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State of India's Digital Economy (SIDE): A Subnational Perspective, 2025

A Report by the ICRIER-Prosus Centre for Internet and Digital Economy (IPCIDE)

ICRIER–Prosus Centre Releases Landmark Report on Digitalisation Across Indian States

Delhi, Kerala, Karnataka and Maharashtra Lead India's Digital Race: ICRIER–Prosus Report

New Delhi, December 12, 2025—The ICRIER–Prosus Centre for Internet and Digital Economy (IPCIDE) today released the State of India's Digital Economy: A Subnational Perspective, 2025, the most comprehensive assessment of how India's states and union territories are progressing on digitalisation. Using the CHIPS framework (Connect–Harness–Innovate–Protect–Sustain), the report benchmarks the strengths, weaknesses, and momentum of digital transformation across the country.

Four Key Findings:

1. India is undergoing a multi-speed digital transformation at the subnational level.

A handful of states have built world-class digital ecosystems, while many others continue to lag. Delhi leads the country with a digitalisation score of 63.6, followed by Kerala (54.2), Karnataka (51.9), Maharashtra (49.6), and Haryana (48.5). Jharkhand ranks lowest, with a score of 25.1, underscoring the wide disparities in digital readiness.

2. Connectivity remains the foundation of digital progress—but gains are slowing.

Connectivity—measured by access, affordability, and the quality of digital infrastructure and devices—remains the strongest predictor of overall digitalisation, but smartphone penetration is now plateauing in several richer states, pointing to the need for new approaches to bridge the last-mile usage gap. Moreover, while the digital gender divide is narrowing, the urban–rural divide remains persistently high.

3. Digital adoption is converging across states, driven as much by DPIs as by private platforms.

Recent innovations like DPIs have been a powerful force multiplier for many states, dramatically reducing transaction costs and enabling targeted service delivery. States that have embraced DPIs—especially sectoral DPIs in health, education, welfare, and finance—have experienced much better harness outcomes. At the same time, private apps and platforms are found to be as big or a bigger equalising force than public platforms and DPIs.

4. Most digitalised states face high risk of cyberattacks without commensurate protection.

The top five states offering their residents the best protection against cybercrimes are Rajasthan, Assam, Punjab, Madhya Pradesh, and Bihar. In contrast, residents in richer and more digitalised states face frequent cyberattacks. While they also have stronger defences, it's not enough to offset the intensity of attacks.

Consequently, the states that offer the least protection from cybercrimes are Karnataka, Tamil Nadu, and Telangana.

Sehraj Singh, Managing Director, Prosus, India, said, *“The report highlights a definitive shift: digitalization in India is not just widespread, but deepening. States are increasingly adept at harnessing AI, Digital Public Infrastructure, and private platforms. As long-term investors, we see this as a strong signal of India’s capacity to build and scale world-class digital products. To sustain this, evidence-based policymaking is crucial. At the ICRIER-Prosus Centre, we champion the data-driven research needed to expand opportunities and accelerate India’s digital growth.”*

Emphasising the importance of such a report in an AI-enabled era, Pramod Bhasin, ICRIER’s Chair said *“This is a critical report based on extensive data-based research on the state of India’s Digital economy and progress and impact made in each State. The report highlights the States that have made very good progress and those that may be lagging behind—and points to key factors that enable this progress. We hope this report can enable every State to make greater progress and achieve our ambition of becoming a global digital powerhouse.”*

Underscoring the policy relevance of the work, Deepak Mishra, one of the authors of the report, added, *“This report is the first of its kind to provide a clear picture of digitalisation at the sub-national level. The aim of this exercise is to encourage greater diffusion of policies and practices between frontrunner states and those still building their digital capabilities. Reports of this nature—ideally undertaken annually—are therefore vital for assessing our progress in achieving an inclusive Digital India.”*

The ICRIER-Prosus Centre was set-up in April 2022.

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About IPCIDE

The **ICRIER Prosus Centre for Internet and Digital Economy (IPCIDE)**, set up jointly by the Indian Council for Research on International Economic Relations (ICRIER), one of India’s premier economic think tanks, and Prosus, a global consumer internet group, is focused towards building policy evidence to shape the next phase of India’s digital transformation. The overarching objective of an efficient, inclusive and sustainable digital economy in India is being met through high-quality research, prominent networking events and resource banks that collectively assist in policy debate and design. The Centre’s activities are mentored by a group of eminent academics, policy makers and industry representatives.

About ICRIER

Indian Council for Research on International Economic Relations (ICRIER) is one of India's premier economic think tanks. Established in 1981 with the goal of providing policy advice to effectively deal with external economic shocks, it has grown to become one of India's most well-known independent and informative policy research organization. It is known for providing credible, candid and constructive ideas to accelerate India's inclusive development. While enjoying the trust of the governments, corporates, multilaterals and foundations as its major donors, ICRIER has served as a bridge between the academic world and the policy arena. ICRIER's Board of Governors include leading academicians, policymakers, and representatives from the private sector. Mr. Pramod Bhasin is ICRIER's chairperson and Dr. Shekhar Aiyar is Director & Chief Executive. For more information, please visit: icrier.org.

About Prosus

Prosus is a global consumer internet group and one of the largest technology investors in the world. Operating and investing globally in markets with long-term growth potential, Prosus builds leading consumer internet companies that empower people and enrich communities. The group is focused on building meaningful businesses in the online classifieds, food delivery, payments and fintech, and education technology sectors. Through the Prosus Ventures team, the group invests in new technology growth opportunities within AI, social and ecommerce platforms, fintech, B2B software, logistics, health, blockchain, agriculture and more. The team actively backs exceptional entrepreneurs who are using technology to improve people's everyday lives. Each month, more than 2 billion customers across the globe use the products and services of companies that Prosus has invested in, acquired or built. To find out more, please visit www.prosus.com.