

Encouraged by the overwhelming response and positive feedback received on the E-Readiness assessment last year, Department of Information Technology, Government of India, initiated E-Readiness Assessment 2004 for the States and Union Territories. The findings of the study have been published in the **"India: E-Readiness Assessment Report 2004"**.

E-readiness and National ICT strategies are complex exercises, which must encompass a variety of issues covering many areas such as infrastructure, applications, institutions, people, and policies. If they are carried out with a sense of purpose and an ambition to use globalization as a source of energy for the social and economic development of the country, they can prove to be an effective shortcut to higher levels of equity in the emerging information economy.

In this context, it has become important to regularly take stock of e-readiness at the country level, States/UTs level and in major verticals to ascertain the status of underlying infrastructure, human resources, policy regimes, investment climate etc. and arrive at what steps need to be taken to optimize investment and reach full potential. In that sense, **"India: E-Readiness Assessment Report 2004"** which carries out the assessment at the disaggregated level of States/UTs throws up some useful and valuable insights. It has also been a valuable learning curve and should prove to be very relevant for many people at the Central and State level. The models used, case studies discussed and outcomes brought out should be of great interest to academia, civil society and researchers apart from decision-makers and implementers.

The report has been prepared jointly by DIT and National Council of Applied Economic Research (NCAER). State government and Union Territories have willingly participated in the whole exercise, sharing their insights and field level experience, which were used to supplement our primary survey in order to reflect the ground realities.

### E-Readiness Index of the States in India 2004

The value of the e-Readiness index at the state level reflects the capacity of a state to participate in the networked economy vis-à-vis the other states. In continuation to last year's work and in the light of new data available the states have been ranked using the same methodology, though a different framework of analysis has been used. Drawing upon last year's experience with data being made available by the states, the questionnaire was designed more comprehensively to include more relevant questions along with appropriate consistency checks. This has allowed us to include more variables (91) compared to last year's (58). In addition to a change in framework of analysis we have also refined some of last year's questions to leave little room for vague answers. There have been some notable shifts in the ranking based on this year's data compared to the previous year, though they are not strictly comparable.

### Framework of Analysis 2004

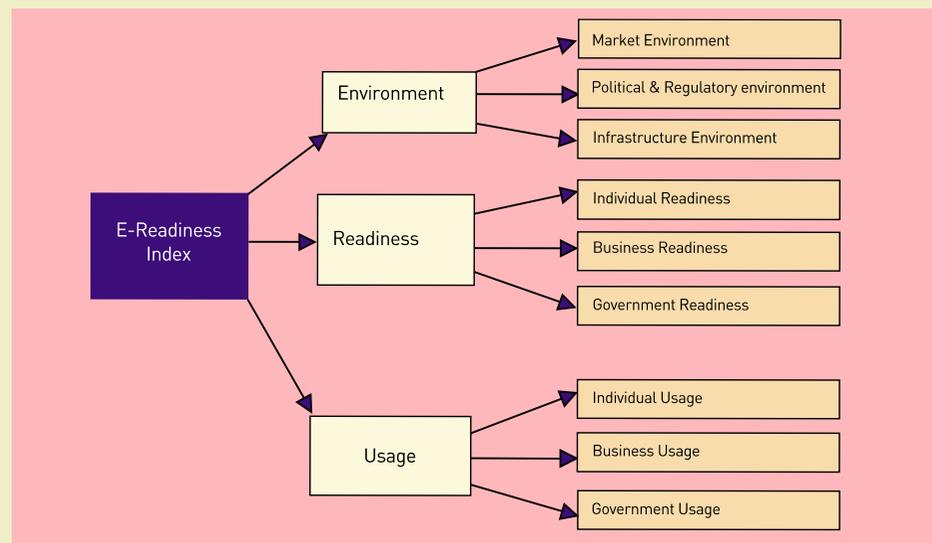
The framework used in the study is based upon the following premises:

- ◆ There are three important stakeholders to consider in the development and use of ICT: individuals, business and governments;

- ◆ The degree of usage of ICT by (and hence the impact of ICT on) the three stakeholders is linked to their degrees of readiness (or capability) to use and benefit from ICT
- ◆ There is a general macroeconomic and regulatory environment for ICT in which the stakeholders play out their respective roles;

The e-readiness index developed by us is based on three broad categories 'Environment', 'Readiness' and 'Usage' as shown in the following figure.

### The Networked Readiness Index Framework



### Methodology

We have used a multi-stage Principal Component Analysis to construct the e-readiness index of the states. The report contains the details of this model.

### Validation by Case Studies

The evaluation of case studies has been done not just on the basis of Sen's and Brown's evaluation frameworks but also on the basis of sustainability and scalability of the project. A program may touch marginalized sections and/or add maximum value but at the same time, it is important to ensure that the project is not transitory and is sustainable. For a project to be sustainable, there has to be a purposeful mission attached to it such that it serves the cause of the state. It should have a strong business model attached to it such that it is a self-sustaining profitable venture. This has been exemplified by our case studies on e-Choupal and Akshaya. The state of Karnataka has further improved its governance through the expansion of the Bhoomi initiative. Projects like RASI in Tamilnadu have been an instance in capacity and skill building. The case studies have thus been used to examine whether various hypotheses that IT is indeed an enabler of developmental goals, is pervasive and cross cutting, facilitates disintermediation and the creation of an alternative development paradigm is validated in the Indian context through an empirical and critical analyses of these case studies.

### E-Readiness - Indian States

The categorisation of the states based on their level of e-readiness is presented in the following figure.



### Recommendations

The report finally draws out a set of actionable recommendations gained from insights arising from the National level and the State level analytical models. Based on the above analysis, the report suggests that Policy planners could broadly look at the recommendations. These recommendations are based on the following premises:

- Second Generation Reforms
- Empowering and including marginalized sections through evolution of networked states/provinces.
- Sustainable/Scalable/Profitable rural development initiatives
- Adopt proactive policies to consciously move the states up the pyramid to the status of 'average achievers' and above.
- Match *potential* of Indian states for IT application with *actual* level of applications in the state with assistance from the Central government.
- Developing a domestic market for IT applications to reduce vulnerability from the external environment.
- Improving readiness of verticals.
- Increasing awareness of potential benefits of ICT in rural development.

India's attempts at moving towards an e-ready economy should therefore focus on providing a favourable environment for the Central and State governments.

