Budget 2019-2020: Concerns

What is the issue?

The Budget released yesterday has many concerns like the way it is carrying a new thinking of digital economy, but still ended up fragmented and minimalist.

What is digital economy's situation?

- The government's digital idea in the budget **does not unpack the idea of data as a public good** in the spirit of the Constitution of India.
- **Economic Survey** – Aims to open up all data for all sectors in all departments to the private sector.
- **Budget –** Sidestepped the idea of digital and data infrastructure as the government's framework has **no substantial reference to its public investments** in it.

What is the digital game plan?

- The **digital game plan** for the economy and its **3 trillion-dollar mark** for the upcoming year seems to be a sloppy attempt.
- A lop-sided balance between perfunctory good words about MSMEs and start ups and strident hard talk underscoring an expanded role for privatisation and foreign investment.

Where the focus lacks?

- Saying **Connectivity as the life blood of the country**, the Finance Minister **invoked many schemes** —Gram Sadak Yojana, Bharatmala Pariyojana, etc.
- But **no mention** about the **internet infrastructure**.
- Nearly **50% of rural India** still does not have access to the Internet.
- **Investment modalities for digitisation in strategic sectors** must be aware of key concerns like data sovereignty, citizen oversight, corporate accountability, national security and domestic capital accumulation.
- But **private investment** mustn't undermine economic and social goals.

Which is a welcoming step with a caution?

- The **online portal for MSME credit** is a welcome step.

- But the scheme could upset the credit market severely as it has generated ₹11,000 crore NPAs comes as a caution.
- Several borrowers or enterprises under the **MUDRA loan scheme are not traceable** and the share of manufacturing is a small fraction.

How to make 'Make in India' a success for digital start-ups?

- Make in India can succeed for digital start-ups only when a **strong vendor base** is set up in the MSME space.
- The assurance to start-ups that **concerns on the angel tax will be resolved** does suggest a desire within the government to promote domestic innovation and is good news for digital start-ups in India.
- It is however **not completely clear** if digital innovation has received the boost it needs.

How the duties are affecting the digital sector?

- Cutting edge innovation tends to be **capital intensive**, as it requires high-tech hardware devices that needs to be imported.
- The **high import duty on IoT devices** and this makes it a serious concern for the **industries manufacturing drones** which rely on costly imports of essential components.
- The Budget speech did refer to **exemptions on customs duties for manufacture of electronic goods** but more information on the fine print is necessary to confirm any optimistic outlook.

Where do the labour codes lag?

- To know about the proposed labour codes, click here.
- They are **far from creating a uniform minimum wage**.
- They **do not guarantee specific rights**, such as consumption or productivity-based criteria for setting the minimum wage, instead choosing skill-based criteria.
- In the context of deskilling in the digital economy, this is particularly worrisome.

Why revitalizing agriculture is not easy?

- The **critical digital infrastructural gaps** render e-NAM an uneasy solution at best.
- **Inter-state commodity trading** is not easy in India and 'One country, one market' idea seems more a pipe dream.
- To gain traction, **public investments are vital** as they integrate other solutions like warehousing, logistics and credit — with the portal.

- The **omission of agriculture research outlays** in frontier areas such as AI and in the requisite training and skilling to produce a new generation of Agro-extension workers also reflects a blind spot.

Why digital literacy is important?

- Some facts need to be put in perspective, like
    1. Praising that 2 crore rural Indians are trained to be digitally literate.
    2. Announcement of plans to train 10 million youth for meeting the complex challenges of the 21st century.
- **Good approach** – Should focus on **strengthening public education** so that children and young people emerge as competent and critical users and creators of technology.
- **Costly yet a negative approach** – The **under investment** in primary and secondary public education and **undue focus** on a handful of higher educational institutions so as to draw foreign students.

What are the issues for PPP and other issues?

- **Public-private partnership (PPP)** arrangements – In Bharat Net and internet connectivity for local bodies in every Panchayat.
- The proposed approach may not be the best fit for rural e-governance.
- **Studies** say – The private entrepreneurship model in the Common Services Scheme has failed.
- **Stand Up India'** – Enormously benefitted the women, and SC and ST populations, through the loans availed for **purchase of scavenging machines and robots**.
- **Access to dignity** must be provided as a right – so robots can replace human beings in all situations of dehumanising work.
- **Social stock exchange** – The electronic fundraising platform for the social sector devised in the name of inclusive growth, requires wider deliberation.
- It is unclear why the social sector needs a financialised, stock exchange model, and who this will benefit remains a matter of concern.
- An **efficient agricultural or health care system** that works for the majority is highly unlikely to come only from private sector innovations subsidised by public data sets.
- **Policy vision** with an appropriate budgetary architecture – **Crucial** for how Digital India in the AI age will be operationalised, but the silence on its count is a disappointment.

Source: Business Line



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