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DPI as Diplomacy: India's Digital Stack Goes to Southeast Asia

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INTERVIEW ANGLE

"How does India's Digital Public Infrastructure (DPI) serve as an instrument of foreign policy, and what are the risks of becoming a digital hegemon in Southeast Asia?"

When India's payment protocol connects directly to Singapore's PayNow, or when a Philippines farmer pays for agricultural inputs using India's UPI infrastructure, something more than a convenience transaction is occurring. **Digital Public Infrastructure has become a tool of statecraft** — and the ASEAN-India Digital Masterplan 2030, adopted on January 18, creates the most comprehensive framework yet for deploying India's technology stack as strategic leverage in Southeast Asia.

This is a fundamentally new mode of diplomatic engagement. Classical diplomacy traded territories, managed alliances, and negotiated trade tariffs. Digital diplomacy trades technical standards, manages protocol dependencies, and negotiates interoperability — with consequences equally as consequential as the classical kind.

THE ARCHITECTURE OF INFLUENCE

India's DPI is not merely impressive technically — Aadhaar, UPI, ONDC, ABDM are genuine engineering achievements at population scale. The strategic significance lies in how these systems create **technical adhesion**: once a country's payment system is built to interoperate with UPI, replacing that interoperability is expensive, slow, and disruptive. This is the same logic that has made SWIFT indispensable to global banking — and has also made it weaponisable (as Russia discovered in 2022 when SWIFT cut off was used as a sanctions instrument).

India's offer to ASEAN is architecturally different from what China offers. **China's digital influence** in Southeast Asia operates through Chinese platforms — Alipay/WeChat Pay penetration among Chinese diaspora and tourists, Huawei network infrastructure, ByteDance social media — that create platform dependency. **India's DPI model** is built on open protocols and interoperability standards — theoretically enabling any country to build its own system on India-designed architecture without becoming dependent on Indian companies specifically.

This is a genuine differentiator. The *open* nature of India's DPI — the ONDC protocol is open-source, the UPI interoperability architecture is documented and licensable — means India is not selling a proprietary platform. It is sharing a design philosophy. Whether that philosophy remains truly open, or whether India eventually seeks to leverage the technical dependency it creates, is a question that ASEAN policymakers would be wise to keep asking.

THE PAYMENTS LAYER — WHERE REAL INFLUENCE OPERATES

The most commercially and strategically significant pillar of AIDM 2030 is **payment system interoperability**. India has a large diaspora in ASEAN — particularly in Malaysia (~2.5 million Indian-origin residents), Singapore (~350,000), and smaller communities across the region. Annual remittances from Indian communities in ASEAN to India are significant. The dominant channels — Western Union, bank wire, hawala — charge 3–7% transaction fees. UPI-based transfers would reduce this to near-zero.

But remittances are the visible tip. The deeper play is **trade settlement**. India-ASEAN bilateral trade stands at approximately \$130 billion per year and is growing. If an increasing proportion of this trade is settled through UPI-linked payment infrastructure — bypassing correspondent banking and dollar-denominated SWIFT transactions — several effects follow simultaneously: transaction costs fall; processing time drops from 2–3 days to seconds; dollar dependence in bilateral trade modestly diminishes; and India's central bank (RBI) gains visibility into bilateral payment flows that it currently lacks.

The **dollar bypass** dimension is politically sensitive. The US Treasury has made clear that weaponising the dollar-denominated payments system is a tool of geopolitical influence. Any move by a significant economy to route trade outside the dollar system attracts attention in Washington. India's UPI internationalisation is not positioned as anti-dollar — it is positioned as a convenience and development tool — but its structural implications for dollar dominance are real, even if modest.

THE AI GOVERNANCE DIMENSION

Perhaps the most under-discussed pillar of AIDM 2030 is AI governance alignment. India and the more technologically advanced ASEAN states (Singapore, Malaysia, Vietnam) are independently developing frameworks for regulating artificial intelligence in public and private sector applications. Aligning these frameworks — mutual recognition of AI testing standards, shared definitions of prohibited AI use cases, joint oversight bodies — has significant implications.

First, it creates a **regional AI governance bloc** distinct from both the EU's AI Act (highly prescriptive) and the US approach (largely voluntary) and China's approach (state-centred). An ASEAN-India AI governance framework could become the model for the Global South — a pragmatic, development-oriented approach that enables AI adoption while managing risks specific to emerging economies (algorithmic bias in credit and welfare delivery, deepfake-driven misinformation in culturally diverse societies, surveillance concerns).

Second, AI governance alignment facilitates **cross-border AI services trade**. India is already a major supplier of AI-enabled services to ASEAN companies — business process outsourcing, software development, analytical services. A mutual recognition agreement on AI governance standards reduces regulatory arbitrage and compliance costs for Indian and ASEAN AI firms operating across borders.

THE RISKS INDIA MUST MANAGE

1. Hegemony Perception

ASEAN's **ASEAN Centrality** principle holds that ASEAN, not any external power, should be in the driver's seat of regional architecture. India's enthusiasm for DPI sharing — if it comes across as prescriptive or as substituting Indian for Chinese digital influence — will generate resistance. The offer must be clearly framed as capacity-building on ASEAN's terms, not as India exporting its model.

2. Data Governance

Any digital payment interoperability link generates enormous data — transaction patterns, merchant categories, remittance origins. Who governs this data? Under what legal framework? India and ASEAN member states have different data protection regimes (India's **DPDP Act, 2023** is still being operationalised; Singapore has PDPA; Indonesia has PDPLaw 2022). Without clear cross-border data governance agreements, the payment layer creates surveillance risk that ASEAN states will — rightly — be cautious about.

3. Cybersecurity Dependency

Joint cybersecurity protocols mean sharing threat intelligence. This is a genuine benefit but also creates a vulnerability: if India's CERT-In itself is compromised (as state-sponsored attacks on national CERTs are well-documented), the shared protocols could be exploited to launch coordinated attacks across connected ASEAN systems. Robust **information compartmentalisation** — sharing threat signatures without sharing network architectures — must be built into the CERT cooperation framework.

4. The Belt and Road Contrast

China's **Belt and Road Initiative (BRI)** created dependency through debt and infrastructure. India's DPI diplomacy must not replicate this pattern digitally — creating technical lock-in that eventually becomes leverage. The antidote is genuine openness: ensuring that ASEAN countries can choose to implement DPI architecture without India as the operational intermediary, rather than creating systems where India's participation is load-bearing.

THE STRATEGIC PRIZE

India's goal in ASEAN digital diplomacy is, at its core, to **fill the space that China's digital aggression is vacating**. As ASEAN governments become more cautious about Chinese tech platform dominance — Huawei 5G exclusions in Malaysia and Vietnam, social media regulation targeting Chinese-owned platforms in Indonesia — India has a genuine opportunity to offer an alternative model of digital partnership.

That alternative must be more than a marketing pitch. It requires technical assistance that actually delivers — Indian engineers seconded to ASEAN government digital agencies, genuine knowledge transfer rather than sales calls, and a willingness to adapt India's DPI design to local contexts (language, payment habits, regulatory environments) rather than insisting on carbon copies of Aadhaar and UPI.

If India can deliver that kind of collaborative, open, development-oriented digital partnership across ASEAN, the AIDM 2030 could mark the beginning of a genuinely new chapter in India's foreign policy — one in which the country's most valuable export is not software services billed in dollars, but the architectural blueprint for a fair, open, and sovereign digital economy.

★ FACTS CORNER — KNOWLEDGEPEDIA

ASEAN-INDIA DIGITAL MASTERPLAN (AIDM) 2030:

Adopted: 3rd ASEAN-India Digital Ministers' Meeting, January 18, 2026

Pillars: payment interoperability, cybersecurity, AI governance, DPI sharing, digital skilling

INDIA DPI STACK:

Identity: Aadhaar (biometric; 1.4 billion)

Payments: UPI (real-time interbank)

Commerce: ONDC (open e-commerce protocol)

Health: ABDM / ABHA

Welfare: e-RUPI (purpose-specific vouchers)

UPI INTERNATIONAL LINKS (AS OF 2026):

Singapore: UPI-PayNow real-time (2023)

UAE, France, Mauritius, Nepal, Bhutan, Sri Lanka: acceptance

AIDM 2030 targets: Indonesia, Malaysia (DuitNow), Thailand (PromptPay), Philippines (InstaPay), Vietnam (NAPAS)

DATA PROTECTION LAWS — COMPARISON:

India: DPDP Act, 2023 (Digital Personal Data Protection)

Singapore: PDPA (Personal Data Protection Act)

Indonesia: PDPLaw 2022 (Personal Data Protection Law)

EU: GDPR (General Data Protection Regulation, 2018)

ASEAN CENTRALITY PRINCIPLE:

ASEAN must be the driver of regional architecture — no external power (US, China, India) should lead

India must frame DPI assistance as capacity-building on ASEAN terms

CERT-IN:

Established: 2004; under IT Act 2000; under MeitY

Function: national cybersecurity incident response, threat intelligence, coordination

SWIFT AS COMPARISON:

Society for Worldwide Interbank Financial Telecommunication; Belgium-based

Used as geopolitical tool: Russia excluded from SWIFT (2022)

India's UPI goal: reduce SWIFT dependence in India-ASEAN bilateral trade

OTHER RELEVANT FACTS:

ASEAN-India trade: ~\$130 billion (FY25)

India diaspora in Malaysia: ~2.5 million; Singapore: ~350,000

BRI (Belt and Road Initiative): China's infrastructure investment programme; connectivity + debt dependency concern

IndiaAI Mission (2024): Rs 10,371 crore; compute, datasets, governance

G20 DPI Framework: India's initiative; adopted at G20 New Delhi 2023

Sources: Indian Express, The Hindu, PIB

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