

## Our Views

### Governance through Digitization – An excellent success, should be taken to the next level

In the 1980s when I received a student scholarship, I clearly remember shelling out a good part of it to the intermediaries who helped collect the bounty. Today, thanks to digital governance, channel leakages are plugged and 100% of the benefits reach the intended beneficiaries. There are many areas, be it transfer of subsidies or benefits to citizens, procurements for government, tendering processes, etc. which have been positively impacted because of 'Governance through Digitization'.

Of course, Direct Benefit Transfer (DBT) has been a flagship success amongst all the digital governance initiatives with around 400 government schemes using this platform, and a total disbursement of over rupees 10 lac crore through this channel over the last 5 years. National Scholarship Portal (NSP), is another very successful scheme which aims to provide a simple and transparent system for faster processing of scholarship applications and delivery of funds directly into beneficiaries account without any leakages. It has now onboarded 14 lac institutions, 60 plus state and central schemes and is expected to benefit millions of students. Government's e-marketplace, an online procurement platform, has enabled over rupees 50,000 crore of Government procurements with transparency and efficiency. Digitization in taxation, both direct and indirect, has been remarkable. The GST process is expected to be digitized and with online faceless assessment, income tax will also be soon fully digitized. Likewise, there are many other initiatives like eNAM (a pan-India electronic trading portal which networks the existing APMC mandis), Digital Police Portal and e-Courts, just to name a few. All these initiatives have been focused on efficiency, transparency, and speed.

With all this success, now is the time for the government to focus on the next phase of reforms to substantially bring down the cost of governance and free up resources. Let me explain this by way of an illustration—traditionally, income tax department has had its offices across the country. A state like Gujarat has ~50 ITOs, West Bengal ~35 and Jharkhand ~20. The management of so many offices across the length and breadth of the country is an overhead in terms of infrastructure, maintenance, residential facility for officers, resource management including transfer of officers, low economies of scale, etc.

Earlier, local physical presence was required to receive and acknowledgement income tax filings of their respective jurisdiction, scrutinize the returns and to complete the assessment. Today, with the new digitized tax filing system, the income tax returns are filed and acknowledged online. Selection for scrutiny is also an automated process and finally going forward, assessments are also expected to be done online in a faceless and decentralized way. This would mean that a tax case of Bombay could be assessed by an officer sitting in Guwahati and neither the officer nor the assessee would ever know each other. If that is so, the government should review the need for so many decentralized income tax offices. Do we need so much presence and infrastructure in main cities? Or we could just have 4-5 main income tax centers across the country that operate remotely. This will release a lot of expensive real estate of the government and reduce the infrastructure load on large cities and towns. The new centers in smaller towns could boost development of new townships and also substantially reduce Government's administrative cost of tax collection. Economies of scale through consolidation in few locations could help shed the supervisory costs and enable focused automation and process optimizations.

This concept holds good for many other departments of the central and the state governments. If implemented well, this will not only reduce costs but will also cut down the whole power-play around transfer-posting, location of people's choice and complicated regulations around them. While we totally understand that this cannot happen in a day, with the success so far, the time has come to make another beginning to take Governance reforms to the next level.

**Sunil Sanghai**

*Founder & CEO*

NovaDhruva Capital Pvt. Ltd