

Business Standard

Modi govt's finance sector goals: Towards less cash and policy clarity

Bullish about the success of its 'Digital India' initiative, the government has already charted its Vision 2022 master plan

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Last Updated at 23:58 IST



Push digital cash further and give policy clarity to anxious e-commerce and tech companies — this was the brief given to the bureaucracy nearly four months before the Narendra Modi-led government went into the general elections. Today, the plan for the first 100 days of the new government is already in place. And the huge mandate given to the BJP will enable the government to take its agenda forward with all guns firing.

Bullish about the success of its 'Digital India' initiative, the government has already charted its Vision 2022 master plan, one where every sector of the economy — agriculture, social services, education, defence and so on — will be brought into the digital fold and every gram panchayat

connected to the internet. The introduction of technology into agriculture will be a top priority for the government. Completing the digitisation of land records, online disbursal of Kisan Credit Card loans for up to Rs 1 lakh at zero per cent interest for one to five years, creating markets for the realisation of minimum support price for agricultural produce via eNAM and the Pradhan Mantri AASHA Yojana, are some of the plans that the government is working on.

What's more, it also plans to set up a committee for Easing Citizens' Interactions with Government (CECIG) under its digital governance programme.

This time, there will be a greater thrust on extending the Digital India campaign. Envisaged as an umbrella scheme to make India a digital-first society, Digital India had an initial outlay of Rs 1 trillion and got another Rs 13,000 crore for new schemes.

The government is planning to set up new teams to handle the Digital India initiative. RailWire, which provides free wifi to railway stations in partnership with Google, will be extended and the plan to bring in public WiFi systems would be given the go-ahead.

Clear the air on policy

In the last few months before the elections, the government had come under a lot of criticism from tech, fintech and e-commerce firms over the draft e-commerce policy which spoke about data protection and data localisation that would make it impossible for most fintech companies to process data outside the country. On the whole, the sector feels that a lot of issues have not been clarified.

Now new policies will soon be on the table. "We hope to be out with the policies around e-commerce and data soon after the new Cabinet is in place," said a senior IT Ministry official. "A lot of questions remain unanswered. The e-commerce policy talks more about data protection. The changes companies had to make because of the tweaks in the FDI policy are still affecting business. We need to understand what the new government plans to do on these issues," said a senior public policy advisor at one of India's biggest e-commerce companies.

Making digital cash registers ring

According to officials in the IT Ministry, plans are afoot to give a renewed push to digital cash, increase the reach and footprint of the government's digital payments platform BHIM UPI to 100 per cent of the country as well as ensure that its usage grows. The government is once again going to organise events like 'Digi-Dhan Melas' to facilitate the adoption of electronic payments.

Also on the anvil are special benefits for using digital cash, educating people further on the various aspects of online transactions and framing guidelines for transactions in digital money.

This includes making QR codes mandatory at all shops and commercial establishments. Needless to say, the initiative will give a boost to mobile wallet firms such as Paytm, Freecharge, MobiKwik, as well as payments platforms such as Google Pay, BHIM UPI and the much-awaited Jio e-commerce platform.

If this move gets a final nod, digital payments would become an integral part of all commercial establishments — from mom-and-pop stores to large retail chains.

According to ministry sources, shopkeepers would have to put in place two or more QR codes of various payments platforms, including the government's UPI. "There are many users of BHIM

UPI already. So we are sure that many shopkeepers will put in its QR code," said a senior official at IT Ministry.

Key issues and the road covered

Industry demands

- National E-commerce Policy, 2019, and Personal Data Protection Bill, 2018, major focus of discussion
- Internet sector seeks a re-look at data localisation clauses, and further incentives to boost digital payments and start-up investment
- Further tax sops for angel investors, new start-ups, and ecosystem enablers such as incubators and accelerators

The journey so far: under NDA government

- Under Fund of Funds, the government has granted Rs 1,611 crore to venture capital firms
- 14,036 new companies recognised as 'start-ups' under DPIIT, 91 allowed tax rebates
- 5,000 tinkering labs setup; 22 academic incubators and 11 corporate accelerators approved
- Dedicated start-up promotion policy launched in 22 states
- UPI transactions in April Rs 1.4 trillion