Twitter Thread by Haresh Chawla

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Post pandemic, it is time to relook at the digital opportunity in India.

We are on the cusp of a once-in-a-lifetime transformation of our Nation.

A thread from my conversation with @NandanNilekani on @FoundingF

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2/n The digital *consumption* economy (YouTube, Netflix, Facebook) in India will get dwarfed by the digital *transaction* economy (payments, shopping, digital services).

The change is happening as we speak.

3/n Why?

The digital infrastructure in the West was built on advertising. Over 200B$ flows through their digital economy via ads.

In contrast, India's ad spend is small.

(Digital 3B$. Total 10 B$). Digital consumption, while growing rapidly cannot power the ecosystem.

4/n India's future will be led by the transaction-led boom (low-cost, high-volume, small ticket size transactions).

Covid has brought this digital infrastructure to the fore and now it's ready for phase2 with auto-debit & embedded lending

5/n India's telecom boom kicked off on the back of creating pre-paid transactions.

The Telcos went into the nooks & corners of the country and activated customers.

This was pre-Aadhaar, with limited trust & lending history, we had no choice but to ask people to pay first.

6/n Now we are ready to become a post-paid economy.

Trust, Identity and payment layers have been built and digital transaction infrastructure is processing billions of transactions a month.

7/n With the UPI + Identity rails it will be possible to create “embedded lending” and this will be transformational.

This will drive a huge cycle of consumption and growth - credit will be frictionless and accessible to everyone.

8/n A small business will be able to send its GST data to a lender for diligence.

People would be able to offer their own transaction data through RBI’s account aggregator to access credit facilities.

9/n The opportunity is not just within India.

There’s an ‘India for the World’ opportunity too.

We are already seeing what Indian SaaS companies are doing. Sitting out of India, coding for the world - we have a huge talent & cost arbitrage.

10/n India can be an agent for digital transformation for the world

The question is how to make most of it? What should CEOs of large firms do? What should entrepreneurs do? What should the Government do?

11/n Large incumbent firms: Now is the time to realise its Digital or Die.

Digital can’t be a side project for you anymore. It has to be THE PROJECT.

12/n The companies that did well during the pandemic had ‘optionality in strategy’.

They had multiple ways to reach & serve the customer.

Restaurants were closed. But McDonalds was still booming. Because they had a drive-thru and home-delivery.

13/n Big names in retail went into bankruptcy.

But others like Walmart, Target, and Home Depot did well.

They had figured out various forms of reaching the customer—ecommerce, delivery at home, kerbside pickup, in store pickup, etc.

14/n Contrast this with those who only relied on proximity business or in-office working. They struggled.

Companies which had a WFH home policy found it much easier.

Lesson: Don’t be a single trick pony.

Digital is no longer an “option”; digital gives you “optionality”.

15/n This change will not be easy.

There’s 60 years of muscle memory for large firms. And building the digital backbone will need DNA change.

You will have to hire smart entrepreneurs and rethink the entire business model

16/n There are four models of the internet in the world:

American - laissez faire, free, open

Chinese - firewalled with domestic champions like Alibaba, Tencent

European - Heavily regulated, small markets

Indian - Open, Large and Inclusive with the India Stack

17/n It’s important to realise our investments in 2010 have paid off.

India already looks like it's more digital savvy than most nations.

The India Stack proved its potential during Covid.

18/n Initiatives like Fastag have also taken off. Rs 24,000 crore annual toll collections.

Earlier the collections had leakage and delays.

This makes roads easier to finance and build.

19/n We are starting to see the penetration of AI and across our legacy infrastructure & institutions.

Supreme Court is using AI and neural machine translation to convert legal documents from one language to another.

GST is using AI-driven analytics to identify fake invoices.

20/n The thing that can set India apart: how inclusive our internet can truly be.

It shouldn’t be an “English” internet for premium smartphones.

We have to find ways to serve India 1 & 2 and a large portion of Next Billion Users in their language on their feature phones.

21/n The vaccine program can be a huge demonstration of India's digital arsenal.

We are already the vaccine capital of the world.

With Apps like CoWin, we can give a QR-coded digital certificate that you've been vaccinated.

22/n You can show the vaccine certificate on the app—at the airport, at the station, at a restaurant, to your office.

This will make economic recovery faster.

23/n The lesson is clear around what works.

Govt. has to build the fundamental digital rails - the backbone—inclusively - and let companies use APIs to build on top of that.

Let the companies/startups do the innovation.

24/n This is a Y2K-like moment.

'Make in India' should become 'Code in India'

Now that the haze (brought by the pandemic) is clearing, it is time to relook at the India opportunity.

We are the only young country in an ageing world, perhaps one of its kind in the world.

25/n

Catch my full conversation with Nandan here:

https://t.co/ATzhvR1aRg

26/26

ICYMI: here's my Annual Trendspotting piece where I discussed the implications of India's Digital Reset.

https://t.co/C6hl9q9I0x