



INDIA: e-Readiness Assessment Report 2006

For States/Union Territories



September 2006

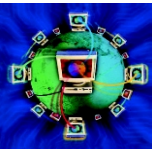
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MESSAGE

Sustained economic growth and substantial poverty reduction require integration of new technologies notably Information Communications Technologies (ICTs) in such a way that the different sections of the society especially the underserved and marginalized sections become more integrated into the ever evolving knowledge society. This requires adoption of policies that encourage and create conducive business environment and proactive learning and usage by all stakeholders.

Keeping in mind the above, the 2006 Report, for the first time has included the Social Accounting Matrix (SAM) that allows study of impacts at disaggregated levels – by sectors and socio-economic groups. It also allows derivation of income multipliers that trace out differential impacts on income generation for different household groups.

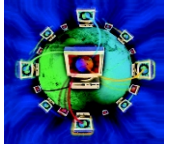
The other important feature of this year's Report is the evaluation of readiness of some Central Ministries / Departments that have direct interactions with public and business.

Over the last 4 years in which this Report is being published annually, we have witnessed Leaders such as Tamil Nadu design policies to maintain their leadership position, whereas States in the other categories have demonstrated that effective policy making has made them leaders in specific categories e.g. Maharashtra and Gujarat are leaders in Environment Index.

The team of National Council of Applied Economic Research and the Department of Information Technology worked closely to publish this Report. We hope that the e-Readiness Reports published by the Department of Information Technology play the critical role of a beacon guiding the setting of strategic vision and priorities for States for extending and enhancing the impact of ICTs to and in all sections of society.


(A. RAJA)





Jainder Singh



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Message

Worldwide investments in e-Government are increasing significantly. Information and Communication Technologies (ICTs) are now being incorporated as critical tools for poverty reduction by several countries that are preparing and implementing national e-strategies that emphasize free flow of information to increase voice, accountability, and economic development.

As large amounts of resources are being invested in e-Government projects across the world including India, it becomes imperative that a robust assessment strategy is devised that not only provides valuable understanding on specific parameters such as usage and readiness but also provides assessment of potential linkages to socio-economic development emanating from increased investment into ICTs.

However, achieving the above stated objectives is not easy. For the first time, in the current e-Readiness Report, a Social Accounting Matrix (SAM) has been included that studies such potential impacts at disaggregated levels of socio-economic groups and different sectors of the economy to provide empirical evidence of the benefits that ICT is providing in terms of economic growth and poverty reduction. This will help the different states evolve and fine tune their policies for maximizing the impact of various poverty reduction programmes.

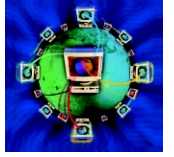
The inclusion of some Central Line Ministries/Departments in this year's report is an attempt to evaluate readiness of these Ministries/Departments that have direct interactions with public and business.

It is our hope that the efforts put into this report by the team of the National Council for Applied Economic Research & Department of Information Technology will contribute towards supporting policy and decision making to determine how best to use ICT for poverty reduction and economic growth in the country.

(Jainder Singh)

New Delhi
January 30, 2008





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Message

In the last decade, Information and Communication Technology (ICT) related activities have grown significantly and now contribute over 5% towards India's GDP and employ over 1.3 million persons directly and over 3 million indirectly. Also, efforts of numerous government, private as well as civil society organizations have demonstrated that effective use of ICTs can have significant impact on knowledge and skill empowerment especially of rural poor.

Promising as these developments are, India still has significant disparities amongst various states in terms of using ICTs for economic development which are not only a function of mere availability of infrastructure but depends heavily on the readiness of the state, business and individuals therein. In addition, ICTs have different impact on different sectors as well as different socio-economic groups of the society. The Social Accounting Matrix (SAM) analysis may help the states formalize key interventions for increased impact of ICT related investments.

In this context, the current e Readiness Report – the fourth in the series – offers useful insights into how ICTs impact different business sectors and segments of society. As in earlier reports, it ranks the various states according to their levels of e-Readiness. It also provides trend comparisons of ranking of states from 2004-2006. However, it needs to be noted that the movements are relative and not absolute.

In view of the increased focus on the National e-Governance Plan (NeGP), assessment of Readiness of some Central Line Ministries/departments that have direct interactions with public and business is a key milestone. Given the diverse nature of services, while no comparisons are possible, based on the limited data made available, the report does provide key insights into possible areas of focus for optimal use of ICT infrastructure in these organizations.


(R. Chandrashekhara)

New Delhi
January 30, 2008.





Message

The growth and impact of ICT in India has been nothing short of a revolution. Within a very short span, we have seen these technologies becoming the very bread and butter of the common people. A major spin-off of the phenomenon has been in the area of governance. Most of the States and Union Territories host websites while many of Central Ministries/ Departments provide online facilities such as the submission of forms, taxes etc. While bringing the government closer to the people, this has also brought about a major change in the attitude towards provision of public service. Together with the help of enabling legislation, there is an encouraging trend towards a more pro-active, responsive and accountable delivery of public services. Successive e-Readiness Reports had the mandate of bringing out the relative performance of the governments of Indian States/UTs in their efforts to utilise the potential gains from being e-Ready in the matters of governance and public service delivery.

The e-Readiness Report 2006 is the fourth in a series. It retains the broad methodology adopted in the previous reports thereby allowing for a comparison of the relative ranks of the states with the previous years. The Report has also broadened the scope of the study by carrying out an analysis of e-Readiness of select Central Ministries/Departments and also by incorporating a chapter on Social Accounting Matrix (SAM), which attempts to analyse the impact of ICT initiatives on poverty. It is NCAER's belief that even further value addition to this enterprise will be possible in the future. We are grateful to the Department of Information Technology for the continuing trust they have reposed in us.

New Delhi
Jan 2008

Suman Bery
Director-General
NCAER





From the Editorial Desk

The Department of Information Technology and the National Council of Applied Economic Research have collaborated in producing the India e-Readiness reports since 2003 in an attempt to evaluate the e-Readiness of State Governments. The first three reports served to establish the concept of e-Readiness and determine the components of this composite indicator. They have constructed an objective ranking method using factor analytic tools. The framework of analysis for evaluating and ranking the e-Readiness of states has remained the same through the series enabling us to conduct an inter-temporal comparison of the relative positions of States.

This e-Readiness report thus presents the evolution in the ranking of States according to their Government's e-Readiness with, for the first time, a cartographic presentation of the States' position. This edition's principal contribution to the extensive debate about e-Readiness is however the application of the Social Accounting Matrix (SAM). The SAM has been used to analyse the impact of the increase in expenditure on the IT industry on desegregated rural and urban household expenditure classes. For instance, the analysis shows that the increase in expenditure on IT has led to overall increases in income, even in the lowest rural household expenditure category, that of abject poverty. Another interesting addition to this report is a qualitative analysis of the e-Readiness of certain select central government ministries. Those ministries that interact most with the public have been chosen so as to study how greater e-Readiness helps them achieve their objectives.

We sincerely hope that this fourth edition contributes to an improved understanding of the factors that enhance the e-Readiness of States.

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The comprehensive study of e-Readiness within the specified time frame would not have been possible but for the cooperation of a number of people and organisations.

The Department of Information Technology team guided by Secretary, Shri Jainder Singh and consisting of Shri. R. Chandrashekhar, Additional Secretary, Shri. S. P. Singh, Senior Director, Shri B. N. Satpathy, Economic Advisor, Mrs. Radha Chauhan, IAS, Principal Consultant, EGPMU and Ms. Vineeta Dixit, Senior Consultant, NEPG, have put in a great deal of effort to give this study a final shape.

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We thank the NCAER team led by Mr. R. Venkatesan, Project Leader and Dr. Wilima Wadhwa, Joint Project Leader, Prof. M. R. Saluja, SAM specialist, Dr. Sucharita Sen for her key contribution and Ms. Sutapa Das, Mr. Siddharth Kumar and Mrs. Diane Rai for the intellectual coordination of the research content and the compilation of this report.

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Last of all, we express our indebtedness to all those who have not been explicitly mentioned above but who have worked to make this report a reality.





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