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# India Stack: The secret of India's tech-led growth

India Capital Growth fund manager Gaurav Narain explains the startling impact of the digitisation of India's economy which sees the country account for 40% of global payment transactions.



BY GAVIN LUMSDEN



India Capital Growth ([IGC](#)) fund manager Gaurav Narain explains the startling impact of the digitisation of India's economy which sees the country account for 40% of global payment transactions.

This is the second of three excerpts from our [virtual event](#) with Narain and fund group Ocean Dial this month. You can watch the [previous excerpt here](#).

If that whets your appetite, you can watch the [whole one-hour broadcast](#) which includes a presentation from the fund manager and Q&A with the audience.

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Gaurav Narain:

*I'd also like to highlight one very interesting development, really on the reforms. What also happened, is that India has really digitised its economy over this period as well. I would say, possibly, India has some of the-, I would rate India's digital infrastructure at par or better than any other country in the world. It's called the 'India Stack' today. To give you a perspective, it really started with the government coming out with an identity for every Indian because they found that most Indians, if you were born in the city or in rural, small towns, you actually didn't have an ID, you had no passport, you had no birth certificate. So, they really went about creating an identity for everyone.*

*So, it was called the Aadhaar card where you had a unique number. You had your fingerprint, you had your photograph, you had your retina scan and that was used as a KYC, know your customer for all sorts of approval processes. 1.3bn Indians have this unique identity number today and from that, the government said look, let me now get a bank account for every household. So, if you're living even in a rural area, banks were really forced to open bank accounts. So, one bank account, at least, per household. In this period of three, four years, almost 450m bank accounts were opened. That created the base of the India Stack. Since then, they've come up with a platform called the UPI, which is like a payment gateway. It's a very high volume, zero cost payment system.*

*You can do a peer-to-peer transfer of money, you can do a peer-to-merchant transfer of money, merchant-to-merchant transfer of money at no cost. So you know, what it's done is that today, you've actually got rural India or small town India, small shops into the masses. So I can make any payment today, every shop you go to India will have a QR code. You just scan it and pay it, it could be as low as ten cents, the transaction value. To give you a perspective, if you see the global real-time payment transactions, 40% of volumes are in India. That's the scale this has driven. On top of that, they built layers upon layers. For example, when Covid happened, India was able to administer a billion vaccines in nine months flat. The reason was simple.*

*They created an app called Co-WIN. You used your identity number to identify the closest hospital or wherever a delivery of vaccine was happening. You went, fixed an appointment, got the vaccination and your certificate was uploaded instantly. So really the government is building more and more stacks, which are really getting the whole country together. Simply it's very high volume, very low cost. I can just go on and on about this, but this has really changed the nature of the economy in a large way.*