



Economic Survey 2022-23

Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
North Block
New Delhi-110001
January, 2023

- 119 Financial Institutions have gone live as FIUs viz; 93 RBI Regulated, 12 SEBI Regulated, 12 IRDAI-regulated entities, and 2 PFRDA-regulated entities.
- With 23 Banks onboarded to the Account Aggregator framework, more than 1.1 billion bank accounts are eligible to share data on AA. 3.3 million users have linked their accounts on the AA framework out of which 3.28 million users successfully shared data via AA.

RBI has also notified Goods and Services Tax Network as FIP on 23rd November 2022 which will enable digital invoice financing and provide much-needed credit to the MSME sector.

Box X.6: Dematerialisation of documents: The next wave of digitisation

In line with the objective of the Digital India mission, which seeks to transform India into a digitally empowered nation, National e-Governance Services Limited (NeSL), an Information Utility registered with and regulated by the Insolvency and Bankruptcy Board of India under the aegis of the IBC 2016, introduced the Digital Document Execution (DDE) platform in 2020. This was done at the behest of the Insolvency and Bankruptcy Board of India and with the support of the Department of Financial Services (DFS), Ministry of Finance.

The core principle of the NeSL-DDE platform is to digitise all the steps of the document/agreement execution journey. These include: -

- Submission of information and document/agreement to be executed on the platform
- Flexibility to accommodate any agreement/document format
- Consent-based process
- Digital payment of stamp duty and affixing of digital e-stamp certificate
- Verification of the identity of the executants and digital execution using an electronic signature
- Secure storage transmission and retrieval of the digitally executed document generated using the platform

The NeSL-DDE platform eliminates the need for the physical presence of the executants and the manual process to be carried out for executing documents/agreements. By doing so, the platform generates several benefits, such as lower execution time and cost, a secure system, authorised access, bulk processing, fraud prevention, legal robustness, and evidentiary value. A significant enabler in the journey of digitisation of documents/agreements in the financial sector is the use of the Aadhaar e-Sign, which has made electronic signatures widely available to citizens at a nominal cost.

The NeSL-DDE platform has garnered the support of state governments, ministries, and financial institutions. DFS has been encouraging banks to consider adopting DDE for their agreements. Currently, 23 States and Union Territories are available for digital e-stamping on the NeSL DDE platform. 27 banks and NBFCs are using the platform for executing their agreements, and so far, more than 9 lakh transactions have been undertaken. This includes small-ticket consumer lending transactions to large-value corporate lending transactions.

One use case of the NeSL-DDE platform is the electronic bank guarantee (e-BG), which takes away all the issues and challenges associated with the issuance, transfer, and management of physical bank guarantees and brings inefficiencies of time and cost savings. As the adoption of e-BG picks up, the NeSL platform can also function as a central repository of bank guarantees. Recently, the Department of Expenditure has amended the General Financial Rules, 2017, to permit the acceptance of e-BG in the government procurement process.

While the initial use case of NeSL-DDE is financial documents/agreements, the platform shall also enable the digital execution of other documents/agreements. This secure, paperless, hassle-free contracting offered by NeSL-DDE will have significant implications on the ease of doing business in the nation.

Outlook

10.39 India's services sector growth which was highly volatile and fragile during the last 2 fiscal years, has shown resilience in FY23 driven by the release of pent-up demand, ease of mobility restriction, near-universal vaccination coverage and pre-emptive government interventions. Broad-based recovery has been observed in recent months, with pick up in almost all sub-sectors especially contact intensive services sector, which bore the maximum brunt of the pandemic. This is reflective of an uptick in the performance of various HFIs, reflecting a solid upswing in recent months, hinting at an enhanced presentation of the services sector in the next fiscal. The prospects look bright with improved performance of various sub-sectors like Tourism, Hotel, Real estate, IT-BPM, E-commerce etc. The downside risk, however, lies in the external exogenous factors and bleak economic outlook in Advanced Economies impacting growth prospects of the services sector through trade and other linkages.