

Recommendations

8.0 Introduction

A review of literature suggests that there are broadly three approaches to the evolution of National Action Plans, which are relevant to the Indian context as well. These three approaches are sketched below:

Approach 1

MOST – Mission, Objective, Strategy and Tactics. This approach involves statement of the mission, quantification of the goals to be achieved in a time span of five years and to prioritise the issues addressed in order to formulate optimal strategies. Most of the countries follow this route. Indonesia and most of the European nations have developed the National Action Plan along these lines.

Approach 2

Game Theory – This is a more realistic approach, which takes into account the fact that there are competitors and to survive one needs to out-think these competitors. This approach assumes that the strategy has to be made in a dynamic framework where one can develop a dominant strategy vis-à-vis the competitors and avoid dominated strategy in order to maintain leadership.

We have not gone by the approaches stated above because they are wish driven strategies that may or may not give results. Therefore, each state should develop its own plan according to its own requirements. There has been wide international recognition for efforts in e-Seva, e-Choupal and Bhoomi and these efforts have been replicated in various states. The gains are based on exploitation of first mover advantage.

Approach 3

First Mover Advantage– A review of literature suggests that there are broadly three ways of

appropriating the advantages of being a first mover. Given India's distinctive capability, which is, its trained pool of manpower, any Action Plan needs to address these as core issues in order to maintain its competitive edge. The National Action Plan can re-enforce the first mover advantage through an identification of component plans like Technological Leadership, Pre-empting Geographical Space and Switching Costs for the buyer.

The user should be aware that the Switching Costs of using ICT are low and even negative. But the switching costs associated with moving back to the archaic system are often very high. For example, in Bhoomi, it is not impossible but also impractical to move back to the manual system.

ICT has been instrumental in pre-empting business space, for instance, in the case of e-Choupal where deployment of ICT has resulted in a reduced transaction cost, an ability to participate in the international markets for the local farming community thus pre-empting the business space of mandis which was the major distribution outlet for farmers. This is true even in the case of BPOs and not just complex e-governance initiatives.

8.1 Objective

India's National Action Plan should provide a favourable environment for the Central and State governments. It should focus on:

- Second Generation Reforms
 - Modernise public services
 - Improve transparency and efficiency in delivery
 - Economise on delivery
- 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.

8.2 Goal

To stimulate each state to have an e-State 2009 plan and the Central government to have an e-India 2009 plan as well as develop an all India networked economy that aims at reshaping the regulatory environment for communication networks. These plans would lay out state specific objectives and goals to be achieved by 2009.

- State should have a five-year plan: e-State 2009
- The government of India should have an e-India 2009 plan to develop an all India networked economy and reshape the regulatory and political environment.

8.3 National Action Plan

To facilitate implementation of e-governance initiatives at the national and state level, the following need to be considered

- Identification of Core Mission Mode E-Governance projects
- Evaluation of these projects using Sen's and Brown's approach considering sustainability/ scalability and private sector profitability in rural development
- Encouraging e-Choupal type initiatives that involve a large part of the labour force in the networked economy including roles for affected stakeholders in the current business environment. Sustainability vs. Knowledge Centers
- Encouraging states to set-up initiatives which use their competitive advantage like Akshaya - high literacy unemployment is absorbed in kiosks or

Bhoomi - facilitates land record based transaction systems

- International recognition for efforts in e-Seva, e-Choupal and Bhoomi. These have been cited as reasons for replication across various states and are excellent examples of gain on First Mover Advantage
 - switching costs - Bhoomi
 - technological leadership - e-Seva
 - pre-empting business space - e-Choupal
- Proactive involvement of private sector in replicating such initiatives
- Encourage such initiatives rather than pure information kiosks
- State to set up project advisory council for monitoring such initiatives with DIT and State government representatives
- National state level projects should have supplementary budgets wherever necessary and fast approval accorded.

8.4 State Action Plan

Based on quantitative analysis, priority areas which affect policy formulation should be identified. We have used economic analysis to arrive at prioritizing areas where the state concerned could act. There are basically two types of economic analyses for the same:

- **Principal Component Analysis(PCA)** : Those variables with a significant eigen value in the PCA model are the ones that need to be traced by the state government and appropriate action needs to be taken for the same
- **Causal Model**: Segregation of the Outcome variables (such as increasing market share of software exports in the state) from the Output variables. These are regressed against other variables. If the regression equation is significant as a whole with appropriate values and the correlation co-efficient is positive, we would be able to determine variables that the state could prioritize.
- In the case of case studies, wherein a new framework of analysis has been used unlike the typical appraisal of expenditure and costs, we concentrate on the Outcome variables and whether they are sustainable. This provides a

framework for the state governments to shape their e-governance initiatives in a purposeful and cost-effective manner.

- Improve 'Readiness' at
 - Individual Level by:
 - Accelerating Internet connections - school level
 - Promoting Adult Literacy
 - Affordable Price Band at the state level
 - Business Level by:
 - Reliable utilities
 - Efficient supply for business firms
 - Addressing separate policy framework for ICT, Cyber Laws, Tax Incentives, IPR
- Increased preparedness of verticals at each state level with assistance from the Central government.





Annex



CHAPTER 8

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