

Budget Handholds India to Take Next Step in Digitisation

Carries forward the task of financial inclusion by proposing many measures

BY INVITE



VIJAY SHEKHAR SHARMA

FOUNDER, PAYTM

This is a Budget for the digital economy and will help propel the country towards a digital future. The focus on the digital theme in every area from farming to education, payments and public service will push everyone from small shop owners to consumers towards the digital economy.

It carries forward the task of digitisation and financial inclusion with measures aimed at developing internet infrastructure by fast tracking high-speed broadband connectivity and providing access in 1.5 lakh gram panchayats. The Digi Gaon initiative will help take the benefits of the digital economy to the last mile. The move to set up a payment regulatory board will provide much-needed guidance to this fast-growing sector.

Multiple initiatives have been taken to promote digital payments. Digitisation of all consumers to government payments demonstrates the

government's resolve to reduce reliance on cash. The stated target to provide 10 lakh point-of-sale terminals and 20 lakh Aadhaar-based payment systems to merchants will draw a large number of them into the digital ecosystem. Initiatives to promote BHIM app will encourage consumers and merchants to go cashless. Another welcome move is the removal of service charges from railway bookings made on IRCTC. As more Indians begin to transact digitally, they will enter the financial mainstream and gain access to products like loans. The move to encourage the grant of such loans by the Small Industries Development Bank will lead the way for other financial institutions.

The Budget aims to boost employment by addressing the demand and supply sides. On the demand side, incentives for labour-intensive sectors, legislative reforms to simplify labour laws and easier access to credit for the SME sector will accelerate job creation. In addition to increased allocations for higher education, the focus on skill development will help boost the supply side. Increased investment in infrastructure is also a welcome move. These measures have been undertaken while keeping fiscal deficit low. Therefore, private investment will not be crowded out. The changes in income tax rate will expand the tax net. It is a good budget that will encourage people to move to the digital and formal economy.