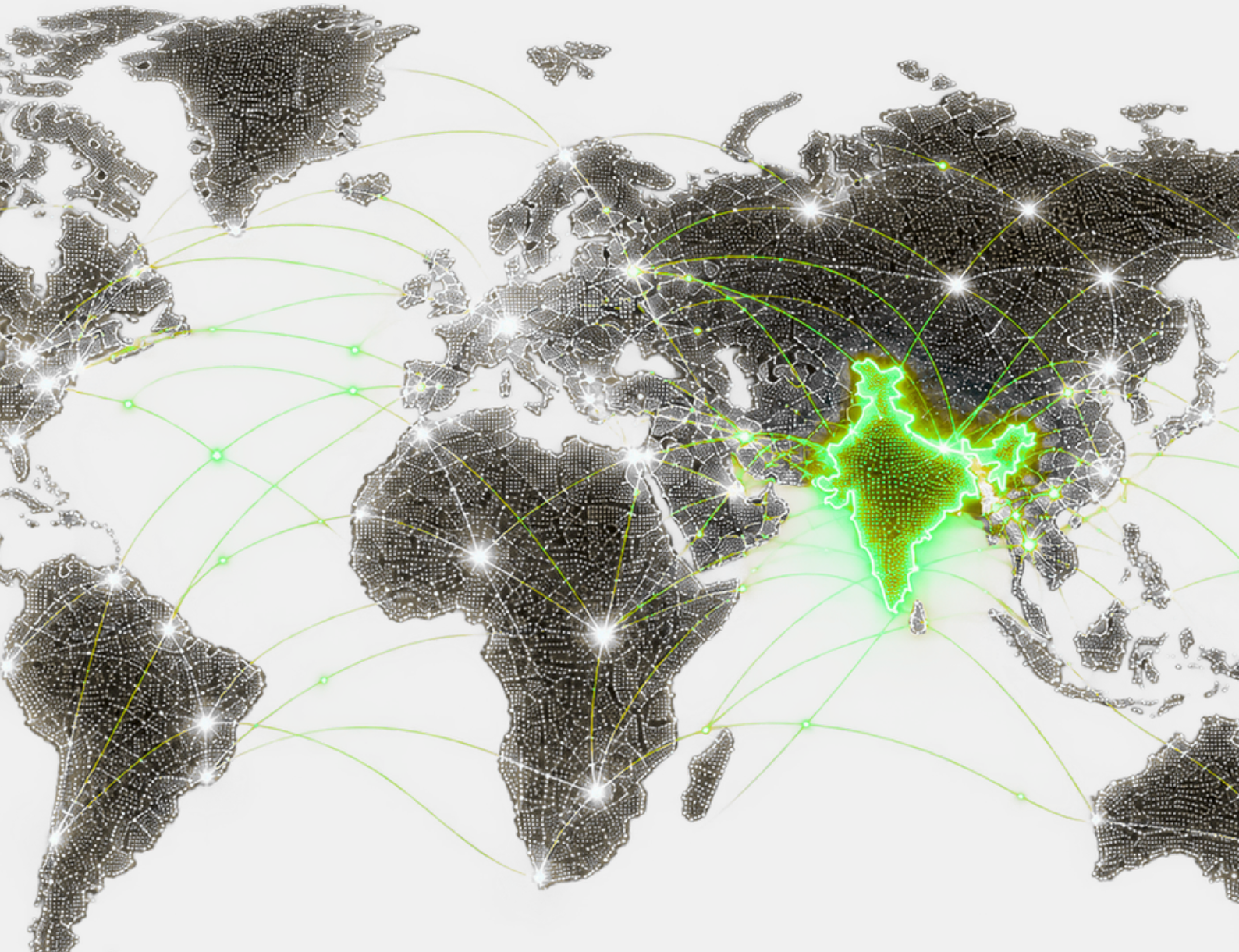
180Degrees CONSULTING SGGSCC

# SHIFTS IN INDIA's DIGITAL ECONOMY



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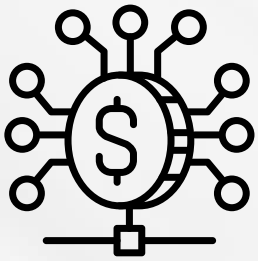
# INTRODUCTION

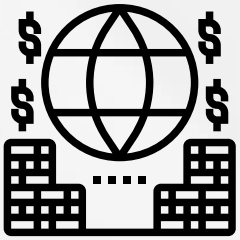
Payments, Platforms and the Distribution of Control



The digital economy is moving into a stage where digital payments, instant transactions, data insight and connected platforms change how business operates. Mastercard's Payment Trends in 2026 shows that digital payments, infrastructure, instant payments, digital wallets and worldwide platforms are becoming more important.

From a money view, the digital economy can be studied by looking at the tools, platforms and networks that make trades happen, link buyers and sellers and help exchange goods, services and value. The importance of this shift goes beyond how a payment is made. It also touches the structure that handles the trade, the bodies that set the rules, the data created by activity and the actors who help and control exchanges.





The main question guiding this report is: Who pays, who controls? It examines how money duties, working power and rule-making are shared between those who make payments, provide services and run networks. These duties show that the user making a payment and the parties governing the payment system are not always the same.

**Six Shifts Tracked — how the digital economy changes transactions, supporting systems and institutions that hold control:**



**Cash → Real-time payments:** The shift toward digital trades and real-time money flow.



**Bank money** → Sovereign digital money: The changing link between bank cash and digital money issued by state money makers.




**Closed platforms** → Open networks: The move to linked systems that allow integration, participation and new ideas.



**Paper → Digital procurement:** The move from paper buying processes to digitally enabled deals.



**Domestic → Global:** The growth of cross-border trade and the importance of local payment methods, networks and rules.



**Physical → Digitised assets:** How physical assets become digital in modern digital economies.

**C** — **CONNECT**
Universal, affordable and quality access

**H** — **HARNESS**
Adoption and useof digital technologies and services

**I** — **INNOVATE**
Development and adoption of emerging technologies

**P** — **PROTECT**
Cybersecurity preparedness and safe internet use

**S** — **SUSTAIN**
Environmental sustainability of digital economies

# CHIPS FRAMEWORK: MEASURING DIGITALISATION

The **Connect–Harness–Innovate–Protect–Sustain (CHIPS)** framework provides a realistic assessment of the global digital landscape. Through a multi-layered structure, it better captures elements that define the breadth and depth of digitalisation than that of traditional global indices.

The 2026 edition embeds **AI-related indicators** into the CHIPS framework, thereby updating it for the AI era. It also expands country coverage from 32 to 71 countries, accounting for 96 percent of global GDP, 86 percent of the world's internet users, and 83 percent of the global population.

# BRICS RANKING ON CHIPS AND AI

SIDE 2026 examines digitalisation across the expanded BRICS grouping, comprising Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russia, Saudi Arabia, South Africa and the UAE. However, the report's BRICS digitalisation sample excludes Iran. The report's separate AI-related assessment should not be confused with these overall CHIPS rankings. The CHIPS-AI comparison should use the report's AI-specific scores and the countries available in that sample.

| | OVERALL RANK | CONNECT | HARNESS | INNOVATE | PROTECT+SUSTAIN |
|---|---|---|---|---|---|
| CHINA | 2 | 1 | 3 | 2 | 1 |
| INDIA | 5 | 11 | 3 | 6 | 32 |
| BRAZIL | 10 | 16 | 8 | 22 | 31 |
| RUSSIA | 15 | 40 | 38 | 41 | 61 |
| SOUTH AFRICA | 19 | 58 | 52 | 61 | 57 |

# ZERO MDR

Unified Payments Interface (UPI) was developed by the National Payments Corporation of India (NPCI) and launched in 2016. Its operations are governed by the applicable regulatory framework of the Reserve Bank of India (RBI). It is a digital payment system that allows interbank transfers of funds and facilitates real-time payments between bank accounts.

Evolution of UPI: UPI was launched on 11 April 2016 by Dr. Raghuram G. Rajan, then RBI Governor, in Mumbai. It enables multiple bank accounts to be linked to one app for seamless transfers and merchant payments.
BHIM Application: Launched in December 2016, BHIM promotes digital payments through UPI, enabling direct bank-to-bank transfers via mobile devices.

**The major participants involved in a UPI transaction are:**

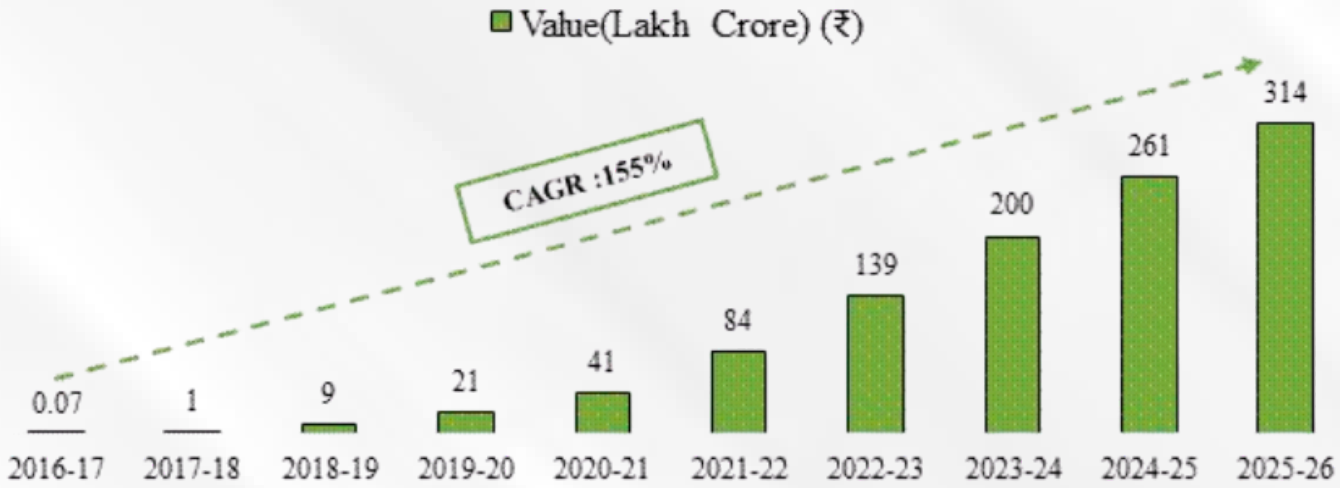
**1.Payer**
**2.Payer PSP**
**3.Remitter Bank**
**4.Payee PSP**
**5.Beneficiary Bank**
**6.Users and Merchants**
**7.NPCI**



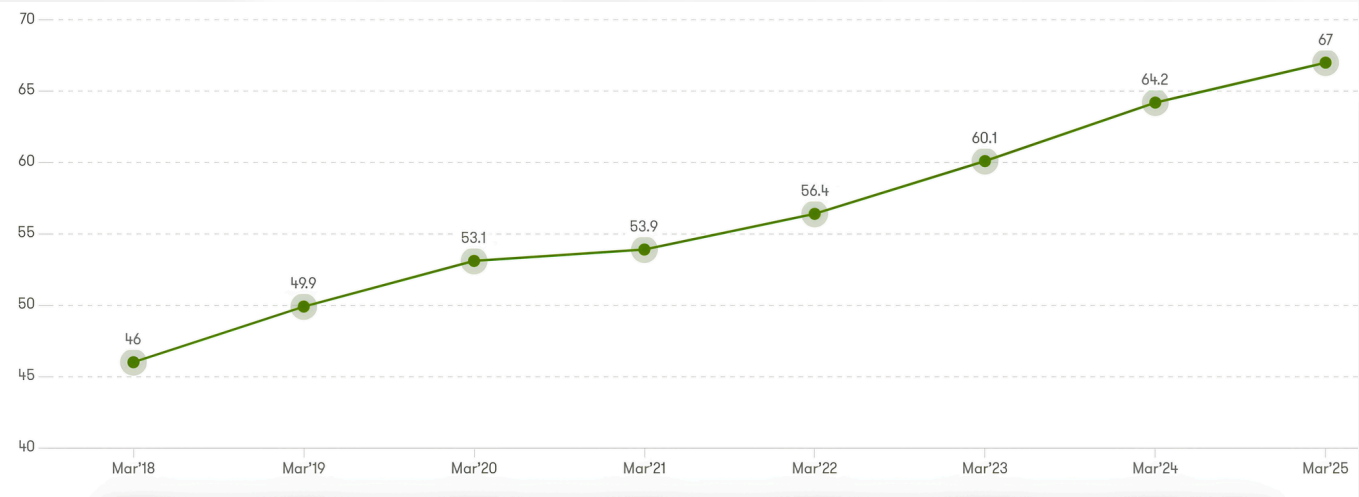

UPI transformed payments in India by making transactions faster and easier. Unlike traditional methods such as cash, cards and mobile wallets, UPI enables instant bank-to-bank transfers using mobile apps, UPI IDs or QR codes.

# UPI GROWTH

- Over a decade, UPI has demonstrated extraordinary growth in scale and momentum, transforming India's digital payments ecosystem.
- **Transaction Volume**: Increased from 1.78 crore in FY 2016–17 to over 24,162 crore in FY 2025–26, representing an almost 13,000-fold surge.




- **Transaction Value**: Rose from ₹0.07 lakh crore in FY 2016–17 to approximately ₹314 lakh crore in FY 2025–26, marking a more than 4,000-fold increase.
- This simultaneous expansion in volume and value highlights UPI's deepening role in supporting high-frequency retail payments.
- UPI has emerged as the backbone of India's digital payments ecosystem, advancing **financial inclusion** and expanding access to digital financial services.



# ZERO MDR

In January 2020, the Government of India introduced zero MDR on eligible BHIM-UPI and RuPay debit card transactions to promote digital payments. MDR is a fee merchants pay for processing digital transactions. Removing this fee made digital payments more affordable, especially for small businesses.

**January 2020**
**Zero MDR introduced**

Eligible BHIM-UPI and RuPay debit card transactions became free of MDR charges for merchants.

**Merchant adoption**
**Lower transaction costs**

The policy aimed to encourage small retailers, street vendors and micro-enterprises to accept digital payments.

# WHY?

- Introduced in January 2020 to encourage digital payments and promote financial inclusion.
- Removed MDR charges on eligible UPI transactions, reducing costs for merchants.
- Encouraged small retailers, street vendors and micro-enterprises to adopt QR-code payments.
- Made digital payments more affordable and accessible, supporting UPI adoption and the shift from cash to digital payments.
- Raised concerns about how banks and payment service providers would recover infrastructure costs.

# THE 2026 AMENDMENT: WHAT CHANGED?

UPI has become an essential part of everyday life by making digital transactions quick, convenient and accessible. For a long period, covered UPI transactions operated under a zero-MDR policy, allowing merchants to accept digital payments without paying a merchant transaction fee. However, the Taxation and Other Laws (Amendment) Act, 2026, amended Section 10A of the Payment and Settlement Systems Act, 2007, creating a framework under which the Central Government can specify the electronic payment modes protected from charges.

**'In the Payment and Settlement Systems Act, 2007, in section 10A, for the words, figures and letters "the electronic modes of payment prescribed under section 269SU of the Income-tax Act, 1961", the words "one or more electronic modes of payment as the Central Government may, by notification, specify" shall be substituted with effect from the date of publication of this Act in the Official Gazette.'**

Section 10A of Payment and Settlement Act, 2007 which says that no bank or system provider may impose, directly or indirectly, any charge on a person making or receiving a payment through the electronic modes prescribed under Section 269SU of the Income-tax Act, 1961

TThe Taxation and Other Laws (Amendment) Act, 2026, amends Section 10A of the Payment and Settlement Systems Act, 2007, allowing the Central Government to specify, through notification, which electronic payment modes will be protected from transaction charges.

# THE FRAMEWORK

UPI transactions are broadly divided into two categories:

- ***Person-to-Person (P2P)***
- ***Person-to-Merchant (P2M)***

***P2P transactions remain free***, while certain higher-value P2M transactions may attract MDR, subject to applicable exemptions and notification requirements.

| TRANSACTION | CHARGE |
|---|---|
| All P2M transactions below 2000 | No Charge |
| On UPI payments above 2000 in specified merchant categories such as railways, telecom services, insurance, and fuel. | Rupees 5 (flat rate) |
| P2M Transactions above 2000<br>MDR will be capped at 300 irrespective of amount | 0.4% |
| On capital market transactions<br>MDR will be capped at 300 irrespective of amount | 0.02% |

# THE EXEMPTIONS

- Small merchants operating under the Person-to-Person Merchant(P2PM) framework.This category supports small vendors receiving upto 1lakh per month through UPI payments directly in their bank accounts.
- ·UPI autopay/mandates like utility bills ,OTT payments and recurring investments

# GST ON MDR

An 18% goods and services tax(GST) will be levied on MDR, instead of the total amount of the transaction. For example- If MDR on a transaction is of 32rupees ,the GST on that fee would be 5.76.

# THE SHIFT

The recent amendment to the Payment and Settlement Systems Act (PSS Act) has generated debate, with some misinterpreting it as a move to impose charges on ordinary users. In reality, the amendment is an enabling provision designed to ensure UPI's long-term sustainability, technological advancement, and resilience against emerging risks.

# WHY?

- UPI's exponential growth requires continuous investment in cybersecurity, fraud prevention, and digital infrastructure.
- Expanding the market and encouraging competition among payment service providers require a sustainable revenue model.
- Relying solely on government subsidies may not support UPI's future growth.
- A balanced funding framework is essential to keep UPI secure, inclusive, and financially sustainable while meeting the demands of a rapidly evolving digital economy.

- Despite zero MDR on covered transactions, UPI incurs significant operating costs for NPCI, banks and payment apps.
- **Annual operating cost:** Approximately ₹20,000 crore.
- **Key challenge:** How can UPI remain affordable while ensuring sufficient funds for maintenance, security and improvement?

- Under the Zero MDR regime, the Government introduced incentive schemes to support UPI payment services.
- Incentives are shared among eligible banks and third-party application providers.
- However, incentives do not cover every transaction, leaving some operating costs to be met through other resources or commercial arrangements.

# THE SMALL MERCHANT FUND

A dedicated fund will be established to subsidize and accelerate digital payment infrastructure in Tier 3 – 6 centres including NE states, J&K and Ladakh and in Tier 1 & 2 centres, any notified Scheme from Central Government shall also be included (such as PM SVANidhi, PM Vishwakarma etc.). This fund will also be utilised to extend financial assistance to the ecosystem players for merchant onboarding and incentivize growth of UPI transactions among existing small merchants.

# WHO IS AFFECTED

**Fintech companies**

Payment platforms such as PhonePe and Paytm may receive a share of MDR revenue from eligible transactions, creating new transaction-linked revenue and improving payment monetisation.

**Banks**

Under the revenue-sharing framework provided, **issuing banks receive 40% and acquiring banks receive 30%** of MDR revenue. Banks with larger customer bases, higher UPI transaction volumes and extensive merchant networks may have greater exposure.

**Large and mid-sized merchants**

Eligible transactions above ₹2,000 may attract MDR, increasing payment-processing costs for electronics stores, large retailers and other businesses handling high-value UPI payments. The impact depends on transaction volumes, average transaction value and profit margins.

# EXPERT OPINION



**Nirmala Sitharaman**
**Union Finance Minister**

"…..and this will not be passed on to the customer. In fact it will not be charged even to the merchant for transactions below Rs 2,000."

Union finance minister Nirmala Sitharaman on Friday clarified that the Merchant Discount Rate (MDR) on UPI transactions is not a government charge and will not burden consumers. Sitharaman clarified that consumers will not have to pay Merchant Discount Rate charges on UPI transactions above Rs 2,000 and, rather it will be borne by traders, merchants, bankers and other participants in the payment ecosystem.

"They are not right. They are not correct. Because this is not a tax, this is not a cess, this is not even a surcharge. And the collection is not coming to the Consolidated Fund of India. So, let's first understand, this is not a government issue."



**Ashneer Grover**
**Former co-founder of BharatPe**

MDR on UPI will kill mobile payments.

The debate over merchant discount rate (MDR) on Unified Payments Interface (UPI) transactions has intensified after Parliament passed amendments to the law governing digital payments, prompting former BharatPe Co-founder Ashneer Grover to warn that imposing such charges could undermine one of India's biggest digital success stories.

Even as concerns spread over possible fees on UPI payments, Union Finance Minister Nirmala Sitharaman has clarified that any future MDR, if introduced, would be borne by merchants — not customers.

# WHAT IS DIGITAL RUPEE/CBDC?

A Central Bank Digital Currency (CBDC) is the official digital form of a country's fiat currency, issued and backed directly by its central bank. It differs from private cryptocurrencies like Bitcoin because it is backed by the issuing government, ensuring a stable value rather than experiencing large swings.

# DIGITAL SOVEREIGN MONEY



A sovereign digital currency is a direct digital representation of a nation's fiat money, issued and regulated by its monetary authority. It modernizes payment infrastructure while preserving traditional monetary stability. CBDCs enhance monetary sovereignty by offering central banks real-time visibility into economic transactions and refined tools for implementing monetary policy

# ECONOMIC IMPACT OF CBDC



## Reduced Cash Management Costs

Cuts down the substantial expenditure incurred in printing, storing, transporting, and replacing physical banknotes (e.g., India spent ₹4,984 crore on currency printing alone in FY 2021–22).

## ESG Alignment

Decreases the environmental carbon footprint tied to paper currency production, secure logistics, and physical ATM operations.

## Cross-Border Efficiency

Speeds up international trade settlements and remittance transfers while cutting intermediary fees through peer-to-peer digital execution

## Curbing Illicit Activity

Delivers conditional anonymity alongside transparent audit trails to counter tax evasion, money laundering, and illicit financing.

# COMPARING GLOBAL RETAIL CBDC



Uses a hybrid model, Operating on a two-tier structure via banks. Because UPI dominates retail payments, e-Rupee adoption in retail remains low, with main traction occurring in programmable welfare programs.

Shifted from token-based to account-based. Wallets operate as interest-bearing bank liabilities covered by deposit insurance and support contracts for non-residents. Alipay and WeChat continue to dominate, with users mostly treating CBDC wallets as a passthrough.





Fully live token-based system built on distributed ledger technology, specifically designed to function offline during natural disasters. Due to initial low public adoption and bank resistance, the central bank shifted toward stronger regulatory enforcement.

Live token-based system operating on a centralized ledger as zero-interest legal tender. Despite being early to achieve legal tender status, it accounts for only a minute fraction of overall payment activity.



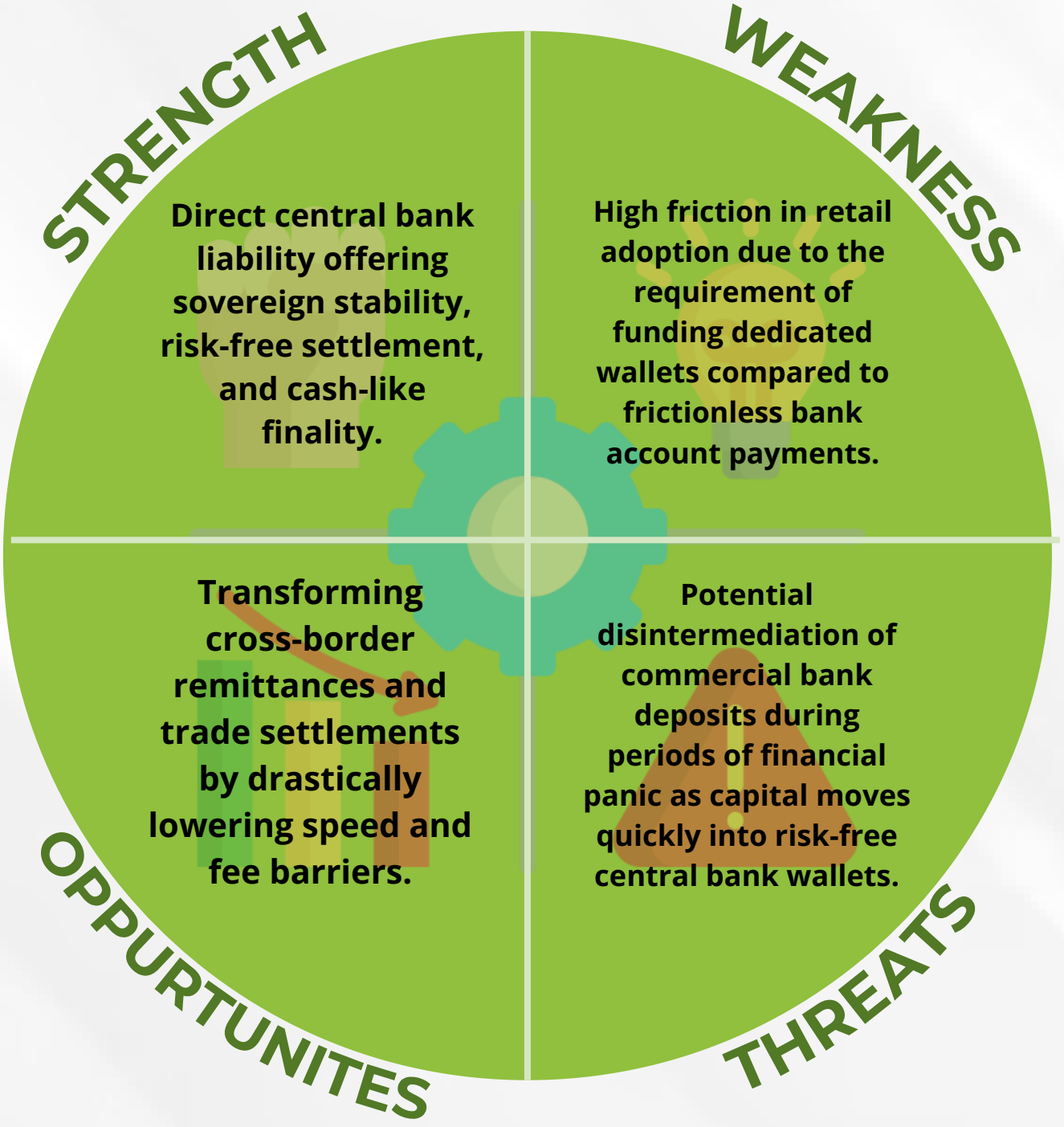


Live account-based system) operating on a private blockchain with tiered access, including a simplified wallet tier for unbanked individuals. Adoption has been extremely low, leading to its repurposing as government payment backend infrastructure.

Planned account-based Digital Euro designed for individual holding caps (around €3,000) and non-interest offline transactions. Focuses on preserving privacy while reducing reliance on non-European card networks and foreign payment providers.



# CBDC: A SWOT ANALYSIS



# UPI VS CBDC VS CASH

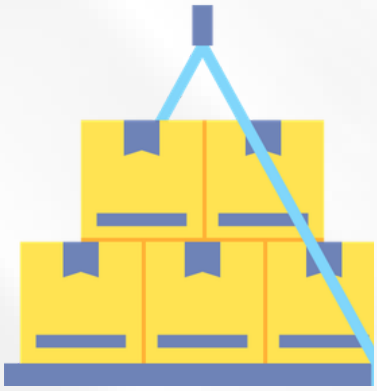
| | UPI | Retail CBDC | Cash |
|---|---|---|---|
| **Issuer & legal status** | NPCI-operated rail; money sits with your bank. UPI itself is not legal tender | RBI liability, legal tender, sovereign-backed—a direct claim on the central bank | RBI liability, legal tender |
| **Settlement** | Bank-to-bank, interbank processing | Instant final settlement, wallet-to-wallet without touching either bank account | Immediate, physical |
| **Cost to consumer** | Free | Zero fees | Free |
| **Cost to merchant** | 0.4% MDR on merchant transactions above ₹2,000 | No MDR specified | Handling, security, deposit costs—but no per-transaction fee |
| **Cost to govt.** | Heavy subsidy: UPI's annual operating cost is ~₹20,700 crore against a ₹2,000 crore budget | Estimated annual savings of ~$500 million from reduced cash printing, logistics and storage | Printing, distribution, soiled-note disposal —roughly 2,800–3,000 crore banknotes printed a year |

# USE CASE FIT

## SMALL RETAIL

It is UPI's home ground. More than 95% of P2M transactions by volume are below ₹2,000, so they stay free. Cash also works well here, especially where connectivity is patchy or merchants prefer immediate settlement. e₹ is the weakest fit: it requires pre-funding a wallet, and the customer must choose it at the counter.





## LARGE PURCHASES

Transactions over ₹2,000 make up only 4% of total payments but represent two-thirds of the total money spent. Merchant fees on these larger UPI transactions mean sellers might prefer cash or e₹, but customer behavior rarely changes because cash carries security risks and e₹ requires extra wallet steps.

## DBT & GOVT TRANSFERS

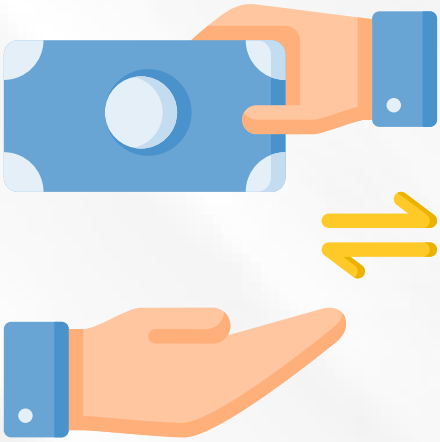
e₹ has a major advantage in government transfers because it can be programmed to spend money only on specific items, like farming supplies or training vouchers (as seen in Uttarakhand's greenhouse subsidy pilots). Neither UPI nor cash has the ability to lock money to a specific purpose.



# INTERBANK

Wholesale e₹ operates behind the scenes between banks to settle massive balances quickly and safely. This eliminates settlement delays and financial risks between financial institutions.



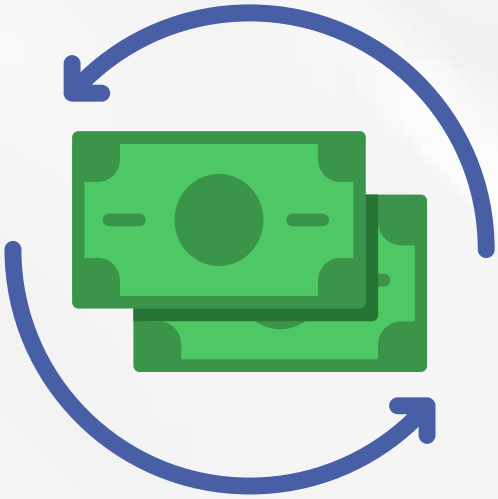


# CROSSBORDER

The RBI is testing links between India's payment systems and foreign countries like the UAE, Mauritius, and Singapore. These international networks are still in the testing phase and are not fully operational yet.

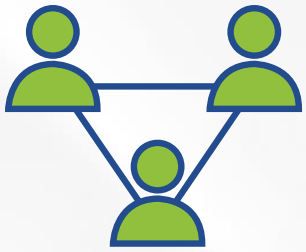
# INFORMAL SECTOR

Cash remains heavily used in smaller towns, low-income communities, and informal businesses, with total cash in circulation rising 11.9% in FY26 to ₹41.6 lakh crore. Digital payments and physical cash are growing side-by-side rather than replacing each other.



# ONDC

**ONDC** is not an app, but an initiative. In a closed platform model, buyers and sellers generally need to use the same platform to find one another and transact. The platform brings together parts of the commerce process and sets the rules for that system.



ONDC's strategy paper describes a shift to an **open, interoperable network**. Different buyer and seller apps can connect through a shared protocol, allowing buyers and sellers to transact across apps. The network can also unbundle activities such as discovery, ordering, fulfilment and post-fulfilment, so different participants can provide those services.



In short, ONDC is designed as **shared digital infrastructure** connecting commerce participants across platforms, rather than one shopping app where they all have to meet.

# WHY ONDC?



Reliance on large, closed platforms can make sellers dependent on their rules and limit their ability to reach buyers elsewhere.

Joining multiple platforms may also require separate systems and processes, adding costs for sellers. ONDC's open-network approach is intended to let MSMEs and local businesses reach buyers through interoperable apps, without each seller needing to build or join one complete, all-in-one marketplace.

# ESARAS

**eSARAS** (also known as **SARAS Aajeevika**) is the **official e-commerce portal** and **digital marketplace** developed by the **Ministry of Rural Development** under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM).

It connects rural women Self-Help Groups (SHGs), artisans, and producer groups directly with nationwide consumers, eliminating middlemen to ensure fair pricing and direct earnings

# ONDC SAHAYAK



ONDC Sahayak - Whatsapp Bot "ONDC Sahayak" launched in 5 languages, to be extended to 22 languages, to help sellers and buyers get information about ONDC.

# GOVERNMENT E- MARKETPLACE

## WHAT IT IS!

**GeM** is India's official online public procurement platform. Launched on **August 9, 2016**, by the **Ministry of Commerce and Industry**, it lets central and state government ministries, departments, public sector undertakings (PSUs), autonomous bodies, and cooperatives buy and sell common-use goods and services.



GeM **facilitates online procurement** of common use Goods & Services required by various Government Departments / Organisations / PSUs. It aims to enhance transparency, efficiency and speed in public procurement and also provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users, achieve the best value for their money.



Since its launch, India's Government e-Marketplace (GeM) has processed over **₹20 lakh crore** in cumulative **Gross Merchandise Value** (GMV) across more than **3.78 crore orders**. Demonstrating massive expansion, annual procurement value surpassed **₹5 lakh crore** in both FY 2024–25 and FY 2025–26, maintaining strong momentum with **₹1,47,888 crore** recorded in the first four months of FY 2026–27 alone. **Micro, Small, and Medium Enterprises (MSMEs)** serve as a primary engine of this growth, accounting for **47.2%** (₹2,37,235 crore) of total order value in FY 2025–26, while cumulative orders fulfilled by Micro and Small Enterprises (MSEs) have crossed **₹9.07 lakh crore**—representing nearly **46% of total GMV.**

# SWAYATT



**SWAYATT** means **Startups, Women and Youth Advantage through e-Transactions**. Launched on 19 February 2019, it is an initiative to help startups, women entrepreneurs, youth, MSEs, SHGs and other smaller sellers participate in government procurement. It is intended to address barriers around market access, finance and value addition

**GeM** digitises the procurement process; SWAYATT adds targeted ways for smaller and underrepresented sellers to reach government buyers. For example, GeM says **Womaniya** and **Startup Runway** improve these sellers' visibility to government buyers. The intended shift is therefore from making purchasing digital to using digital procurement to widen who can compete for government demand.



# ACCOUNT AGGREGATOR AND DIGITAL LENDING

If you've ever applied for a loan and been asked to upload bank statements, email PDFs, or share multiple documents, you already know the pain, slow verification, back-and-forth calls, and unnecessary data exposure. That's where the account aggregator system helps. In simple terms, an **Account Aggregator (AA)** is a consent-based way to securely share your financial data for a specific purpose, such as a loan application, without messy manual uploads.



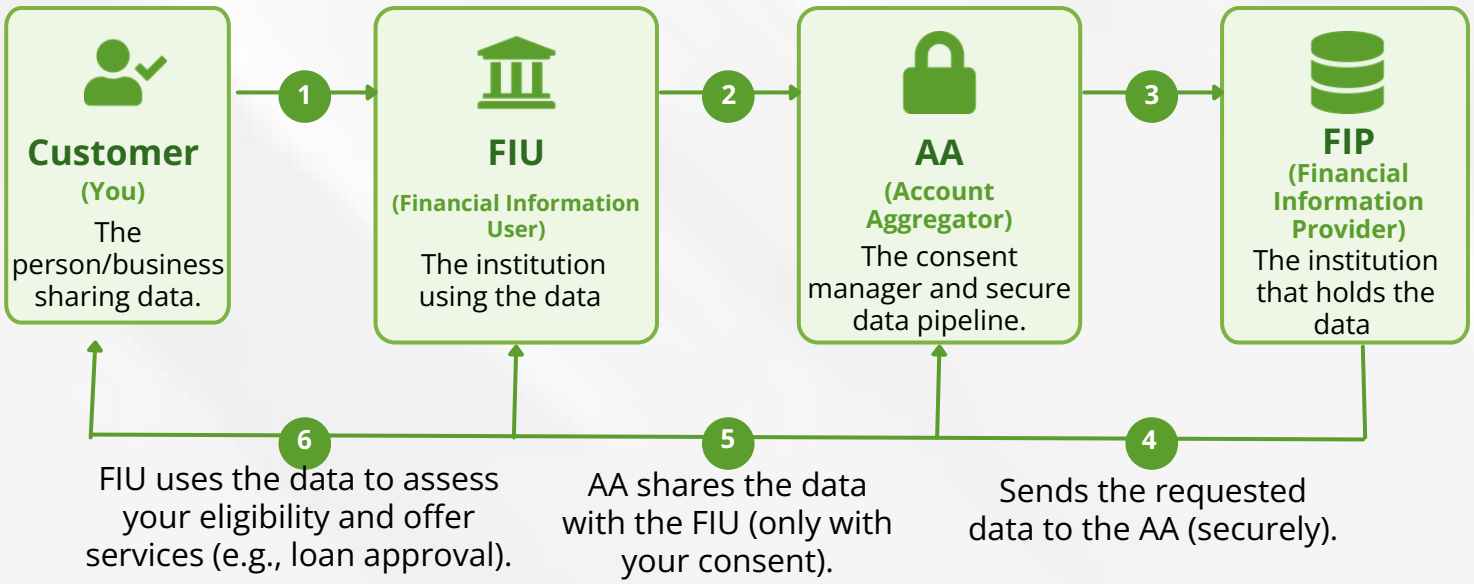

**AA framework assists in decision making required for provision of various financial services viz., lending, loan monitoring, wealth management, personal finance management, etc., by eliminating paper trails.**



Lenders commonly look at around six months of transaction history, though the exact period varies by lender and product, and that window helps build a picture of cash flow and repayment capacity.

| Feature | UPI-Based Loan | Traditional MSME Loan |
|---|---|---|
| Income Proof | UPI/digital transaction data | ITR, audited statements |
| Processing | Typically, quicker, being digital-first | Generally, longer due to manual steps |
| Eligibility | Digital transaction history | Financial documents |

# HOW IT WORKS



# INDIA IN THE GLOBAL DIGITAL ECONOMY

## From Importing to Exporting Payment Infrastructure

For most of the post-liberalisation period, India's cross-border payments ran on foreign-owned infrastructure: SWIFT for messaging, correspondent banks for settlement, Visa and Mastercard for cards, and money-transfer operators for remittances. The Unified Payments Interface (UPI), launched by the National Payments Corporation of India (NPCI) on 11 April 2016 under RBI supervision, changed the domestic side first.



# REACH: 11 COUNTRIES ACCEPTED

The Government of India's current position is that UPI is live in 11 foreign countries for acceptance and/or cross-border remittance (PIB, 24 August 2026). Commerce Minister Piyush Goyal repeated the figure at the BRICS Business Forum on 11 September 2026. The government's core list of eight is UAE, Singapore, Bhutan, Nepal, Sri Lanka, France, Mauritius and Qatar. Cambodia (June 2026) and Greece (mid-2026) take it to ten; the Maldives remittance link (30 July 2026) makes eleven.

**PayNow**
Singapore

**PayShap**
South Africa

**EthioPay-IPS**
Ethiopia

**Pix**
Brazil

**FPS**
UK and Hong Kong

**Favara**
Maldives

**Fonepay / NCHL**
Nepal

**BI-FAST**
Indonesia

**Aani**
UAE

# INDIA CHAIRS BRICS 2026: THE SEPTEMBER 2026 DECLARATION

India holds the BRICS chair in 2026. The 18th BRICS Summit was held in New Delhi on 12-13 September 2026, and leaders adopted the New Delhi Declaration unanimously on the opening day (SCMP, 12 September 2026).

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Singapore


sri lanka


Mauritius


Bhutan

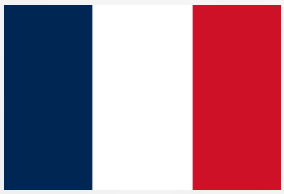

Qatar


Cambodia


Maldives


Nepal


UAE


France


grrece

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# FRAMING: CHEAPER, FASTER PAYMENTS, NOT A NEW CURRENCY

The text is framed around payment efficiency, not a currency. It mirrors Commerce Minister Goyal's 11 September 2026 request to link payment systems and trade in local currencies (a connection model),
It does not propose a common BRICS currency or a single payment system for all members, does not change India's remittance rules or add consumer charges, and does not aim at replacing the dollar:

# CURRENT VS EMERGING MODEL

In the current model, a payment between two BRICS firms commonly passes through correspondent banks in a third country and is often converted through the US dollar. In the emerging model, national systems connect to each other and convert directly between local currencies.

# INTERNATIONAL COMPARISON

**MBridge:** a multi-CBDC wholesale platform used by China, Hong Kong, Thailand, the UAE and Saudi Arabia; the BIS left in 2024.

**ASEAN local currency:** links Indonesia, Malaysia, the Philippines, Singapore and Thailand for direct rupiah, ringgit, baht and peso quotation, with QR links.

**India's rupee settlement:** Special Rupee Vostro Accounts (Jul 2022), the India-UAE rupee-dirham framework (2023) and the India-Indonesia framework (2024)

# TRADE: EU AND INDIA

## THE DIGITAL-TRADE COMPONENT OF THE INDIA-EU FTA

The India–EU FTA builds on negotiations launched in 2007 and relaunched in 2022. Following the January 2026 summit, its digital-trade provisions were published in February under Chapter 9.

## PROVISIONS

The chapter is a trade-facilitation and trust package. It builds the rules that let commercial documents, signatures and contracts be valid and acceptable in electronic form across the border.



- *E-contracts, e-authentication and e-signatures.*
- *Consumer protection, spam and cybersecurity.*
- *Digital identities, open government data and privacy*
- *Paperless trading.*
- *E-invoicing*

## SHIFT TO DIGITALLY AUTHENTICATED TRADE

The chapter enables digital authentication of trade documents, not payments or settlement. It reduces delays, duplicate data entry and fraud risks caused by paper-based verification.

**With India–EU goods trade exceeding $100 billion annually, paperless trade could cut costs and time by a third or more. Lower trade costs could particularly benefit MSMEs, which contribute 45% of India's exports.**

# TIMELINE



**2021** — Talksbegin as theBroad-based Trade and Investment Agreement.



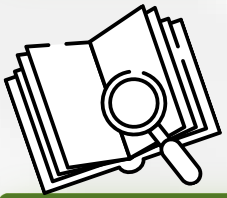
**2022** — Negotiations relaunched.

**2023** — 11th round advances e-invoicing, e-authentication, e- contracts, paperless trade, online consumer protection, spam, digital identities and open government data.






**2024** — Digital trade chapter finalised in principle after the 12th round.



**2025** — Negotiations announced as concluded at the EU-India Summit, New Delhi.

**2026** — Signing expected in Brussels, around the December European Council.



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This report reflects the team's collaborative spirit, analytical approach, and commitment to presenting a comprehensive and well-informed understanding of India's digital economic ecosystem. The diverse perspectives and contributions of each member have enriched the depth of the research, enabling a meaningful examination of the opportunities, challenges, and implications associated with the country's ongoing digital transformation.

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