

Everyone can Cash in on Aadhaar

ET Q&A

The Aadhaar-based payment system being readied for launch

will serve citizens who neither have phones nor cards, says **Aruna Sundararajan**, secretary at the ministry of electronics and IT, leading the government's efforts to expand the usage of digital payments.

In an interview to **ET's Surabhi Agarwal and Neha Alawadhi**, Sundararajan spoke about the ongoing review of the Information Technology (IT) Act, 2000, recommendations for the union budget and the way forward for digital payments.

Edited Excerpts:

What is the way forward for digital payments in 2-3 months?

Out of, say, around 700 million people who have a phone, almost 300 million would have a smartphone and then we would have 400 million feature phone users out of which we assume half would use USSD (Unstructured Supplementary Service Data). So the balance 200 million plus another 250 million who do not have any phones or cards are the most vulnerable section of population. How do we enable them to go digital? It is in that context that the Aadhaar payment app was mentioned by the PM. Now, we expect to launch the app very shortly. We

will also continue to work on simplifying the technology even further. There are others who are saying that even a non-smartphone can be enabled with an overlay SIM for financial transactions.

Due to the push towards digital, so much user data is being generated. How will we protect it against misuse and customer profiling?

If we get such a large number of users, or first-time users, who are also illiterate about this system, we have to make sure their interests are properly safeguarded. So in terms of the IT Act, we would need to strengthen what is called 'reasonable security practices'. This regulation is already there but there is a need to strengthen it, specifically in the context of growing digital payments. In addition to that, we intend to bring in infrastructure standards that companies must maintain if they have a large customer interface. They must mandatorily disclose to the customer what options are available to them and what the cost of each option is.

How are you reviewing the IT Act?

We already have a committee. So we've already started gathering inputs, and we expect in the coming few weeks to be able to come out with the first set of reforms. I'm heading that committee and we are also associating experts with it.

What are some of the demands from



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the IT industry for the upcoming budget?

The IT industry has been concerned about GST, because it is a little different from other industries. One is that the nature of

the product is such that it is built from different locations. One of the apprehensions of the IT industry is that if you ask them to go and register in every state and calculate the input and output at each point, for each item of work, it may not be possible for them. This is something they have presented to the GST Council, which has taken note of it.

On the hardware side, this government brought in duty differential. And as a result, 40 new manufacturing units, 30 component units have come in. They want that arbitrage to be continued. The third thing is: in some of these newer areas like ecommerce, etc, how do we promote IT-enabled services? Because global conditions are not what they used to be, so we want to develop our own market and our own customer base, especially in the service industry.

What kind of regulatory changes are you looking at?

For BPOs, also for ecommerce, how we can improve the regulatory framework so we can have more growth in these areas because they create a lot of employment. Software industry employs 3.7 million and 10 million indirectly. The hardware industry employs roughly around 20 million indirectly and the idea is to double it so we can create about 50 million jobs in the IT and hardware sectors in about five years from now.