

Our Views

Creation of Digital Data Library (DDL) of India – immense revenue generating ability

“Kosha Moolo Danda”, **Chanakya** wrote in first chapter of Arthashastra; this means 'revenue is the backbone of administration'. This verse in the Devanagari script is also part of the official logo of the income tax department of India. Interestingly, Chanakya talked about the importance of revenue and not just of taxes. Sources of revenue collection have evolved over time. Various governments have explored multiple avenues to enhance revenues including through national assets like telecom, mining, and assets monetisation. The trend has been to keep identifying newer non-tax revenue sources which do not directly impact people.

Over the years, the government has created a new asset class through focus on digitisation. The digital economy has given rise to tremendous amount of data which becomes a landmark in the further development of digital economy. It also gives consumer more control over their information, more feedback on products, more choices for their consumption, more convenience in managing their lives and more confidence in organizing things. At the same time, digitization helps service providers properly structure their product and services, and its delivery. It also helps them identify their target market and segments. Therefore, ideally, data is a win-win for both consumer as well as service provider.

The biggest owner of all form of data, whether digital or physical, in the country is the government. The government and its agencies have over the last few years acquired a **gold-mine of data** with roll-out of initiatives like GST, Aadhar, fastag, e-bills, securities market, banking data with regulators, etc. Combining various digitisation initiatives, the government today has vast amount of data pertaining to transport and movement of people and goods – by Road, Port, Airport, whether domestic or international; city transport; timing of it; type of vehicle; time taken, etc. Banking related data not at account level, but in aggregation, can provide many patterns about markets, wealth distribution, industry type, etc. The capital markets data and its analysis have the potential to create another Bloomberg kind of a data platform. Government's procurements – agencies such as Government's e-commerce portal, GEM – has the potential to turn into another Amazon like entity. Aggregation of health records, entertainment and consumption data, land and physical premises records, agriculture and livestock data, tourism data, tax collection and industry or trade level data, and data with local civic bodies could all be potentially revenue generating.

Management and monetization of **this largest pool of data can be more effective and revenue-generating** by creating a country wide digital data library. Conversion of physical data into digital form going forward could add to this library. An adequate framework on right mining and monetization of this can be invaluable for the government. Given the focus on digitization, the data can be used more productively and could generate value for everyone.

Of course, to ensure confidentiality and data protection at individual and entity level, the data would have to be aggregated in a non-identifiable bank through identity-masking. A safe, effective, and inclusive digital data infrastructure could be productive for all constituents, and revenue generating for the government. It can create a new foundation for the economic growth towards broader participation, creation of more choices, fostering of new ideas through innovative data sets and interoperability. This innovative, productive and competitive data ecosystem created through aggregation of government's databank would give more confidence to consumers to share their data thereby making the digital data library more comprehensive in future.

Our Views

Creation of Digital Data Library (DDL) of India – immense revenue generating ability

Using latest data mining and data science technologies, the usage of this data could vary from government's own use for better governance to use by private sector for better efficiency in sales, distribution, product conceptualization, etc. Some of this data may already be getting used by the private sector at no charge.

While the concept of a digital data library seems overall beneficial, data confidentiality, personal identity, and individual data protection, would be the biggest challenge. A consumer data protection law and a separate data owning body of the government could safeguard the individuals while also enabling the government to use this data more effectively and safely. This will overcome the connectivity issues between various data generator and users and enhance the opportunities for connecting the consumer data to the data economy. It will significantly improve the efficiency of our digital economy.

A balance approach to safety, efficiency and effectiveness is needed. It should be based on the four fundamental principles – beyond data sharing, towards data empowered consumers; beyond open banking, towards an economy wide foundation; beyond a standalone system, towards an integrated data ecosystem; and beyond our borders, towards international digital opportunities.

In nutshell, the government should explore efficient use of the enormous assets that it has created in the form of digital data through creation of a **Digital Data Library of India**.

<https://economictimes.indiatimes.com/markets/stocks/news/the-goldmine-govt-is-sitting-on-with-huge-revenue-potential/articleshow/81108592.cms>

Sunil Sanghai
Founder & CEO
NovaDhruva Capital Pvt. Ltd