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## Economic Impact of Internet Shutdowns in India

### ICRIER Launches Report

Priya Chaudhary

**T**HE Internet has changed the scenario of communication and business like never before. Today, it is much easier to communicate and do business online. Most of us are dependent solely on the Internet for work.

The Internet also plays an important role in the economy of a nation; from a big firm to a small vendor, everyone is doing transactions online, selling and buying stuff online, etc. India is a growing economy and the Digital India programme of the central government is an example of how Internet can help in building a much stronger economy.

But if presence of the Internet can help in making an economy big, its absence can surely have a bigger impact on the economy. Internet shutdowns (not to be confused with slowed down Internet) are on the rise in India. Internet shutdowns are disruptions of the Internet or flow of information on the Internet.

Increasing instances of Internet shutdowns in India are intensifying the difficulties on the pathways to the digital India concept. However, the impact of Internet shutdowns is less explored in India.

The Indian Council for Research on International Economic Relations (ICRIER), New Delhi has studied the impact of

Internet shutdowns on the economy of India and recently released a report *The Anatomy of an Internet Blackout: Measuring the Economic Impact of Internet Shutdowns in India* on 25 April 2018 at the India Habitat Centre, New Delhi. The report launch event was attended by many policymakers, economists, business reporters, researchers and scholars from India as well as other countries.

Welcoming the participants and invitees, Dr. Rajat Kathuria, Director and Chief Executive, ICRIER stressed upon the increasing Internet shutdowns in India since the past few years and their impact on the economy. He started the talk with a quote by US president John F. Kennedy: “American roads are not good because America is rich, but America is rich because American roads are good,” and used this analogy to look at the digital impact of Internet shutdowns on the GDP of India.

In his presentation, Dr. Kathuria emphasised on how Internet shutdowns doubled in the year 2017 from the year 2016 with total hours of shutdown increased by 20%. For the year 2018, India has experienced a total of 40 shutdowns till date. Northern and north-eastern states of India faced more Internet shutdowns as compared to the southern states. He also discussed how some states are more affected than the others.

In this study of economic impact, the researchers have covered many affected states including the North East as well, between the year 2012 and 2017. To study the economic impact of Internet shutdowns in India, they used both qualitative and quantitative analyses.

In quantitative measurement, they measured the estimated traffic affected by shutdowns and the estimated economic cost of traffic affected. For qualitative analyses, they interacted with concerned stakeholders (Government, Business and Society) in 7 out of 18 affected states during the study period i.e. 2012 to 2017.

During field investigations, investigators Kaushambi Bagchi, Richa Sekhani and others found that the Internet shutdowns affected tourism business and small business



setups more, which diminished their image as well, not being able to return money to customers for cancelled orders and failed transactions due to Internet shutdowns.

During the period 2012 to 2017, India faced a total of 16,315 hours of Internet shutdowns, which cost the economy approximately \$ 3.04 billion. Dr. Kathuria during his presentation said, India is a “Mobile First” country i.e., most of the users use Internet on their mobile phones and during the study period, India has faced a total of 12,615 hours of mobile Internet shutdowns which cost the economy approximately \$2.37 billion. Further, 3700 hours of total mobile and fixed-line Internet shutdowns in India cost the economy approximately \$678.4 million.

Gujarat has faced the longest shutdown in India till date. The 10-day long shutdown in the metropolitan area of Ahmedabad cost the state about 0.8% of the annual state GDP. The extended period of shutdowns in Kashmir since 2016 and West Bengal since 2017 have resulted in significant economic impact. The top five cities i.e., Mumbai, Delhi, Kolkata, Bengaluru, and Chennai among the top 10 cities in India in terms of GDP, have never faced any Internet shutdown, which shows the impact of shutdown on the economy.

India has never faced any countrywide shutdown till date which makes it quite difficult to compare with other countries as their data is on whole country basis. Also, shutdowns in India in different states/cities were never at the same time period which further adds to the difficulty in comparing and correlating the data from other countries.

After the presentation by Dr. Kathuria, the report was launched by Dr. Kathuria and invited panelists, including Mr Rai Mahimapat Ray, an IAS officer; Mr Sanjeev Bikhchandani, Founder of Naukri.com; Mr Raman Jit Singh Chima, Policy Director at Access Now, and Mr Rajan S. Mathews, Director General, Cellular Operators Association of India (COAI).

The launch was followed by discussions on the impact of Internet shutdowns where participants from various NGOs, Institutions, Journals, and Media discussed the impacts and possible remedies for Internet shutdowns. The discussions were led by Ms Mansi Kedia, Consultant, ICRIER and one of the researchers of the study.

In India, the highest number of Internet shutdowns was reported in the year 2017. Most of the shutdowns were the result of rumour mongering on social media, provocative

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videos and photos being shared on social media causing public unrest and unwanted protests, damage to public property and other impacts on innocent people. Most administrators in such cases opt for Internet shutdowns to control the violence.

One such incident was shared by Rai Mahimapat Ray, an IAS officer posted in Jharkhand. Ray stated how the situation got out of control, stones were pelted on police and administrators. He further added, “these hyper-localised shutdowns do not work in a district especially during a communal situation; you have to prevent metastasis, the first thing that comes to the mind is to safeguard our family and our people”. He recalled how the shutdown calmed down the whole situation within 24 hours.

But in some other cases, people have found other ways of accessing the Internet. Despite mobile Internet shutdowns in Gujarat, the Patidar agitation continued, similar cases were also seen in Jammu & Kashmir and Haryana. There are several instances in which Internet shutdowns could not really help in violence control.

The ICRIER research team also investigated the sectors impacted by Internet shutdowns and effects & spread of shutdowns. Internet dependent sectors like E-commerce, digital payments, and tourism sectors were the most affected by the shutdowns as these sectors rely on Internet for providing and receiving services.

The difference in geography also affects the impact of Internet shutdowns as per the study of ICRIER. One such example of geographic effect is that, protest mobilization is hard in hilly places like Darjeeling as compared to Haryana, where other modes of communication were easily accessible.

Not only private sectors traders also get affected with Internet shutdowns. Government services are also get affected with Internet shutdowns, especially ticket bookings for Indian railways and other transport facilities. The shutdown in Telangana state affected e-governance services. Another example is of Kashmir, where businessmen and traders found it difficult to file taxes online and pay GST due to frequent Internet shutdowns.

The report launch event concluded with suggestions from diplomats and researchers of ICRIER like providing official notifications regarding shutdowns, curbing disproportionate shutdowns, building corporate accountability – many other factors and policy designs were recommended.

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Ms Priya Chaudhary is a Research Intern with *Science Reporter*, CSIR-NISCAIR, New Delhi