Union Budget and the 'Digital Divide'
Old Wine in New Bottle

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The emphasis on use of digital technologies to bridge the "rural-urban gap" in the union budget is limited to high talk and minimal allocations. The need for a more comprehensive and peoples' participation-oriented rural action plan should have been the focus while setting sectoral allocations, but that is not to be in this mid-year budget.

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The Union Budget 2014-15 is the first exhaustive policy document of the Bharatiya Janata Party (BJP) government that rose to power on the promise of good governance and development for all. For that reason alone it will be subjected to more analysis and reading of policy signals than a mid-term budget merits. That expectations were sky-high was only predictable but there were also fears of cutbacks in food subsidies and welfare schemes red-flagged as "populist" by adherents of high gross domestic product growth. These sections were the most boisterous following the triumph of Prime Minister Narendra Modi's party. The budget session was also held amid fears of a deficient monsoon and at a time when the prices of essential commodities were running high. Prices have since eased and the monsoon has somewhat revived but apprehensions of a drought year still persist in many parts of India. The focus of the present budget is on uplifting rural India through urban amenities and technology upgrade.

'Digital India'

The new direction in the budget presented by Finance Minister Arun Jaitley comes from the National Democratic Alliance (NDA) government's commitment to bridge the rural-urban divide through communications, broadband connectivity and other technology-driven interventions like virtual classrooms in rural schools and building of information technology (IT) skills of rural youth. A good governance programme has been announced titled "Digital India" and a National Rural Internet and Technology Mission for services in villages. Jaitley wants to use IT for transparency and better service delivery of government schemes. On paper, the schemes should be welcomed but the real test will come when they will start unfolding at the central and state levels. Jaitley has announced many new IT schemes as part of digital infrastructure but in substance they are sectoral, disjointed and not very different from similar programmes announced by the second tenure of the United Progressive Alliance-led (UPA II) government. Among the most notable of UPA II programmes was the National Optical Fibre Network (NOFN) which was announced in 2011 and was supposed to bridge the digital divide by connecting 2.5 lakh village panchayats in two years and is nowhere close.

The budget provides a sum of Rs 500 crore to bridge the digital divide and Rs 100 crore for good governance. The finance minister talks about the imminent need to further bridge the divide between digital "haves" and "have-nots" through a countrywide programme titled "Digital India". Jaitley promises broadband connectivity at the village level, improved access to services through IT-enabled platforms, and greater transparency in government processes. He also proposes "E-Kranti" for governance and service delivery and a National Rural Internet and Technology Mission for services in villages and schools, and training in IT skills. However, under the same allocation he proposes increased indigenous production of IT hardware and software for exports and improved domestic availability with special focus on supporting software product start-ups. The two parts of the mission are so distinct and disparate that it is difficult to visualise them under the same head. It is also difficult to figure out if the component of hardware and software production will not take a lion's share of the allocation meant to bridge the digital divide for the benefit of the rural poor.

The finance minister's proposal to set up a "Startup Village Entrepreneurship Programme" to encourage rural youth to become entrepreneurs with a meagre Rs 100 crore leaves just Rs 4,000 each for India's 2.5 lakh village panchayats, each one representing several villages. Obviously the proposal is good enough to cover feasibility studies and some pilot projects covering a few districts.

Exactly the same could be said about paltry allocation for virtual classrooms in rural schools, community radio and Kisan TV, and for the "good governance" under the "Digital India" package. In fact, the finance minister has allocated Rs 100 crore or Rs 200 crore for as many as 40 schemes and most of them are bound to fall woefully short of their targets.

Jaitley may have packaged rural broadband connectivity as part of "Digital India" but it is in essence a continuation of the UPA government's floundering NOFN project which proposed linking 2.5 lakh gram panchayats in two years through a network of optical fibre and has overshot several deadlines since 2011. The latest deadline for the project is March 2016 at an estimated cost of Rs 20,000 crore to be met from the Universal Service Obligation (USO) Fund. The fund is defined in the amended Indian Telegraph Act as access to connectivity to people in rural and remote areas at affordable and reasonable prices.[1] The USO is part of the new telecommunications policy and is raised through a levy as a percentage of the revenue earned by the telecom operators under various licences. The total length of the fibre optics network is estimated to be more than 5 lakh kilometres and when completed it would link rural and urban India with a 100 mega bits per second (mbps) information superhighway. Jaitley's "Digital India" aims to do pretty much the same at a paltry allocation of Rs 500 crore. It is noteworthy that the government is sitting on a huge cache of funds collected through USO and the NOFN proposes to utilise only a fraction of the collections so far.

Weak on Capacity Building

On the face of it the "Digital India" programme aims to target digitally dispossessed citizens whose entitlements are denied due to poor governance and opaque mechanisms of service delivery. One will have to wait and watch as it is unlikely if the provision for training in IT skill would include building of capacities of elected representatives and IT-enabled architecture of institutions at the grass roots. Without this, the digital India programme might end up as a one-sided endeavour offering better opportunity for e-commerce businesses to access rural markets rather than for the farmers to take tangible advantages of the internet revolution. (The new budget also allows manufacturers to sell their products directly through e-commerce platforms without extra approvals.) There is no denying the fact that new technologies can be useful for the poor but they are unlikely to work in a vacuum without training the panchayats, elected representatives, lower level government functionaries and the ordinary users to use IT-enabled tools such as kisan cards, soil-health cards, job cards, and schemes for crop insurance and e-learning, among other such interventions.

People and institutions at the grass roots need to have the capacity to make optimum use of technology at hand. But the budget is silent on either building capacities of village institutions like panchayats, schools, self-help groups and health centres for utilising digital programmes or on the road map for building greater transparency in government processes as has been done in the past with impressive outcomes. For instance, the computerisation of MGNREGA records under management information schemes (MIS) to build end to end IT systems has worked well. The IT-enabled systems that have been used to manage the entire course of providing job cards to e-muster rolls to making electronic money transfers has helped build transparency in processes. Andhra Pradesh has further improved the system by integrating social audits with the MGNREGA through a focused intermediary and trained manpower. Since Jaitley has reaffirmed his government's commitment to the flagship rural employment programme, he could easily have covered MGNREGA wage payments, and addressed issues of delays and compensations through his ambitious "Digital India" scheme.

The finance minister could have emulated the success of the public distribution system (PDS) in his own party's government in Chhattisgarh through the "Digital India" scheme. Chhattisgarh (along with Tamil Nadu) has revolutionisd the PDS with IT-enabled services and distribution architecture. Both Chhattisgarh and Tamil Nadu have been using global positioning system

(GPS)/general packet radio service (GPRS) based tracking to minimise diversion of foodgrains from ration shops and to keep the beneficiaries informed of food stocks arrival via SMSes. The Chhattisgarh government computerised 146 blocks across 18 districts before it turned PDS around into an efficient programme from an unmitigated failure earlier. Economists Jean Dreze and Reetika Khera (2013) have used National Sample Survey Office data for 2009-10 to show that the PDS is estimated to significantly reduce the poverty gap index of rural areas. The BJP-ruled state has also done extremely well on the use of technology and systems for reducing malnutrition by turning around another central scheme, the Integrated Child Development Scheme (ICDS) which is faltering in other states.

Importance of Community Radio

The finance minister has set aside Rs 100 crore each for the expansion of community radio (CR) stations and for setting up a Kisan TV to disseminate real time information regarding farming techniques, water conservation, and organic farming among other things. While the allocation of Rs 100 crore for supporting 600 new and existing community radio stations is a welcome step, it is nowhere close to covering the entire country with a network of community-owned and managed radio stations. With each CR station covering 15 to 20 square kilometres, there is scope for setting up tens of thousands of CR stations in this vast country. India was way behind the rest of the world and even its south Asian neighbours in coming up with a CR policy in 2006 and is yet to allow news or discussions about current affairs on CR. Policymakers must recognise the tangible benefits of the CR networks such as deepening democracy and creating social capital and not to treat the allocation as subsidy. Participatory communication through CR democratises and decentralises media systems as key agents of empowerment and goes a long way in promoting gender equality (Pavarala and Malik 2007). It has been proved globally, and beyond doubt, that precious lives and property worth hundreds of crores can be saved by the use of CR in disaster management. Kisan TV too could have been modelled on a community managed format where farmers would be able to share progressive techniques and best farming practices in their own language, though that would require more than a token allocation.

The issues of rural broadband connectivity, community media, virtual classrooms or hospitals, IT-enabled MIS services, tracking of foodgrain delivery systems, and rural media penetration are intertwined and platform agnostic. It is immaterial whether connectivity comes through fibre optics, satellite telephony, GSM/CDMA-based mobile phone networks, or a combination of all, but what matters is the efficacy of the end use. The ultimate policy push has to come not from token budgetary allocations but from pursuing a policy of spectrum commons where resources like spectrum and cable networks are seen through the lens of their social rather than market value. Sale of spectrum to the highest bidder might be an improvement over opaque allocations of the past but it ignores the social value aspect of community media altogether. The moot question remains if the government is willing to look at spectrum, broadband and rural media penetration as issues of growth and poverty mitigation.

Jaitley's use of new technology and modern systems for agriculture is confined to setting up new institutions and marginal increase in existing schemes like Rashtriya Krishi Vikas Yojana, Integrated Watershed Management Programme, and Crop Insurance Scheme. The new scheme of Pradhan Mantri Sinchayee Yojana with Rs 1,000 crore is unlikely to help the poorest rain-fed regions where canal-based irrigation is largely unviable and expensive. A big part of the allocation might go for supplementing canal projects associated with big dams. His schemes for Soil Health Cards with Rs 100 crore in mission mode and Rs 56 crore for setting up 100 mobile soil testing laboratories are good initiatives but budget has no big ticket scheme for augmenting the income or productivity of marginal farmers. The finance minister could have taken forward earlier schemes like predecessor Pranab Mukherjee's "Bringing Green Revolution to Eastern India" by giving a nationwide push to proven new technologies like "System of Rice/crop Intensification" (SRI) which improve productivity and conserve water. Under micro, small and medium enterprise sector, the finance minister allocates a sum of Rs 200 crore to set up technology centre networks to promote innovation, entrepreneurship and agroforestry but it is not yet clear if and how it will help the marginal farmer. As for new technical institutions, Jaitley has allocated Rs 100 crore for an agri-tech infrastructure fund and a couple of agricultural research institutes in Assam and Jharkhand with an initial sum of Rs 100 crore in the current financial year and one each of agricultural universities in Andhra Pradesh and Rajasthan and horticultural universities in Haryana and Telangana with an initial sum of Rs 200 crore.

The Recourse to PPP

The flavour of the new budget is public-private partnership (PPP). Jaitley's preferred method to deliver civic infrastructure and associated services to rural people is PPP through the "Shyama Prasad Mukherji Rurban Mission" which is based on the "Gujarat model" of providing urban infrastructure for rural areas. The finance minister uses the PPP mode extensively for his allocations for infrastructure projects like ports, highways, airports, gas pipeline, power, new and renewable energy and for cutting-edge technologies like nano technology, material science and biomedical technology. The UPA government too followed the same policy though Jaitley has shown more commitment in his budget. He has allocated a corpus of Rs 500 crore for "3P India" to provide support for mainstreaming PPP which one hopes will also find ways to promote higher public expenditure and improved service delivery in rural India rather than contracting out governance to the private sector. PPP might be a euphemism for, or a softer version of, privatisation all over the world and its success in India is at best mixed. One can only hope that the government is not using PPP for retreating from key areas of governance in crucial sectors like health, education, environment and social welfare.

Bridging the rural-urban divide through knowledge and technology-based interventions is a consistent theme in the union budget. It is reminiscent of the Provision of Urban Amenities in Rural Areas (PURA) programme which was first proposed by former president A P J Abdul Kalam during the NDA's earlier tenure and was started in many states since 2004 on a PPP model. Just like Jaitley's "Digital India", PURA talked of physical, electronic, and knowledge connectivity and visualised gram panchayats as growth centres but it continues to be a failure despite noble intentions. One of the reasons is that urban amenities cannot precede mitigation of agrarian crises and extreme rural poverty. And that is why issues of low farm productivity, low investment in rural India and falling incomes will have to be addressed before those of information superhighways and urban amenities. A grim reminder is this year's Human Development Report (HDR) in which India's standing stagnates at the 135th position out of 187 countries and on almost all social indicators it is doing worse than the poorer neighbours. The findings of the HDR are further confirmed by another long-term UN study titled "Trends in Maternal Mortality Estimates 1990 to 2013".[2] It is in this light that Jaitley's proposal of setting up of virtual classrooms as Communication Linked Interface for Cultivating Knowledge (CLICK) needs to be seen. The sum of Rs 100 crore committed for CLICK could have been better used for improving teaching and learning outcomes in rural schools where only 21% of the Class III students are able to read Class II level paragraphs, only 26% can do subtractions and just above 7% could do simple divisions.[3]

Jaitley prescribes high growth as a remedy for poverty. In his reply to the budget debate he maintained that there was no contradiction between being pro-business and pro-poor. Budget documents are meant to be sectoral and they are designed to look at allocations through ministries and line departments. However, policy issues tend to converge differently at the grass-roots level and therefore require integrated and holistic approaches. The task of bridging the digital divide and pro-poor use of new technologies will therefore require long-term policy changes and peoples' participation apart from an institutional ability to learn from our own best practices.

NOTES

1 Connecting Rural and Remote India, Universal Service Obligation Fund, Ministry of Communication and Information Technology, http://www.usof.gov.in/usof-cms/home.jsp

2 http://www.im4change.org/news-alerts/neighbours-outperform-india-on-maternal-health-24997.html

3 Annual Status of Education (Rural) ASER Report 2013.

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Dreze, Jean and Reetika Khera (2013): "Rural Poverty and the Public Distribution System", *Economic & Political Weekly*, 16 November, Vol XLVIII, Nos 45-46.

Pavarala, Vinod and Kanchan Malik (2007): *Other Voices: The Struggle for Community Radio in India*, Sage.