



Is India Managing Its Heatwaves Efficiently ? In This Context, Discuss The Effectiveness of Smart Surface Strategy as a Tool in Urban Planning For Cooler Cities. (150 Words / 10 M) (GS-1 Issues of Urbanization)

Approach:

1. Introduction on growing digitalization.
2. Point out the issues and challenges of this domain.
3. Give a brief reference to international instances of policy measures.
4. Mention India's recent initiatives.
5. Way forward emphasizing on balanced framework for data governance & competition.

Digital India has accelerated the adoption of digital transformation in the country. The digital economy is likely to surpass **\$ 1 trillion by 2024**. The real-time payment registered as of May 2022 is **Rs. 595 crore**. Thus, digital transformation taking place at the level of technological ecosystems is having profound effects on economy & society.

Associated issues & challenges:

- The accelerated use of digital technologies have led to a range of emerging issues, particularly related to **data governance** and **competition**. Such issues are complex due to dynamic nature of technology, cross-border platforms and data flow.
- This scenario becomes more complex with **mass-scale adoption of Web 3.0 decentralized technologies**, resulting in **autonomous organizations** with issues like **regulations, money laundering, licensing**, etc. So, digitalization may pose multifaceted challenges for governments, particularly in regulating competition and Merger & Acquisitions.
- The **boundaries** of rapidly evolving digital markets are **unclear**, but their characteristics has the potential to lead to **concentration, market power and revenue**.
- **Data** is the most important and central element – a **competitive asset** that can **impact 'entry barrier'** and the quality of products & services changing the market dynamics.

International cases: the **EU** has recently enacted **Digital Markets Act** and **Digital Services Act**. The **US** has engaged in bringing comprehensive legislation to address issues, more particularly crypto & comprehensive data governance.

India's initiatives: India has proposed creating **Digital Public Infrastructure (DPI)** on the lines of UPI. In India, the **Open Network for Digital Commerce (ONDC)** has already been launched. However, there is a **fragmentation of policy & legal frameworks** dealing with digital economy. Such fragmentation is the outcome of imbalanced regulation.

Way forward: India needs to **assess the depth of the issue** and require **good comprehensive framework** with **non-traditional technological models**. The framework requires deep understanding of zero-price markets, implications of multi or single homing



pattern, entry barriers and most importantly, indirect network effects.

The current framework, particularly the **Competition Act**, focuses on market power rather than on innovation & digital assets. The use of **data & algorithm is competitive** and needs to be kept in mind while evolving a policy for digital economy. Hence, **amendment to Section 5 of Competition Act** is necessary to categorize **data as an asset**. Aggressive and **balanced framework of data governance & competition** will boost growth and employment in the country.

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