

# Towards a cash-less, digital future

Slew of measures unveiled include tax rebates to give digital economy a bigger push

## OUR BUREAU

New Delhi, February 1

That the 'digitisation push' would have pride of place in Finance Minister Arun Jaitley's Budget presentation, following Prime Minister Narendra Modi's demonetisation move and thrust on a 'less cash' economy, was a foregone conclusion. Jaitley expectedly announced a slew of measures, including tax rebates for manufacture of electronic items, launching of Aadhaar Pay and setting up of a special task force to address cyber security concerns in the financial sector.

In his Budget speech, Jaitley said: "Promotion of a digital economy is an integral part of government's strategy to clean the system and weed out corruption and black money... This, in turn, is expected to energise private investment in the country through lower cost of credit. India is now on the cusp of a massive digital revolution."

He said the government was creating an ecosystem to make India a global hub for electronics manufacturing and over 250 investment proposals for electronics manufacturing had been received in the past two years, totalling an investment of ₹1.26 lakh crore.

### Booster steps

"A number of global leaders and mobile manufacturers have set up production facilities in India. I have, therefore, exponentially increased the allocation for incentive schemes, like M-SIPS (modified special incentive package scheme) and EDF to ₹745

crore in 2017-18. This is an all-time high," he said.

To focus on export infrastructure in a competitive world, a restructured Central scheme — Trade Infrastructure for Export Scheme (TIES) — will be launched in 2017-18, he said, adding that the total allocation for infrastructure development in 2017-18 stands at ₹3,96,135 crore.

To promote domestic manufacture, the Finance Minister has in-

creased the special additional duty (SAD) from nil to 2 per cent, for populated printed circuit boards (PCBs) used for making mobile phones, subject to actual user condition.

Also, all existing taxes, such as applicable BCD, CVD and SAD have been

taken off for products such as miniaturised POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, finger print reader/scanner or iris scanner, he said.

Harping on the theme of promoting a digital economy, Jaitley said a

shift to digital payments has huge benefits for the common man. "The earlier initiative of our government to promote financial inclusion and the JAM (Jan-Dhan, Aadhaar and Mobile) trinity were important precursors to our current push for digital transactions," he said, adding that 125

lakh people had already adopted the Bharat Interface for Money (BHIM) app.

"The government will launch two new schemes to promote the usage of BHIM — Referral Bonus Scheme for individuals and a Cashback Scheme for merchants," the Finance Minister said.

He said Aadhaar Pay, a merchant version of Aadhaar Enabled Payment System, will be launched shortly for those who do not have debit cards, mobile wallets and mobile phones.

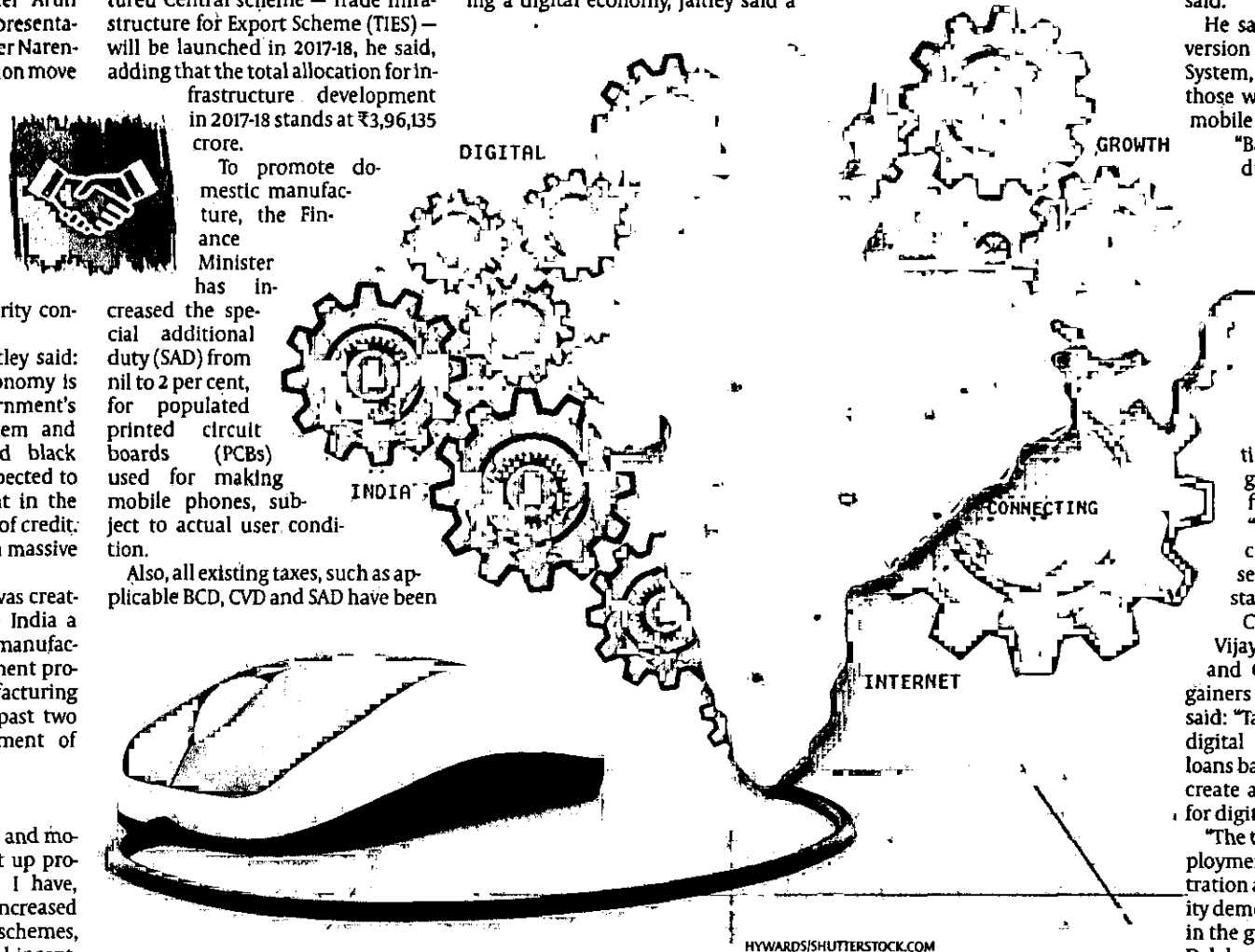
"Banks have targeted to introduce additional 10 lakh new PoS terminals by March 2017. They will be encouraged to introduce 20 lakh Aadhaar-based PoS by September 2017," Jaitley said.

### Stress on security

Since cyber security remains a grave concern, Jaitley announced the setting up of a Computer Emergency Response Team for the financial sector (CERT-Fin). "This entity will work in close coordination with all financial sector regulators and other stakeholders," he added.

Commenting on the Budget, Vijay Shekhar Sharma, Founder and CEO, Paytm, one of the big gainers of the demonetisation move, said: "Tax benefits, incentives to use digital payments and extending loans based on a digital footprint will create a larger merchant ecosystem for digital payments."

"The thrust on digital economy, deployment of analytics in tax administration and initiatives on cyber security demonstrate the significance of IT in the government's priorities," Jatin Dalal, Chief Financial Officer at Wipro, said.



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