

2014 Union Budget addresses IT needs

Osama Manzar

The presentation of the first budget of the new Bharatiya Janata Party (BJP) led National Democratic Alliance (NDA) government on July 10 reflects a mix of hopes and challenges for Digital India. Despite a political transition from the Congress party that governed India for the past decade, the new government seems to have retained policy and programme continuity in the IT and digital space. In continuity, the new government has allocated USD 211 million (Rs. 1275 crore) for this sector, including USD 78.5 million (Rs. 475 crore) for electronic governance (e-governance) promotion. It has earmarked USD 49.7 million (Rs. 300 crore) for National Knowledge Network (NKN) expansion. The change component is discernible through new focus on countrywide Digital India with a USD 83 million (Rs. 500 crore) allocation that includes a National Rural Internet and Technology Mission. Certainly, this continuity will strengthen existing IT and e-governance initiatives and ensure there is neither duplication of effort nor cost. Crafting a budget in this sector is especially challenging, as new announcements must meet current needs and expectations. The wider challenge is to learn from the past mistakes and fill in gaps that are fundamental to digitally empower India.

The allocations overview reflects a multi-pronged approach. The budget has earmarked an outlay of USD 651 million (Rs 3929 crore) for the electronics and IT sector. This is aimed at building and strengthening the software and hardware components of the IT industry to meet domestic infrastructure and service delivery needs, as well as strengthening India's competitiveness in the export sector. With an outlay of USD 124.5 million (Rs 755 crore) for the National e-Governance Plan (NeGP), it is clear the government is looking to accomplish the mission of last mile connectivity for the mission mode projects at the central and state levels. Interestingly, there is a new public thrust with a USD 16.5 million (Rs 100 crore) allocation towards virtual classroom programmes in

government schools. The budget has allocated USD 21 million (Rs 128 crore) towards e-security/digital protection, and USD 20 million (Rs 120 crore) towards cyber security. In order to spur digital innovations or e-innovation in R& D domain, a sum of USD 65.5 million (Rs. 396 crore) has been allocated.

In tune with national requirement, the Digital India programme, manpower development for IT and IT for the masses have also seen a tremendous rise in budget allocation, from USD 15 million (Rs 90 crore) in 2013 to the current USD 96.5 million (Rs 584 crore).

The government has also proposed integrating all the services of central government departments and ministries on its e-Biz platform, aimed at creating a business-friendly ecosystem by making all business and investment related clearances and compliances available on a single website with an integrated payment gateway, by 31 December, 2014. Under the 'Rajiv Gandhi Panchayat Sashaktikaran Abhiyan' as an umbrella scheme, a total amount of USD 166.5 million (Rs 1006 crore) has been benchmarked strengthen the institutional structure for knowledge creation, capacity building of local government bodies like panchayats and gram sabhas, and incentives to the states to devolve functions, funds and functionaries to these bodies. Towards a 100 smart city project, the budget has allocated USD 1.17 billion (Rs 7060 crore) to build satellite towns adjacent to big cities.

Further, and very notably, to push IT in North East, USD 50.5 million (Rs 306 crore) in the current financial year has been allocated under 'IT for Mass', up from USD 49.7 million (Rs 300 crore) last year. Also under the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan, the North East component is USD 18 million (Rs 110 crore).

The Union Budget has reduced the computerisation budget from USD 13 million (Rs 78 crore) to USD 9.6

million (Rs 58 crore). There is a proposed digitization of the Targeted Public Distribution System (TPDS), concerning food storage for ensuring transparency. Financial assistance is being provided to states for digitizing their maps under the National Land Records Modernization Programme (NLRMP). Further, USD 8.3 million (Rs 50 crore) have been set aside for Phase II of the E-Courts plan, along with the USD 11.3 million (Rs 68 crore) for computerization of district and subordinate courts. There are also provisions to computerize the State Wakf Boards.

In order to provide a fillip to e-commerce, the new government has proposed allowing foreign retailers, who manufacture products in the country, to sell via e-commerce platforms, a step towards liberalising foreign investment in the country's USD \$13 billion (78625 crore) e-commerce sector. The extension of railway logistics support to e-commerce companies is a positive initiative. It is expected that the USD 1.7 billion (Rs 10000 crore) fund for start-ups proposed in the budget could pave the way for more entrepreneurs to try their hand at e-commerce. The increase of FDI in the insurance sector from 26% to 49% is likely to benefit the online insurance and mutual fund segment.

There is also a push to integrate IT into public utility services. The railway budget seeks to introduce, among other things, destination arrival SMSs, ticket booking via phones, wake-up calls. The railways also propose to provide workstations in selected trains, Wi-Fi across A-category stations and in select trains on payment basis to add value to business travellers. Indian Railways shall roll out plan to improve e-ticketing capabilities to support 7,200 tickets per minute as against 2,000 tickets per minute as of now. It has proposed real-time tracking of trains using digital means. It is also planning paperless offices in the next five years. The railway ministry has further proposed to provide quality education to the children of railway staff at remote locations through Railtel optical fibre cable (OFC) network. Finally, e-Visas will be available at nine airports, with the infrastructure to be put in place within the next 6 months to facilitate visas-on-arrival.

An overview brings out key observations. The focus on

broadband expansion is timely to take the IT revolution to the next level: social inclusion, e-commerce, media, and distance education for India's small towns and rural pockets. It is also expected that the implementation of Goods and Service Tax (GST) by end of 2014 will reduce interstate commerce friction, the prices for consumers, and thereby enable higher consumption and fuel growth for e-companies and small businesses to supply locally and sell nationally. The thrust on NeGP is to tackle the problem of last mile delivery, by pushing MMPs at the state level and e-infrastructure decentralisation. The focus on NKN is expected to push the high speed network backbone for all knowledge related institutions in the country, resulting in benefits from advanced applications in areas such as health, education, science & technology, agriculture and governance. The 'Digital India' focus will bolster the ongoing broadband connectivity initiatives at the village level through the National Optical Fibre Network (NoFN), improved access to and delivery of citizen services, greater transparency in government processes and providing support to the domestic production of IT hardware and software for the local market and export. It can be hoped that the proposed National Rural Internet and Technology Mission for services in villages and schools, training in IT skills and e-Kranti for government service delivery and governance scheme will mitigate the present limitations and hindrances to ensure last mile connectivity, access, services and skills.

The challenges to achieve budget objectives are equally palpable. The budget for digital classrooms is seen to be insufficient to make any impact due to its limited reach to a few thousand schools, as against millions; its implementation through proper training and content also remains a concern. The issue of privacy of citizens materializes in context of the proposed Smart City project touching 100 cities as satellite towns. With the budgetary reduction in computerisation, it is troubling how the various organs of the government will work seamlessly and smoothly, considering the current state of affairs of computerisation, including the poor state of public websites regarding the citizen-government interface. At the macro level, the challenge for the new government shall lie in reviewing the existing

programme components and performance of NeGP and other areas like NKN to ensure the rightful use of budget resources towards national asset creation and growth. The gargantuan task here is to take stock of national initiatives, like the NoFN that seeks to connect every panchayat with broadband, and align them with the current government's digital priorities.

The writer is Founder & Director of the Digital Empowerment Foundation. He can be reached at osamam@gmail.com