Roundtable on "Regulatory Design for a Trillion Dollar Digital Economy"

CyFy 2020 | 19.00 – 20.30 hours | Friday, 16th October

Inputs for interventions by PSM

1. For the Indian digital economy to be worth trillion dollars, it will need to benefit a substantial populace and not just those who already have access to digital goods and services.

2. To enable this, barriers to innovation will need to be removed; cost of serving the next half billion, and particularly the last mile, will need to be reduced; and trust on digital economy will need to be enhanced.

3. Therefore, the regulatory design for digital economy must be one which does not impose undue entry barriers, restrictions, and costs on market players. All conditions and compliances must pass a three-step test of necessity, legality, proportionality, before being adopted and implemented.

4. Tools like regulatory impact assessment and regulatory sandbox should be institutionalized to ensure that unintended impacts of regulations, goods, and services on stakeholders are envisaged and contained.

5. Timing of regulatory intervention in digital economy is the key. Premature intervention may prevent market development and late intervention may fail to preserve the interest of consumers. Optimal timing of interventions can be ensured by a coordinated approach between different government agencies and continuous review of emerging evidence. For this, building state capacity will be the key and the government and regulatory agencies will need to work closely with the civil society.

6. The playing field between incumbents and new players must be levelled to leverage the potential of digital economy. This should not happen by subjecting the new players to the restrictions which incumbents are used to operate under, but by setting the incumbents free and letting them innovate and compete with the disrupters.

7. The entity and form-based regulation must give way to activity and risk-based regulation. In other words, undue obsession with the structure of service provider should be avoided to focus on its activities and risks emanating therefrom.

8. At the same time, the regulation must be citizen centric, reduce information asymmetry, promote transparency, accountability and grievance redress. It must protect the rights of vulnerable citizens and provide them agency to exercise their rights confidently and securely. Appropriate efforts on awareness generation, capacity building, and providing goods and services in local language through audio and video modes, must be made to prevent digital divide from expanding.

9. The regulatory agencies for digital economy must not become parking slots for retired bureaucrats and judges but should be managed by reputed experts and representatives of relevant stakeholders. The agencies should be able to act independently and must be adequately capacitated.

10. It needs to be ensured that digital tools are not a substitute for institutional reforms and digital service delivery need not become the ‘only’ or ‘preferred’ mode, given infrastructure and connectivity challenges in the country. It should be an ‘additional’ option along with other modes. Exclusion errors from digital modes need to be continuously reviewed and fixed, to ensure that potential beneficiaries are not deprived of essential goods and services.