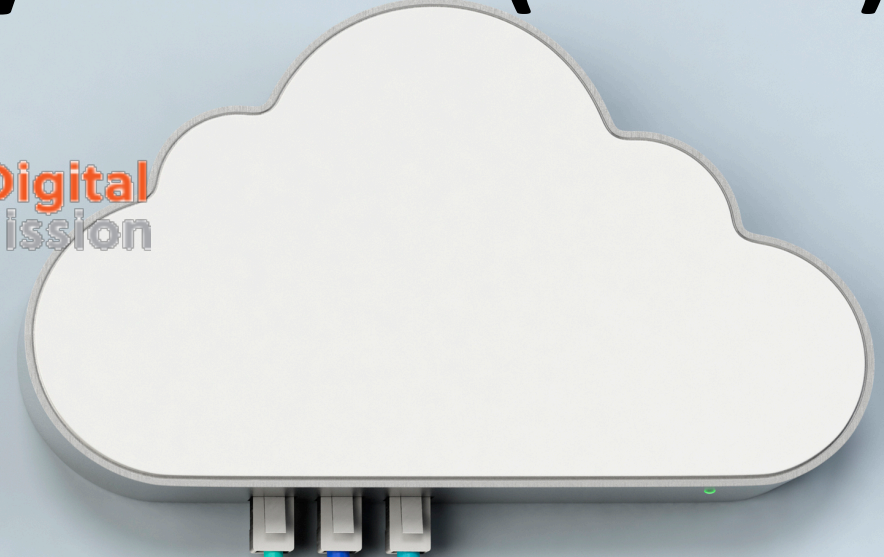


Karnataka Digital Economy Mission (KDEM)



Karnataka Digital
Economy Mission



Overview: Digital Economy - Karnataka

KDEM
KEONICS – K-WINGS, 27th Main Rd,
1st Sector, HSR Layout (behind HSR
Police Station), Bengaluru 560102
info@karnatakadigital.in

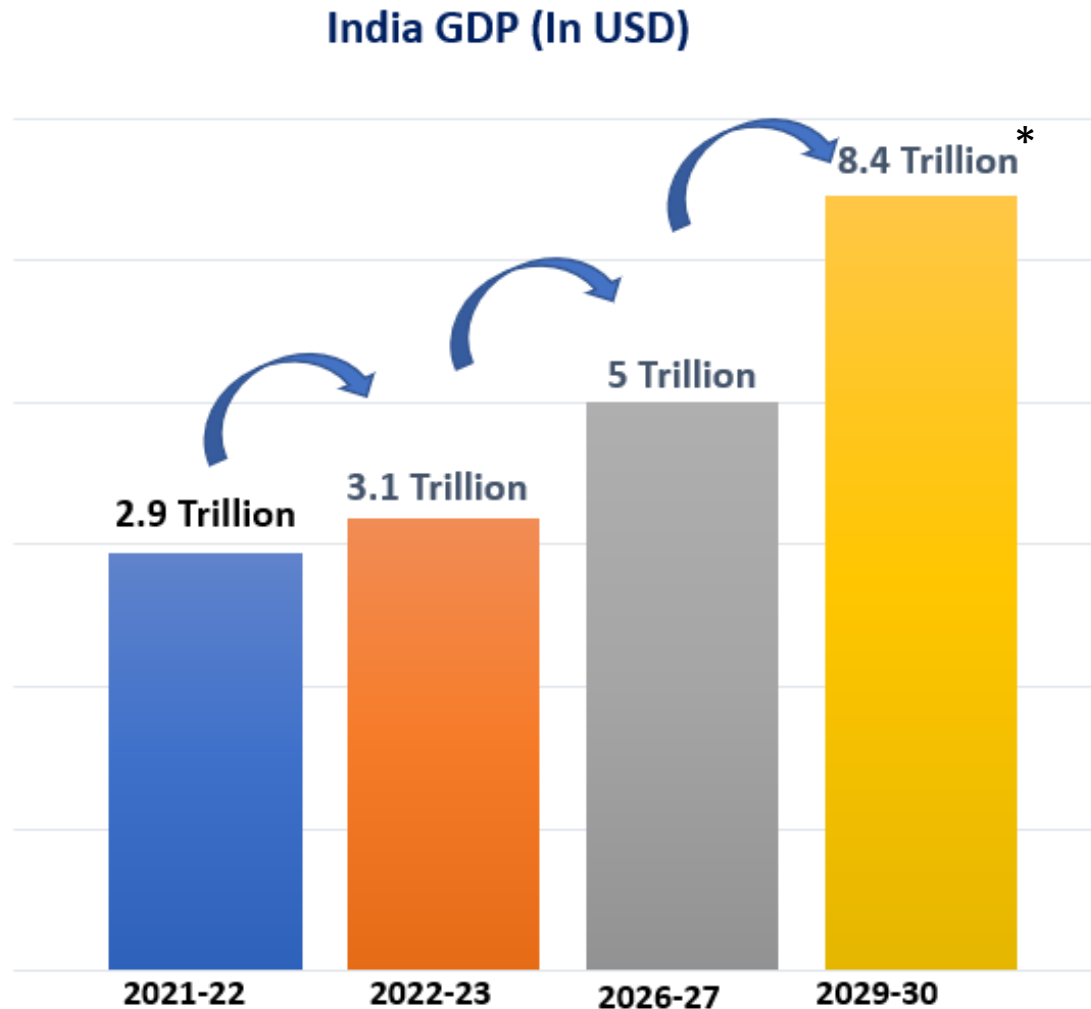


NASSCOM®

Promoted by

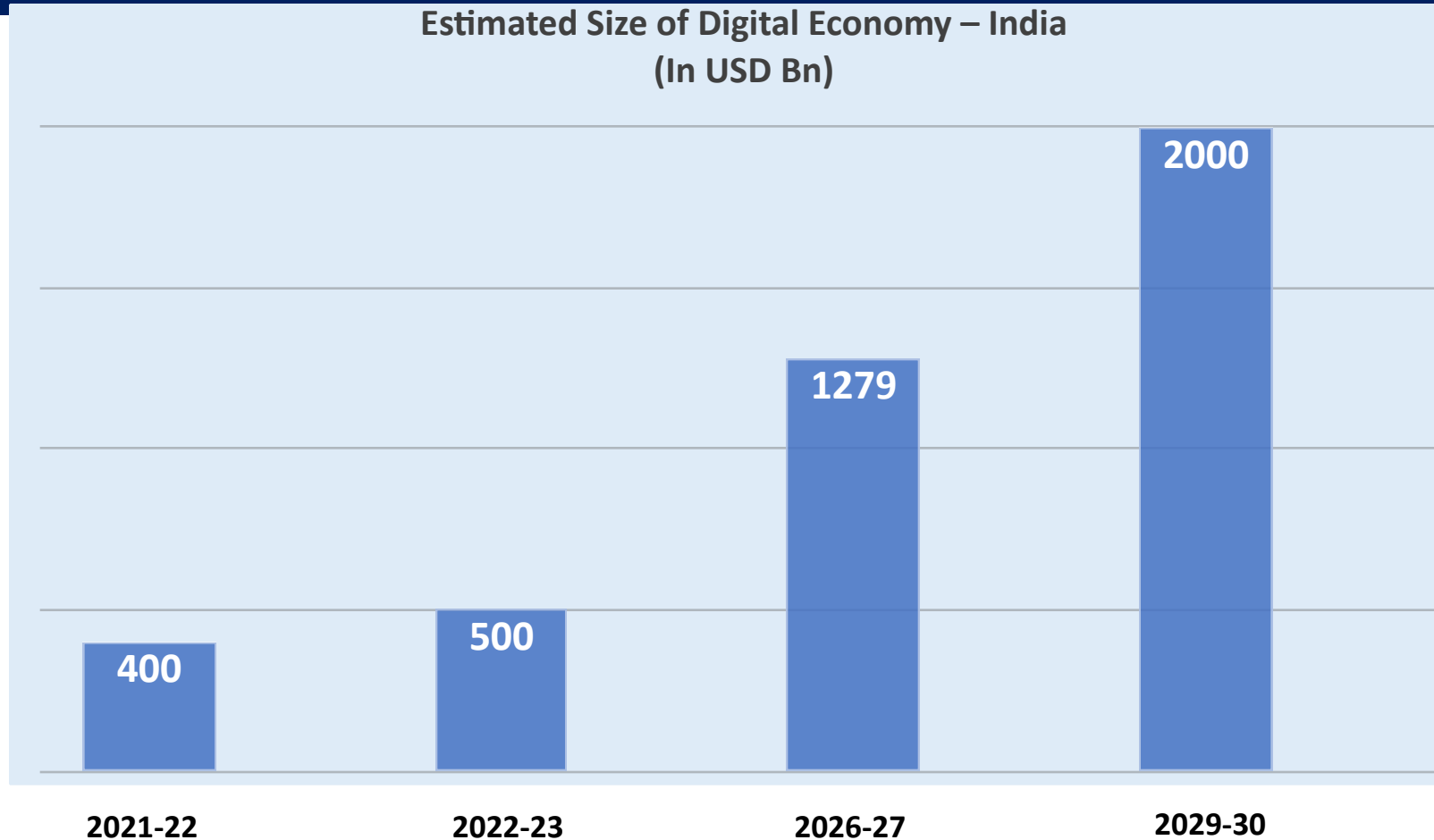


India GDP vs Karnataka GDP



*India's potential to become **10 trillion** economy by the year **2030** – by Subhash Chandra Garg (Secretary, Dept of Economic Affairs – Ministry of Finance)*

Estimated Size of Digital Economy - India



Digital Economy includes :

1. IT Exports
2. IT Domestic
3. ESDM
4. Startups

5. Other Sub Sectors includes

1. Digital Communication Services
2. Government e-Market place
3. Direct Benefit Transfer
4. Tech-enabled healthcare
5. Customizable education platform for students
6. Digitally enabled power distribution
7. Smart grids with distributed generation
8. Digital payments
9. Flow based lending and advanced credit (MSME's)
10. Digital Farmer financing and insurance payouts
11. Precision agriculture
12. Universal agricultural marketplace
13. Online talent platforms
14. End to end digital supply chain - Traditional Retail
15. End to end digital supply chain - E-Commerce
16. Efficient transport and logistics
17. Business digitization and IoT based analytics

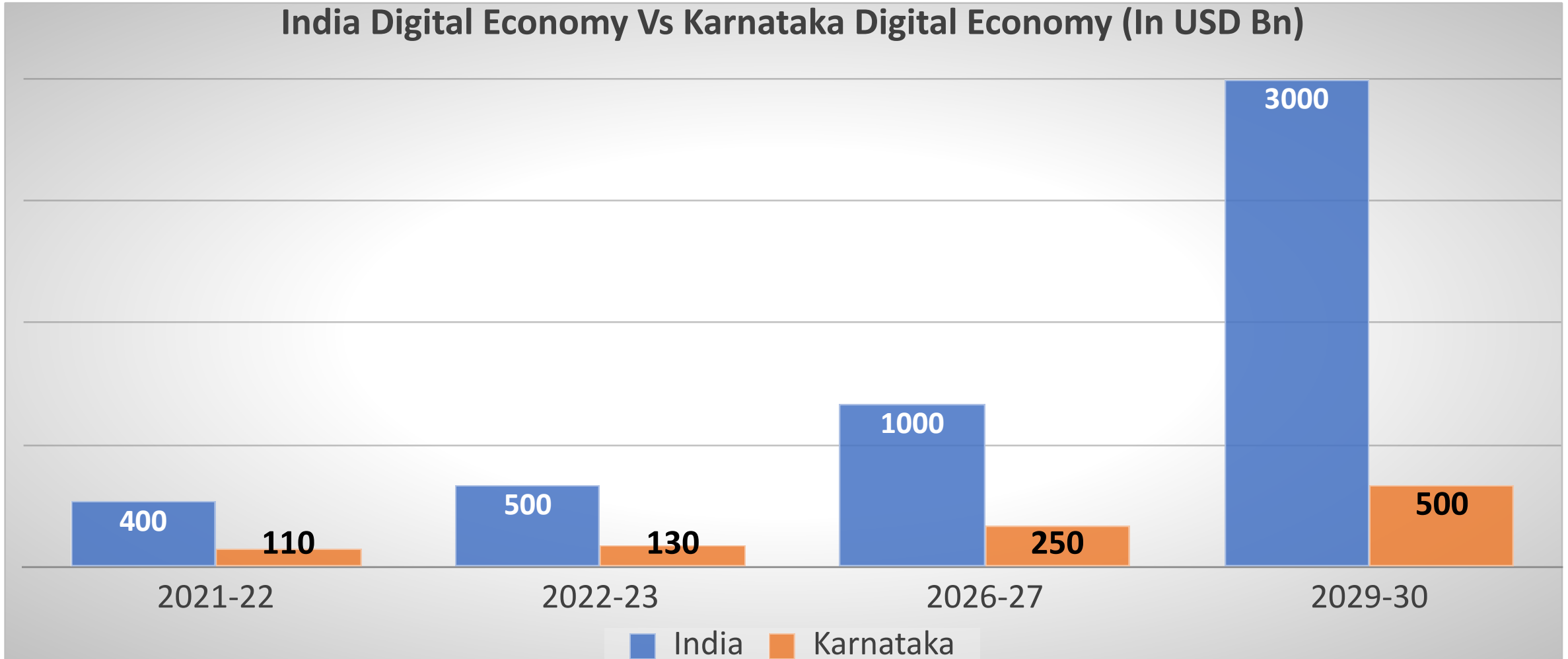
Source: Nasscom, RBI, ICEA, Inc42

Computation (including growth rate) comprises of

1. IT exports (12% till 2025 & 10% from 2026-30),
2. IT Domestic (15% till 2025 & 12% from 2026-30)
3. ESDM (ICEA estimates till 2025; 12% for 2025-30)

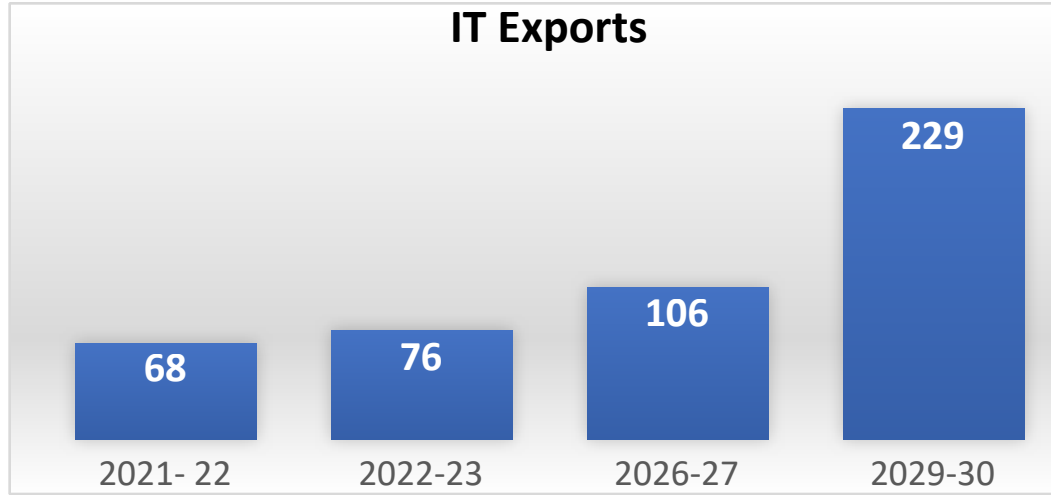
4. Startups (30% till 2025 & 20% from 2026-30)
5. other sub sectors of Digital Economy: Assumptions for the sub sectors based on McKinsey Global Institute Digital India Report for India level and the assumptions based on the BCG estimation for Karnataka based on 19 (Growth rate for India post 2025-10%, Karnataka post 2025-15%)

India Digital Economy vs Karnataka Digital Economy

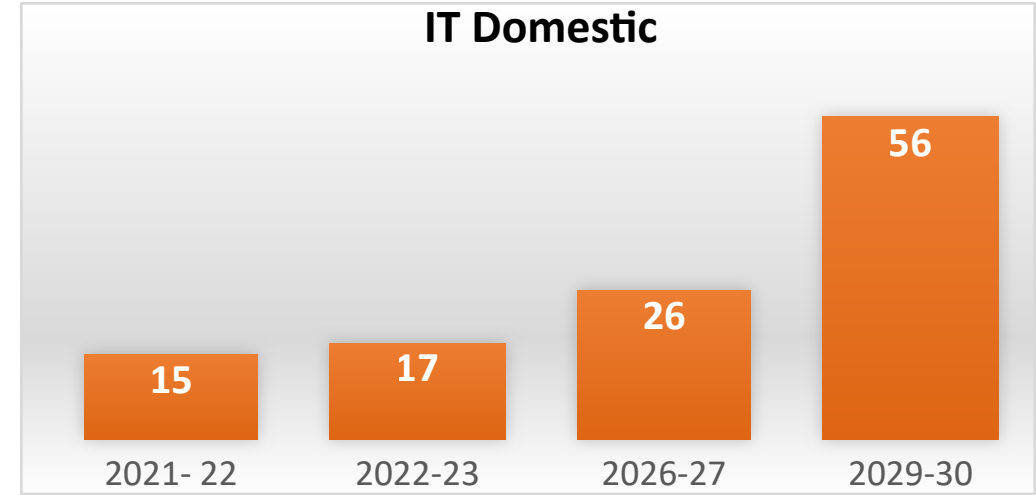


Karnataka Digital Economy – Sectors (In USD Bn) – 1/2

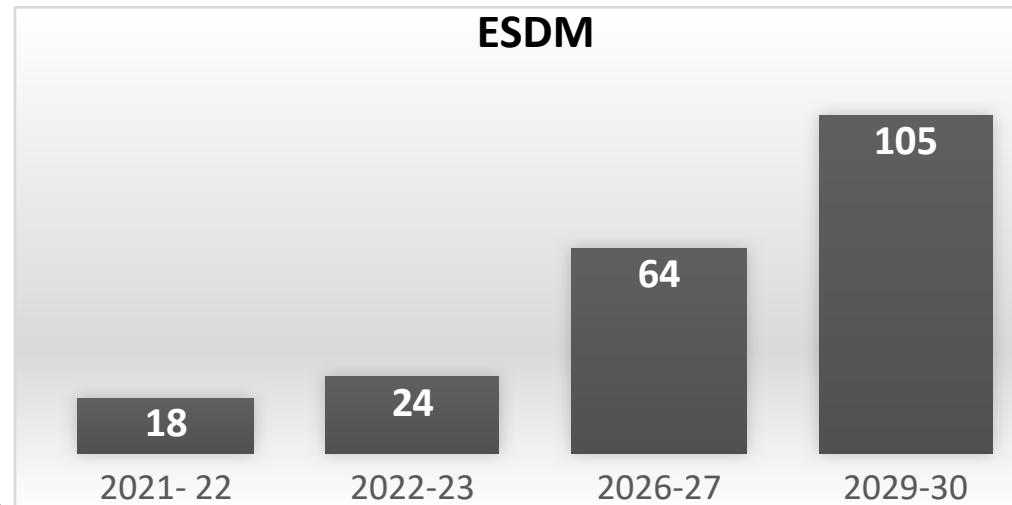
IT Exports



IT Domestic

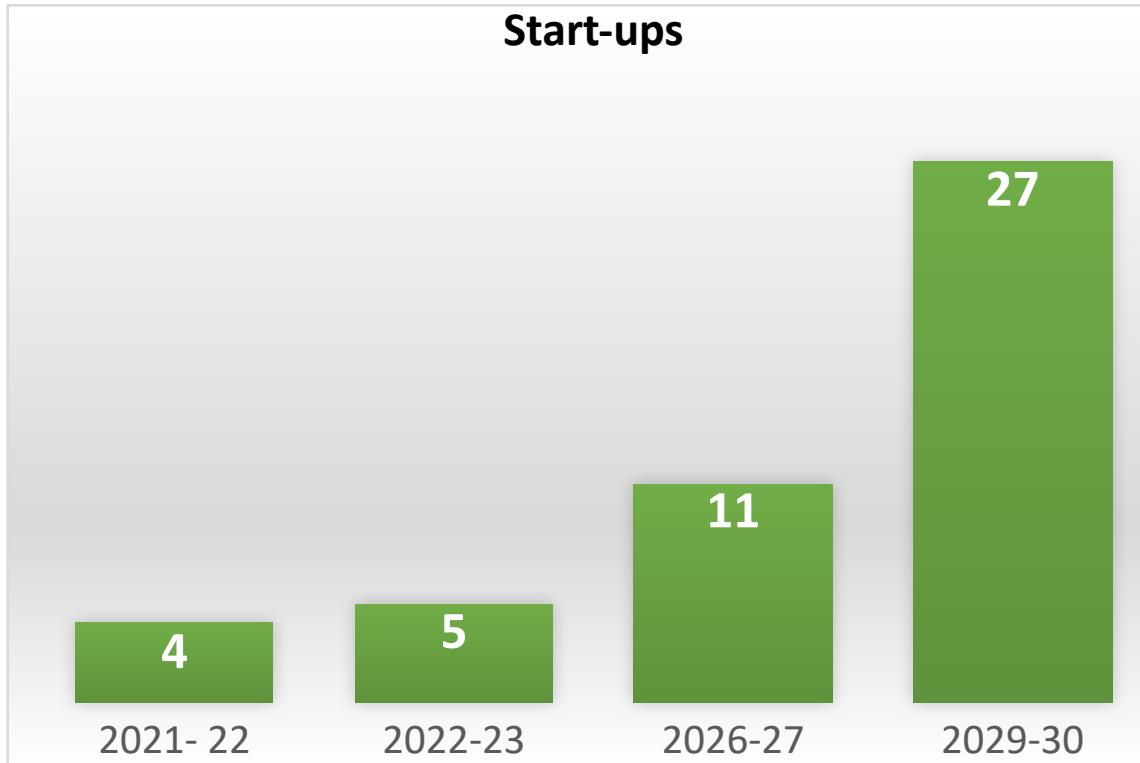


ESDM

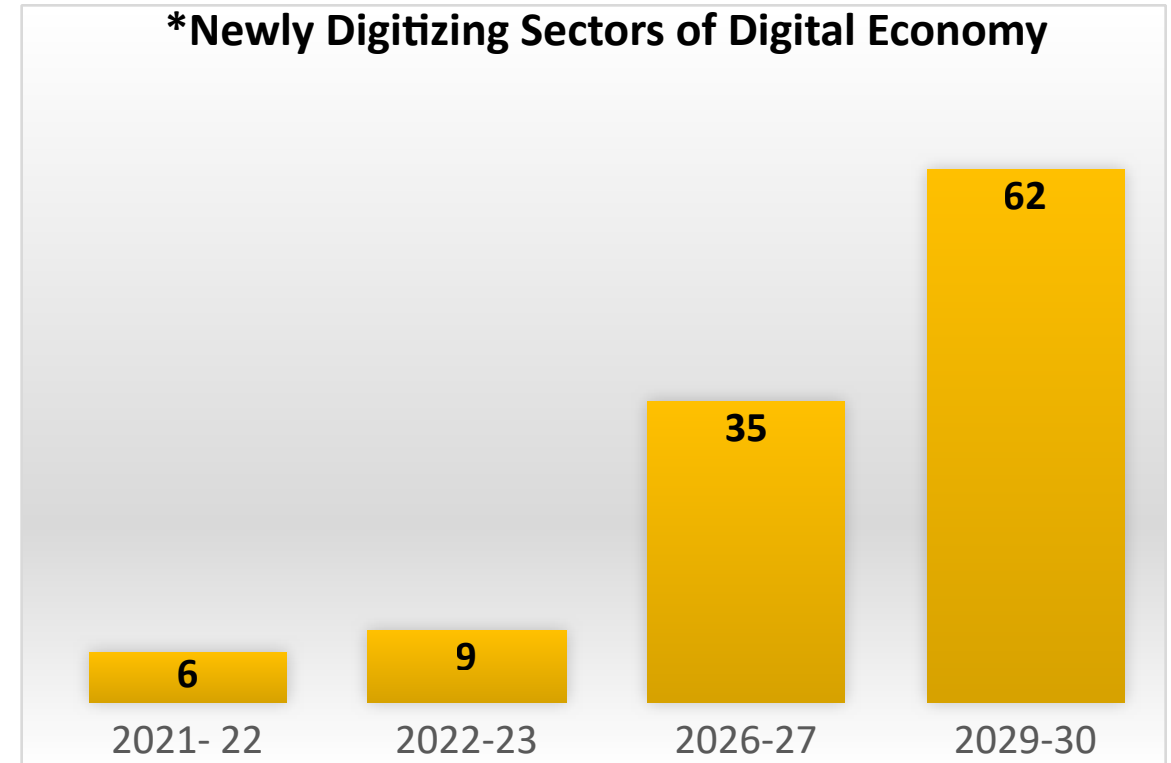


Karnataka Digital Economy – Sectors (In USD Bn) – 2/2

Start-ups



***Newly Digitizing Sectors of Digital Economy**



***Newly Digitizing Sectors includes**

Digital Communication Services ,Government e-Market place, Direct Benefit Transfer, Tech-enabled healthcare, Customizable education platform, Digitally enabled power distribution ,Smart grids, Digital payments, Flow based lending and advanced credit (MSME's), Digital Farmer financing and insurance payouts, Precision agriculture, Universal agricultural marketplace, Online talent platforms, End to end digital supply chain - Traditional Retail, End to end digital supply chain - E-Commerce, Efficient transport and logistics, Business digitization and IoT based analytics

Source: Nasscom, RBI,

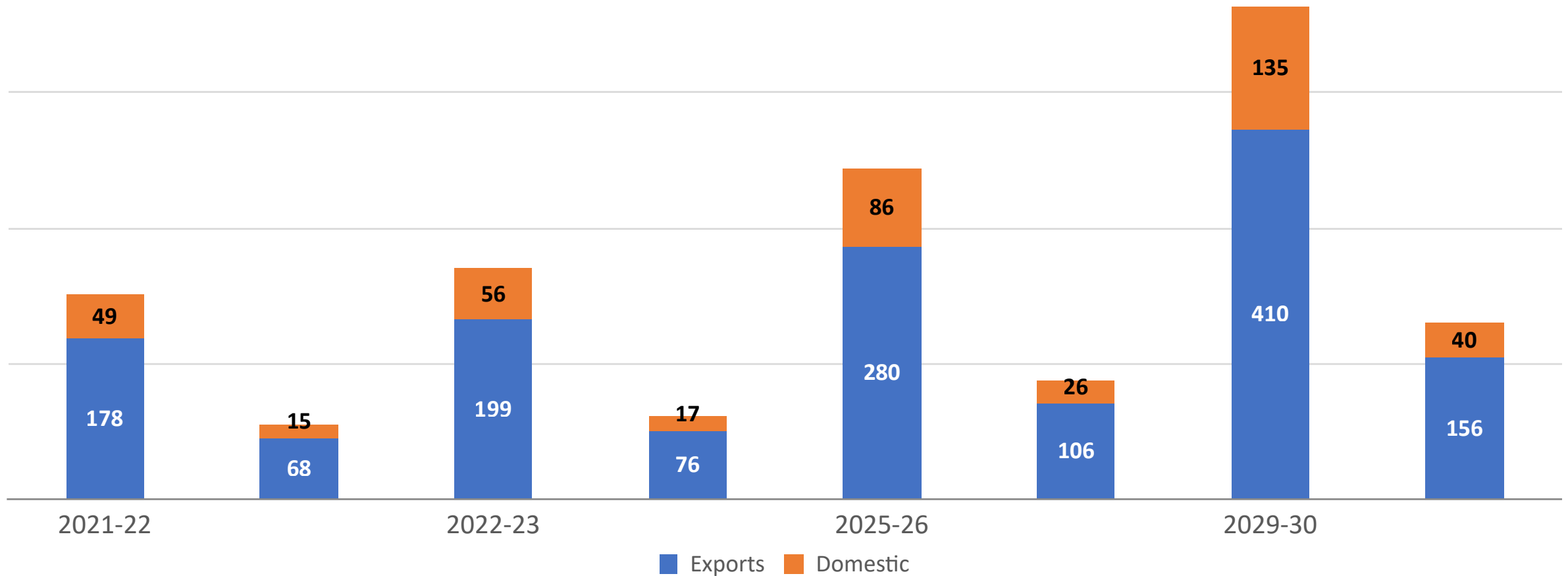
ICEA,Inc42, KDEM Estimates

This is estimated numbers based on mathematical

IT Products & Services, BPM and GCC – Current and Aspirations

Revenue

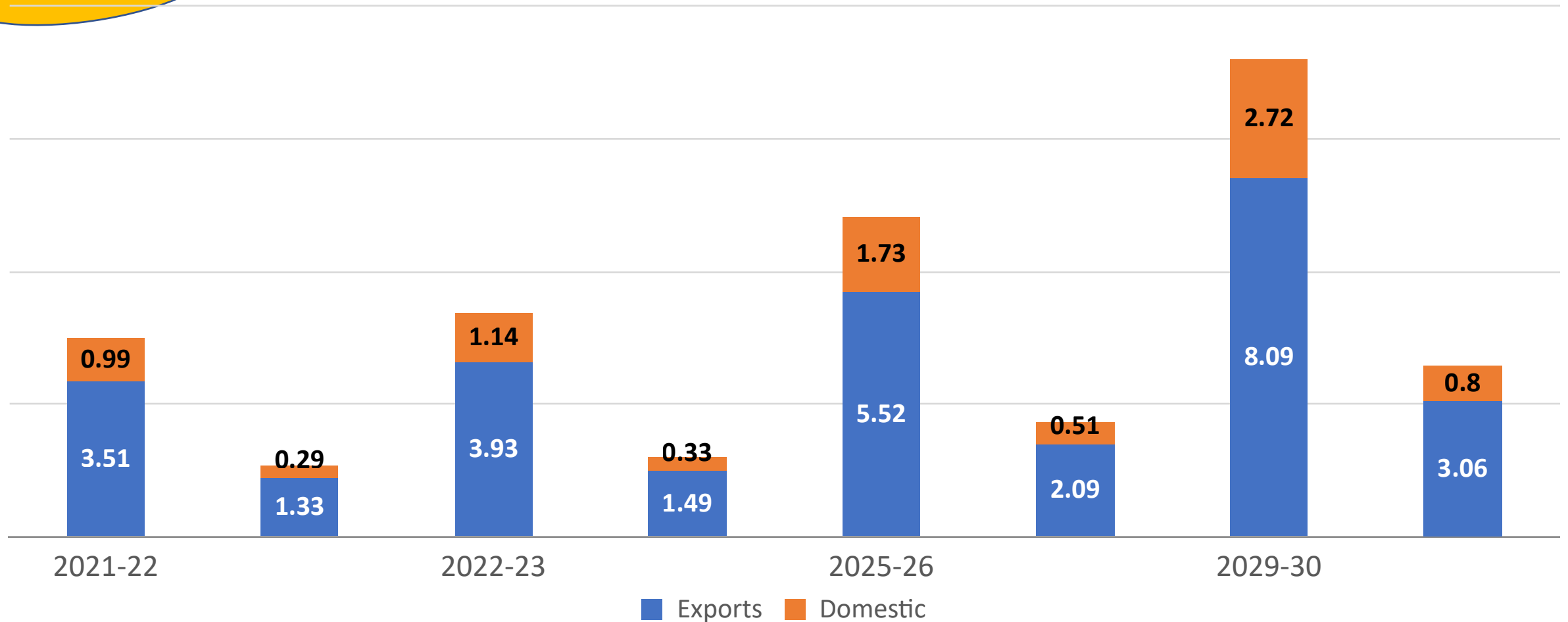
IT Revenue (In USD Bn)



IT Products & Services, BPM and GCC – Current and Aspirations

IT Employment (In Millions)

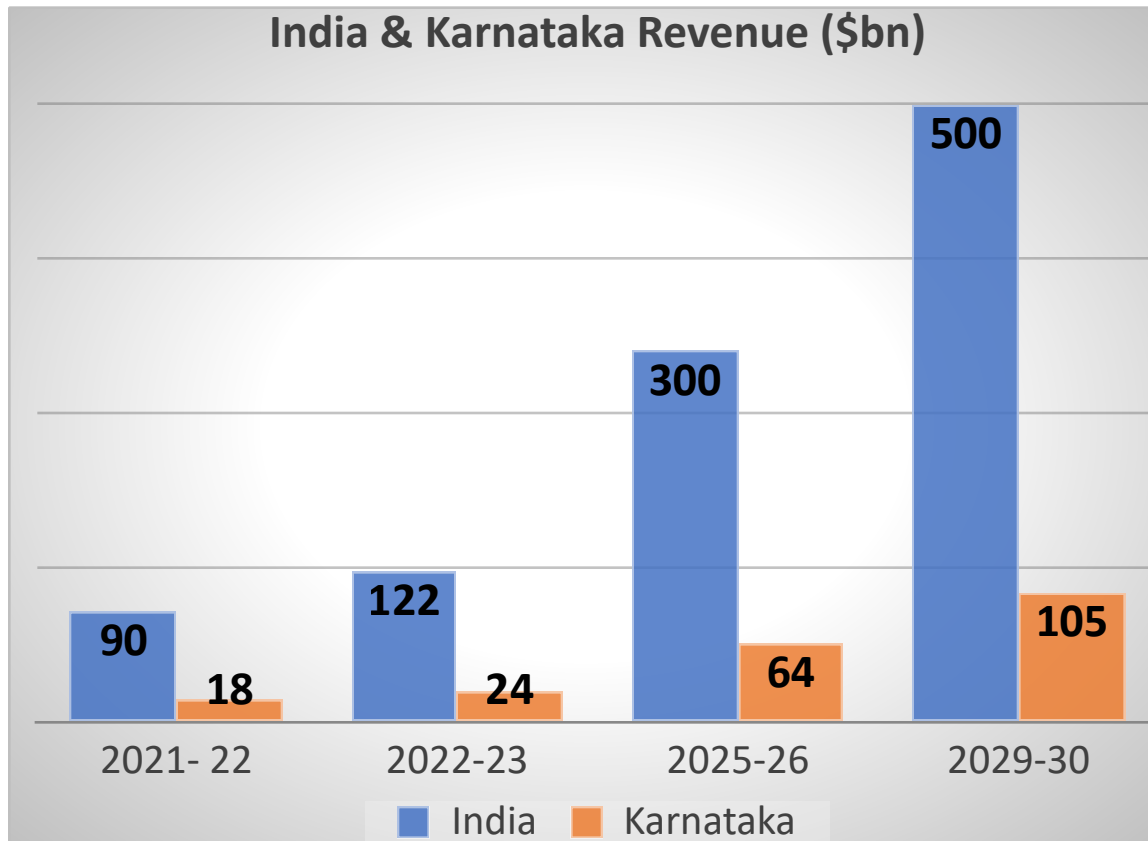
Employment



ESDM – Current and Aspirations

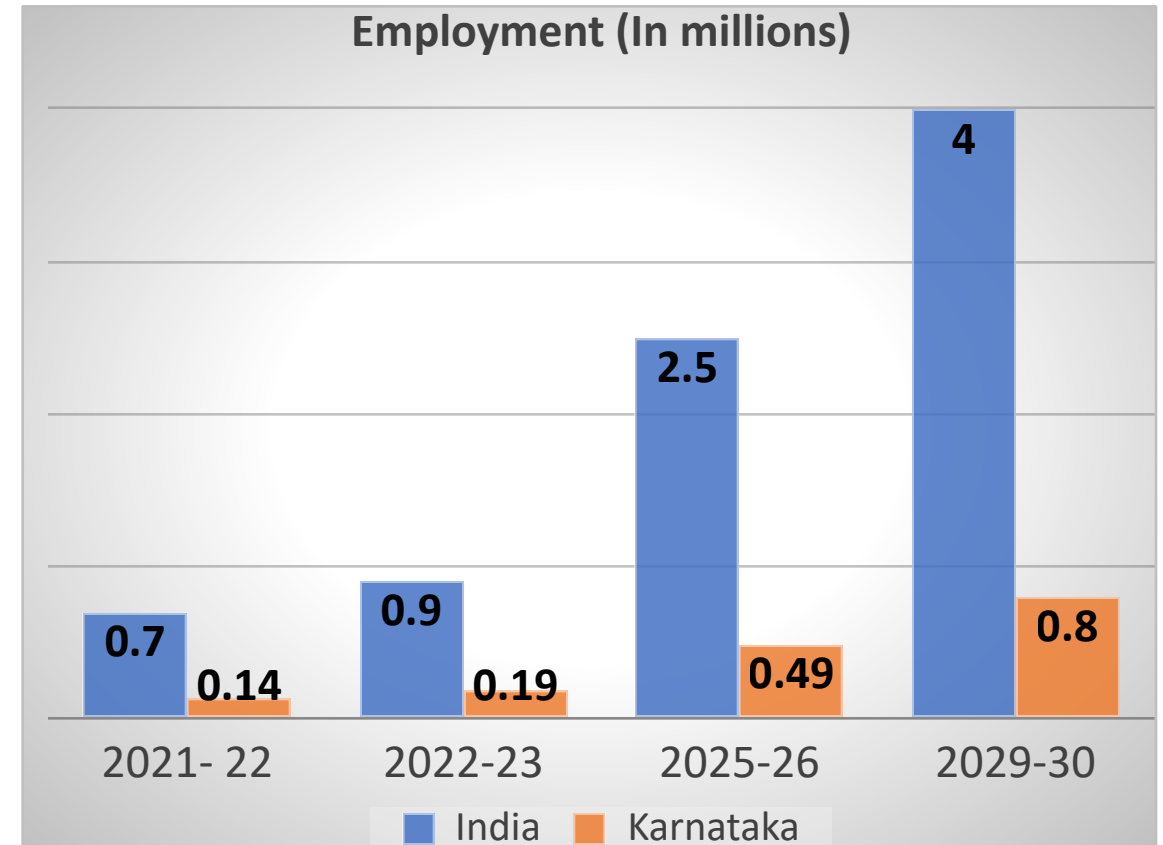
Revenue

India & Karnataka Revenue (\$bn)



Employment

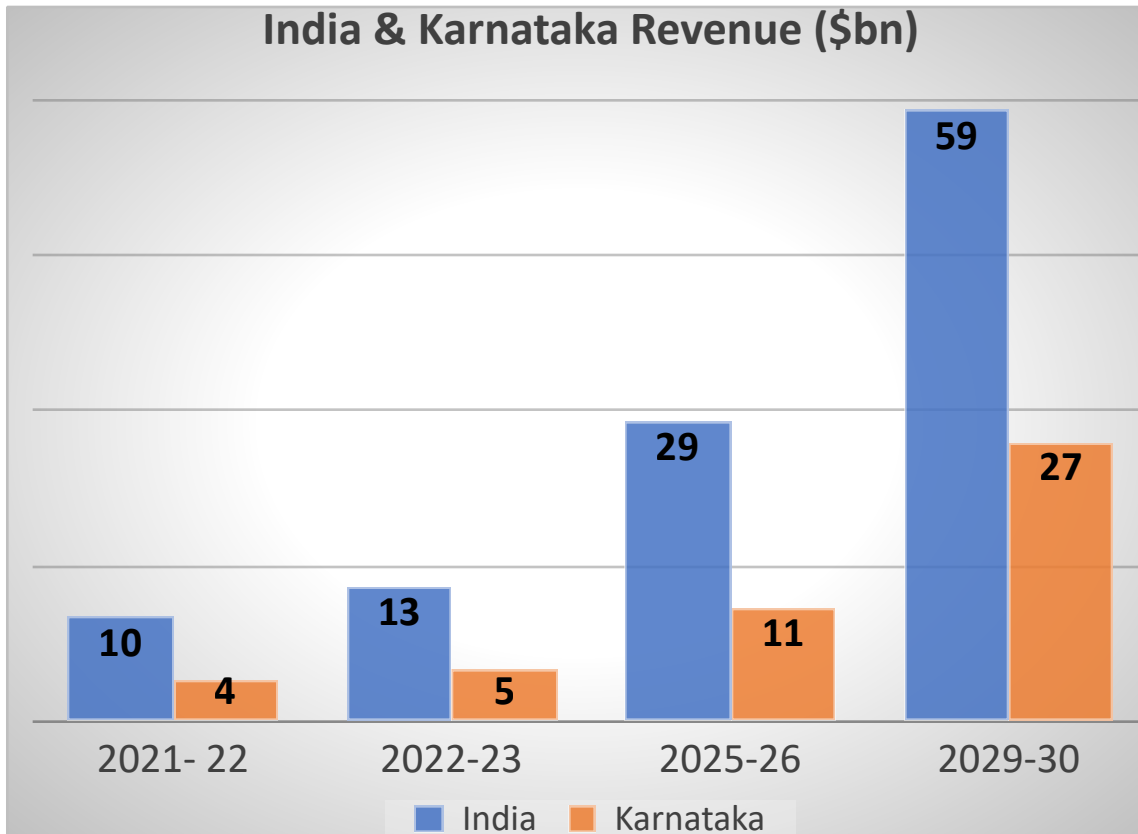
Employment (In millions)



Innovation and Start-ups – Current and Aspirations

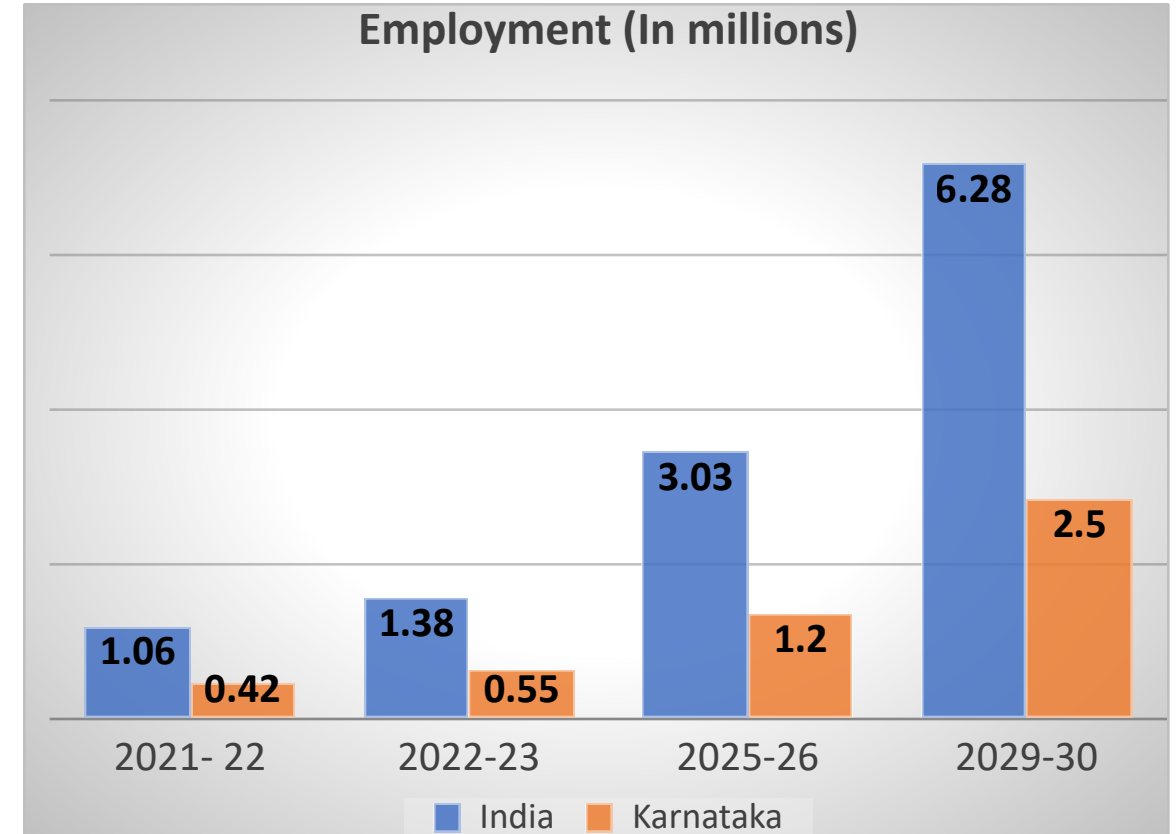
Revenue

India & Karnataka Revenue (\$bn)

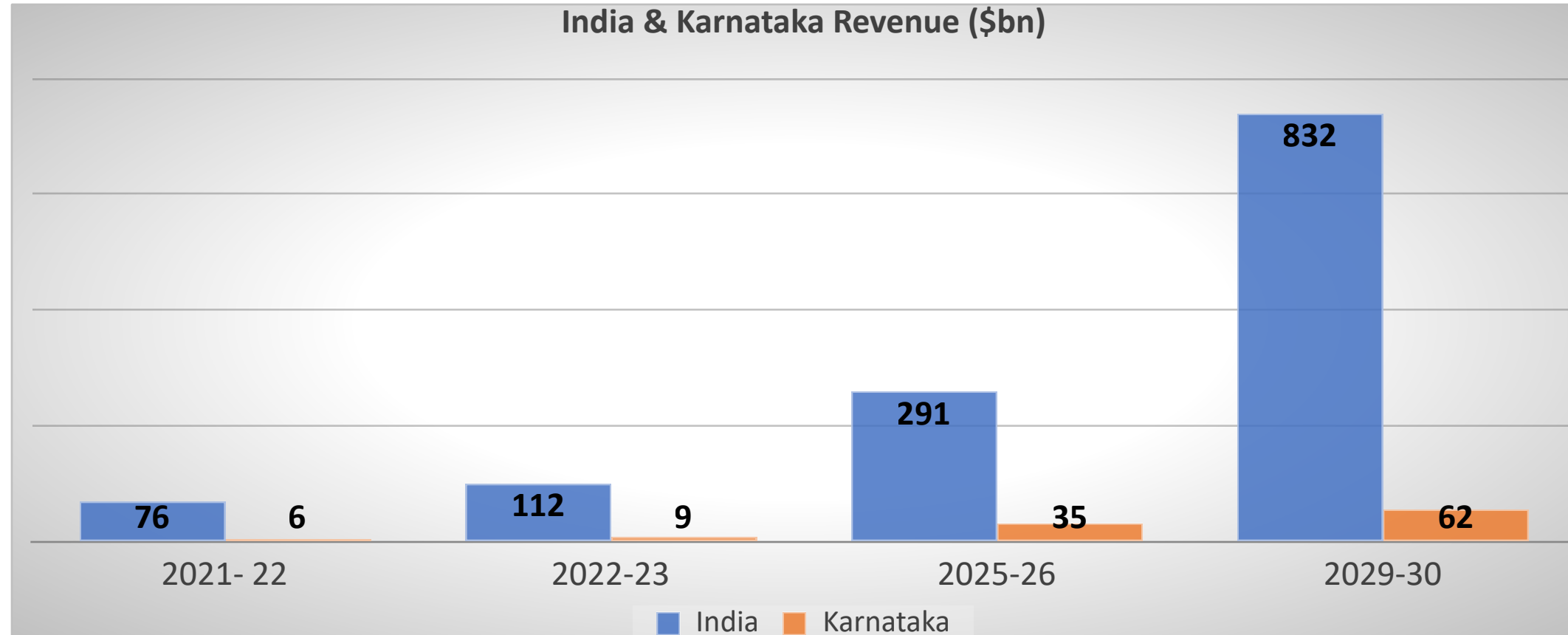


Employment

Employment (In millions)



Newly digitizing sectors - Current and Aspirations

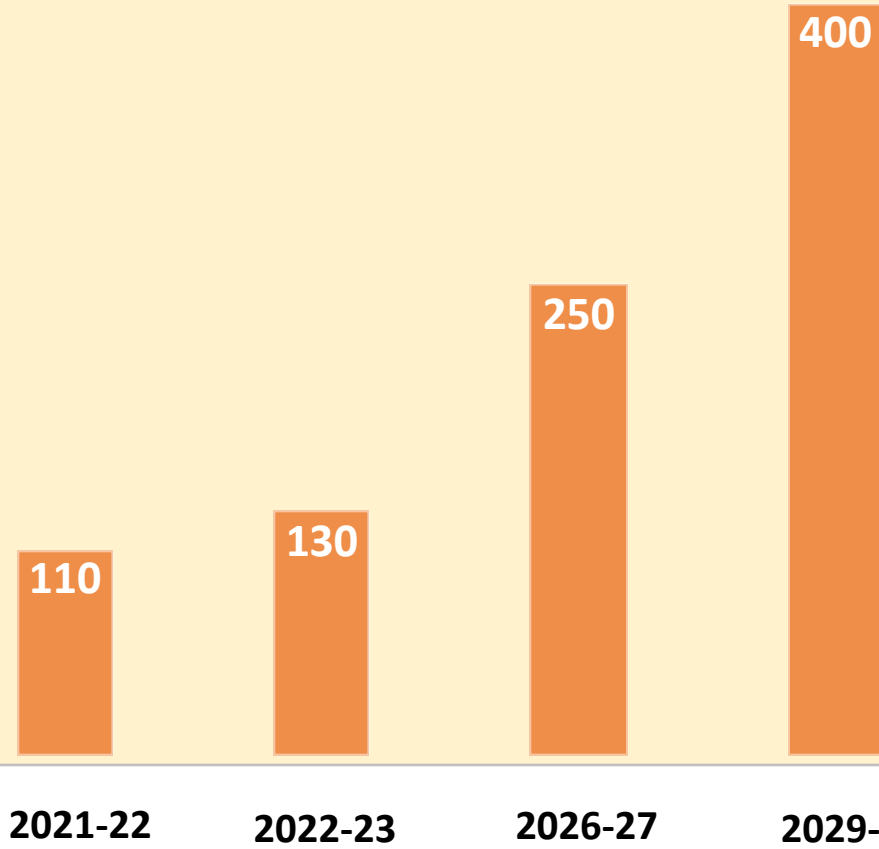


***Other Sub Sectors includes**

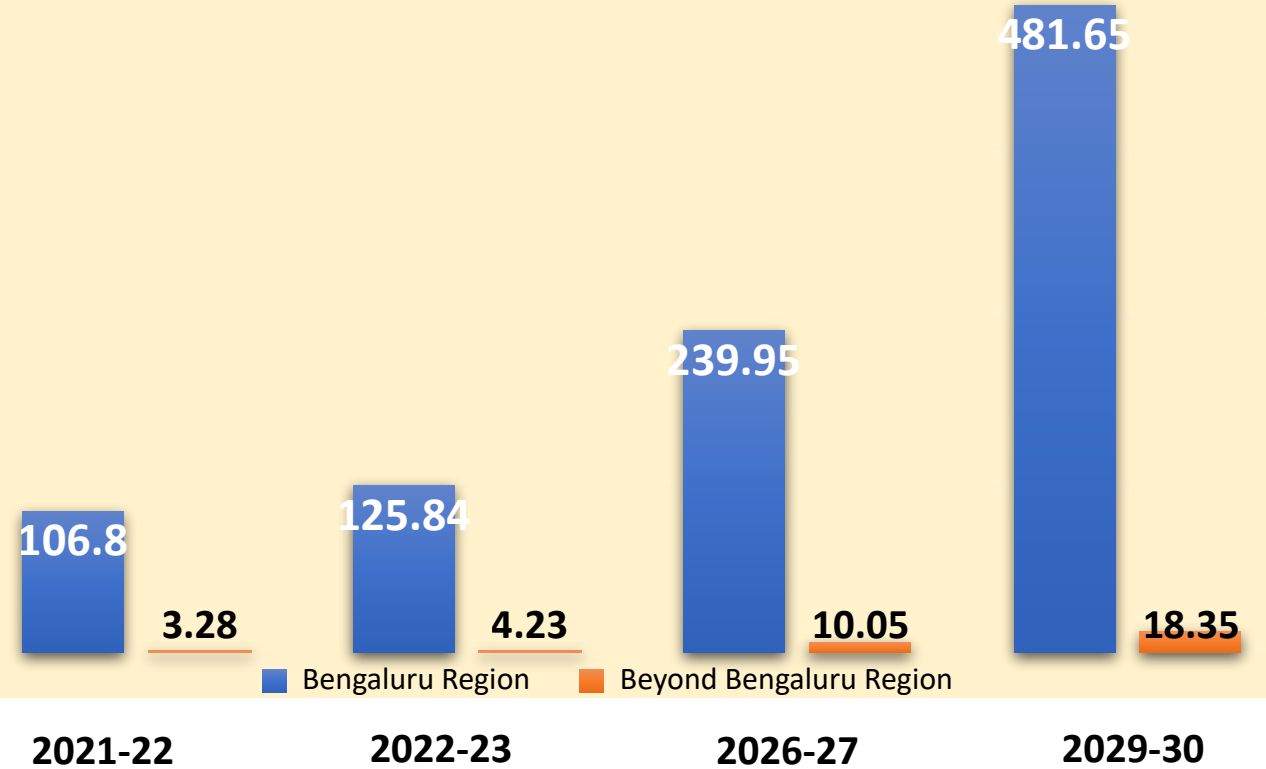
Digital Communication Services ,Government e-Market place, Direct Benefit Transfer, Tech-enabled healthcare, Customizable education platform, Digitally enabled power distribution ,Smart grids, Digital payments, Flow based lending and advanced credit (MSME's), Digital Farmer financing and insurance payouts, Precision agriculture, Universal agricultural marketplace, Online talent platforms, End to end digital supply chain - Traditional Retail, End to end digital supply chain - E-Commerce, Efficient transport and logistics, Business digitization and IoT based analytics

India Digital Economy vs Karnataka Digital Economy

Size of Digital Economy – Karnataka
(In USD Bn)



Digital Economy Revenue from Bengaluru Regions and Beyond
Bengaluru Regions (In USD Bn)*



Source: Nasscom, RBI, ICEA, Inc42, BCG (Sub Sectors), KDEM Estimates

*Beyond Bengaluru are estimated revenue numbers based on Beyond Bengaluru report and proportionate contribution



**Karnataka Digital
Economy Mission**

Thank you

Assumptions (%) for Revenue contribution & Growth

Assumptions for Karnataka Revenue	Basis of Assumptions for Revenue
IT Exports - Karnataka contributes to 38% of India's IT Exports	Based on NASSCOM projections and RBI statistics which highlights 38% for Karnataka
IT Domestic - Karnataka contributes to 30% of India's share	Based on IBEF projections for India
ESDM - Karnataka share is considered at 20%	Based on ICEA estimates (Till the year 2025) and projections for Karnataka @20% based on IBEF and Statista references
Startups - Karnataka's share is 40% <i>(As per BB Report, it is 30%, (~14000 startups in Karnataka out of a total of ~73,000 startups in India, we arrive at ~20% share for KA)</i>	Bengaluru, being one of India's largest cities contributing to ~40% of Unicorns (We have assumed 40% contribution to Karnataka)

Revenue growth projection assumptions till the year 2030			
Revenue growth estimations		Till the year 2025	From the year 2026-2030
IT Exports (India and Karnataka)		12%	10%
IT Domestic (India and Karnataka)		15%	12%
Startups (India and Karnataka)		30%	20%
ESDM (India and Karnataka)	As per ICEA estimates (USD 300 Bn by 2025) (Have excluded consumer electronics and added separately) – Post 2025-30 considered at 12% growth for ESDM		
Other emerging sub sectors of digital economy	<p>Growth Rate for India post 2025 – 10%</p> <p>Growth Rate for Karnataka post 2025- 15%</p>		

(Assumptions for the sub sectors based on McKinsey Global Institute Digital India Report for India level (Page 110 of MeitY Report) and the assumptions based on the BCG estimation for Karnataka based on 19 themes as prepared by BCG (Followed MeitY report for reference)

Assumptions for Employment & Growth

Assumptions for Karnataka Employment (Based on Revenue)	Basis of Assumptions for Employment
IT Exports - Karnataka contributes to 38% of India's IT Exports	Assumed at 4.5 Mn in our model (Reference through NASSCOM and MeitY estimation for the year 20-21 was ~4.47Mn)
IT Domestic - Karnataka contributes to 30% of India's share	Considering total 227 Bn (178 Bn IT exports and 49 Bn IT domestic), the share of domestic in total is 21.5% (We have considered round figure of 30%)
ESDM - Karnataka share is considered at 20%	Assuming 7.5 Bn USD employable talent (As Salaries payable ~8% of revenue), converting it at Rs.79 per USD, we arrive at INR 599,266,618,485 (~59,932 Crores). Assuming a CTC of Rs.8,00,000 per person working in the field of ESDM, we have around 12 people working per crore. Multiplying 59,932 Crores *12, we arrive at 7,19,190 or 0.7 Mn for India level employability
Startups - Karnataka's share is 40%	Assuming ~57000 startups in India employing about ~20 people per startup, we arrive at 10,60,000

Employment projection estimations for the year 2022 to 2030 has been made on basis of ratio of proportionate revenue growth

Beyond Bengaluru Clusters - Aspirations

Hubballi – Dharwad Cluster	2022	2027	2030
Size of the IT/BPM industry (Revenue USD)	200 Mn	600 Mn	1 Bn
Employment generation	28,000	50,000	100,000
Number of Start-Ups	200	2,000	5,000
Mysuru Cluster	2022	2027	2030
Size of the IT/BPM industry(Revenue USD)	550 Mn	1000 Mn	1.5 Bn
Employment generation	50000	100000	130000
Number of Start-Ups	200	1500	2500
Mangaluru Cluster	2022	2027	2030
Size of the IT/BPM industry(Revenue USD)	360 Mn	1104 Mn	1500 Mn
Employment generation	10,000	31,000	75000
Number of Start-Ups	150	1000	3000