

## **The indian innovation that can change the world**

**{Reaffirming India's soft power through Digital Public Infrastructure}**

**-Amitabh Kant**

During the first two decades of the twenty first century, Google, Amazon, Meta, Apple and Microsoft have been at the forefront of a massive explosion in innovation and value creation. They have billions-strong user bases and a community market value of around seven trillion USD. They, along with Chinese firms Alibaba and Tencent dominate the global sphere in digital advertising, commerce, messaging, cloud infrastructure, social media and mobile operating systems amongst others.

In contrast, India has adopted an unprecedented and a powerful new approach in policy governance through the adoption of digital public infrastructure. This has enabled India to digitally leapfrog with the public sector playing a key role in defining the regulatory guardrails, and the private sector innovating and competing in the market place. These public digital platforms are open source, have open APIs, open standards for inter-operability and leverage public data for open innovation models. These low cost and inclusive platforms are based on core principles of consent based data sharing protocols and reduce digital divide. They also create a level playing field through regulatory framework. Tech innovations normally emerge from the developed world. Digital Public Infrastructure is an area where an emerging market has created a unique model for the world converging both privacy and innovation.

These platforms include:

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| The JAM trinity which links Utility: | billion+ aadhar, mobiles and bank accounts to deepen financial inclusion, DigiLocker (One Stop for digital storage & documents) and Bharat Bill Pay (One Stop solution for multiple payments), |
| Fast payments:                       | Unified Payment Interface (UPI), Aadhar Enabled Payment Systems (AePs), Immediate Payment Service (IMPS),  |
| Vaccination:                         | COWIN,   |
| Toll Collection:                     | Fastag,  |
| Digital Tax Collection:              | GST,   |
| E-Governance Services:               | UMANG App,   |
| Digital OPD:                         | E-Sanjeevani,  |
| National Health Stack:               | A unique health ID for all citizens, Online Education: Diksha and Swayam.  |

These platforms create a powerful integrated stack of building blocks that provide impetus to private sector innovations. They are built to scale and serve over a billion people in 22 languages. India has been able to solve the challenge of digital inclusion by taking a platform approach by mainstreaming digitization and tech across all schemes of government. A recent study by Bank for International Settlements (BIS) has highlighted that on account of the digital public infrastructure, India has delivered in 10 years what would have taken fifty years to achieve.

All these platforms have been developed by building an alternate model on principles of openness, equity, inclusivity, fairness, transparency, and trust. In future, this new approach will create a new economic divide between countries who are leapfrogging ahead on digital public infrastructure approach versus the rest.

The Unified Payment Interface (UPI) in India has gone beyond just being a transformational idea to being a successful use case witnessing exponential growth. The brilliance of UPI lies in the enabling

architecture built out as a public good. It is an open-source API (Application Programming Interface), designed to harness value by banks, merchants and consumers in the economy.

Inherent to the architecture is interoperability, which bolsters consumers choice and limits platform lock-ins. Its value is resonated in over 300 banks offering linkages to bank accounts through UPI which is accessed by consumers via 50 plus third party apps. Today UPI ensures nearly 6 billion monthly transactions, valued over 121.3 billion USD, with 260 million users and a merchant base of 50 million users. Already merchants in 10 countries accept UPI payments and over 30 countries have expressed interest in adopting UPI.

As a result of the JAM Trinity, every household now has access to formal banking services along with a platform for availing low value credit, insurance and pension schemes. IndiaStack, with its APIs- such as Aadhar Authentication, eKYC, eSign, UPI has allowed Govts, businesses, startups & developers to utilize the public digital infrastructure to offer varied financial services and has catapulted adoption of cashless behavior. A testimony of this is the resounding success of Pradhan Mantri Jan Dhan Yojana (PMJDY). In 2015 when the scheme started only 15% of the accounts were operated by women. During last eight years 460 million accounts were opened. The number of accounts operated by women has jumped from 15% to 56% and 67% of the account holders are from rural and semi-urban areas. The average deposit per account has gone up by 71%. This transformation has been possible only due to the digital public infrastructure built by India.

The platform approach has led to top class payment products being developed on top of UPI. Numerous apps like PhonePay, GPay & AmazonPay are facilitating payments with the click of a button. After payments, the focus shifted to consumer and MSME lending. Paperless, cashless, flow based lending innovation was done by Lending Kart, Pine Labs, Mobikwik. There was increased focus towards personal finances money management, investments and trading. A plethora of top class start-ups came up – Zerodha, Groww, Upstox. We are now witnessing emergence of financial products which target more complex segments. Companies such as Digit and Acko are greatly simplifying insurance covering end to end life cycle of origination, claims and selection.

India is now democratising e-commerce through interoperability. The Open Network for Digital Commerce (ONDC) network, has gone live by providing access and equity to small and medium sized merchants, increasing choice and quality for customers, and ensuring competitiveness and efficiency across the value chain. ONDC is significant given that the coverage of retailers using digital commerce has remained at 15,000 out of 120 million retailers, while the estimated size of online shoppers is projected to be about 220 million by 2025. ONDC will revolutionise how people transact and empower MSME's and with greater negotiation options.

A vast segment of the global population (almost 4 billion) does not have a digital identity, almost 1.5 billion people still remain unbanked and 133 countries do not have digital payment systems.. As India takes over Presidency of G20 it has a unique opportunity to create a complete package of these digital platforms and deliver them as an end to end e-governance service to digitally transform the world. All this as a “Cloud in a Box”. No better way to enhance India's soft power.