

## **Digitising India**

A robust broadband network is imperative for the many digital schemes in the Budget to work

The Union Budget for 2017-18 clearly highlights the Centre's resolve to promote the digital economy by reducing cash transactions, bringing more economic activity into the formal sector and curbing corruption. But for Digital India to become a reality, it is necessary to first focus on the basics: access to reliable, stable and high-speed internet services all over India. The stepped up funding for expansion of BharatNet — a project to connect all 2.5 lakh gram panchayats to a high-speed fibre optic network — is welcome. While the allocation has been sharply raised from ₹6,000 crore in 2016-17 to ₹10,000 crore for the next fiscal, the quantum pales in comparison to other countries. China is splurging a staggering \$182 billion (₹11.5 lakh crore) to ensure universal high-speed broadband access by the end of calendar 2017. In contrast, BharatNet, started in 2011, has so far achieved 1.72 lakh km of cable, laid by three public sector undertakings, namely, BSNL, Railtel and PowerGrid. With the Centre planning its 'DigiGaon' village initiative to provide tele-medicine, education and skills through digital technology to most of the villages, funding for BharatNet could have been stepped up further, especially since there is a proven link between increase in broadband connectivity and higher GDP.

Measures have also been announced to popularise digital payment modes launched over the past few months. These include a promotional scheme to increase usage of BHIM, an app developed by the National Payments Corporation of India. The two schemes — a referral bonus scheme for individuals and a cashback scheme for merchants — may help bring new users on to the payment platform. Aadhaar Pay, a merchant version of Aadhaar Enabled Payment System proposed to be launched soon, may benefit those who do not have debit cards, mobile wallets and mobile phones. Banks have been told to install 10 lakh

point-of-sale (PoS) machines by March 2017 as well as 20 lakh Aadhaar-based PoS machines by September 2017. While this will encourage more digital transactions, the Government targets for increasing the number of digital transactions in 2017-18 to 2,500 crore through UPI, USSD, Aadhaar Pay, IMPS and debit cards appears ambitious, given infrastructure constraints and insufficient behavioural change among users.

Nevertheless, the Centre's willingness to consider changes in the regulatory framework for digital payments — among the measures proposed are strengthening of the payment infrastructure and grievance handling mechanisms, and amendments to the Payment and Settlement Systems Act 2007, and Negotiable Instruments Act — is welcome and need to be acted upon expeditiously.