



## E-Governance Reforms and Economic Development

### Abstract

In any society the process of development is through governance. If the governance is efficient, the society itself develops the capacities which are needed to realize their desired goals. In today's world of market era, ICT can make a significant contribution to the achievement of good governance goals. Application of e-governance in general makes the process efficient, effective, transparent, and accountable through exchange of information and communication. Good governance reforms offer a new way that can enhance poor people's opportunities by improving their access to markets, health and education.

Recently many ICT enabled modules have been initiated by the government of India for improving government processes (e-administration), connecting citizens (e-citizens and e-services) and building interactions with and within the civil society. One such program where such ICT modules are being used is 'Digital India' program. The program will offer various facilities like digital locker, e-education and e-health. Similar projects like Aadhar card (electronic Unique ID system), Jan Dhan Yojana (E-banking), National E-governance plan project, Mission Mode Project (computerization of PDS-MMP) initiatives rely on the new possibilities offered by e-governance for development.

This paper focuses on the contribution of ICT in the achievement of good governance goals. It attempts to analyze (a) The economic impact of E-Governance on development process (b) The Opportunities and challenges of plan of action on-Governance reforms in India.

**Keywords:** - E-Governance, ICT, Economic Development

**JEL Classification:**C20, M15, O10

### Introduction

The concept of E-Governance in India evolved recently due to the large impact of computerization in every field. The most important role played in this regard is through government by taking initiative for implementation of computerization at national, state and local levels. The introduction and adoption of computerization at each level made the country a knowledge based economy in the world. A Knowledge based economy led us to various fields of information technology, introducing various application to overcome developmental challenges. The application of information technology has not only transformed and created the new products and services in the economy but more importantly it has introduced the transparency and efficiency, which has enhanced the productivity and so the development.

In any society the process of development is through governance. If government wants to pursue any economic goals with the help of information technology in which government uses various applications of new products and services for beneficiaries, then it is called as economic transformation through E-Governance.

In today's world of market era, ICT can make a significant contribution to the achievement of good governance goals. Application of e-governance in general makes the process efficient, effective, transparent, and accountable through exchange of information and communication. Good governance reforms offer a new way that can enhance poor people's opportunities by improving their access to markets, health and education.

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### **Survey of literature**

The concept of good governance is not new in today's world of information technology. It roots way back to Kautilya, who defined good Governance levels as a tool to improve physical, psychological, social and economic well-being of society. In modern times, good Governance implies rationality, Justice, accountability, transparency and corruption free governance. Recent studies on E-governance pointed out various issues, such as: -

- People participation in various economic activities of the nation
- Awareness of people about the various social, political and economic environment
- Gender issues such as women empowerment
- Sustainable issues.

Governance issues include everything which strengthen the character of well-being, improve their intelligence and therefore increase the happiness in the society.

'Electronic Governance is referred as to the delivery of information to the masses using various electronics means. This concept in India started during the eighties through the inception of National Informatics Centre (NIC). Later on, various application project was launched by department of Electronics and Information Technology in the Ministry of Communications and Information Technology. Recently many government departments and agencies developed the models of E- governance and used it as a platform for democratic governance in development processes.

There are many case studies related to e-governance model in terms of its delivery and development activities. These studies discussed the benefits and importance of various ICT tools for providing good Governance. Major models are Government-to-citizen (G2C), Government to Government (G2G), Government to Employees (G2E), Government to Business (G2B). Studies on these models pointed out that E-governance is a need of the hour, as its facilitates the operation and disbursement of government information on a large scale to the vast population of India.

## Methodology

The role of e-Governance in economic development of India started with computerization of public services in late nineties. Hence, the time period considered for the study is 1996-97 to 2014-15. Secondly, in the study secondary data are used which have been obtained from various sources and issues of government publication. Thirdly, for analysis, various statistical techniques have been used, such as proportion and growth rates, averages and regression analysis to arrive at a meaningful study.

Before discussing the E- Governance impact on development lets first analyze the position of India in world index in terms of basic criteria of Governance.

World Bank every year under the world wide governance index project (WGI) publishes six composite index, based on Voice and Accountability, Political Stability, Governance Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. According to the forum for a new world Governance report II, these index reflect the uniformity of the nation in comparison of various variables that are needed to establish a governance system in a respective country despite their social political and cultural backgrounds. These indexes reflect the efforts taken by the countries to establish the structural, institutional and political standard that leads to good governance in the path of development processes.

Table-1 shows the governance index of India in the form of rank in the world during the period 1996 to 2014. India stands at the lowest rank in political stability (12<sup>th</sup> position) followed by regulatory quality index (35<sup>th</sup> position). The highest rank is in voice and accountability. However, if we compare these ranks among the world order in terms of percentile index, its position has shown mixed result during the period 1996-to 2014. In variables like voice and accountability its position has improved from 58<sup>th</sup> to 60<sup>th</sup> rank. Similarly, in control of corruption its rank has declined from 43<sup>th</sup> position to 35<sup>th</sup> position.

Table-1 Governance Index of India

Year	Voice & Accountability	Political stability	Govt. effectiveness	Regulatory quality	Rule of law	Control of Corruption
1996-2000	58.49	16.98	53.00	35.94	59.80	43.41
2001-2005	59.45	12.66	53.98	40.03	53.42	41.46
2006-2010	59.84	13.75	55.55	42.47	55.72	41.05
2011-2014	60.38	12.38	48.72	35.71	52.91	35.61

Sources: -Worldwide Governance Indicators, World Bank

Note: -Percentile rank among all countries ranges from 0 (lowest) to 100 (highest) rank.

The United Nations E-Government survey report (2014), calculated the E-Governance Development Index (EGDI), on the basis of three components known as online service index, telecommunication infrastructure index and human capital index. In EGDI index, India falls under middle range between 0.25 to 0.50 range with 0.3834 index value. It ranked at 118 positions among 193 countries. The report pointed out that there is a strong influence of income level of a country on national E-Governances reforms. This reforms are related with government policies, infrastructure and other various aspects of economic and social development. Therefore, e- governance directly effects the development processes and so the economy of a country.

The National E-Governance plan was launched by government of India to implement the electronic governance in various sector of the economy. Under this plan large number of efforts and initiatives have been taken by both, centre and state governments to improve the efficiency and simplify the process of

development in various sectors. The major projects include agriculture and rural development, industry, service sector which comprises of 31 mission mode projects of health, education, public distribution system railways etc. in the year 2012. let's first discuss the e- governance services in agriculture and rural development.

### **E-Governance and Rural Agriculture Development.**

Agriculture occupies 70 percent of population of the country and contributes 14 percent of GDP. It is still the main sources of livelihood despite the structural shift in sectoral contribution in Indian economy. Under the concept of 'Digital India' government is more focused on inclusive and sustainable growth of rural environment. In order to do this, government has launched various governance products and services related to rural economy such as livestock, agriculture marketing, agriculture credit, horticulture and online services from district to the panchayat level. The major services at national level are listed in table-2

Table-2: Major E- Governance portals in agriculture sector

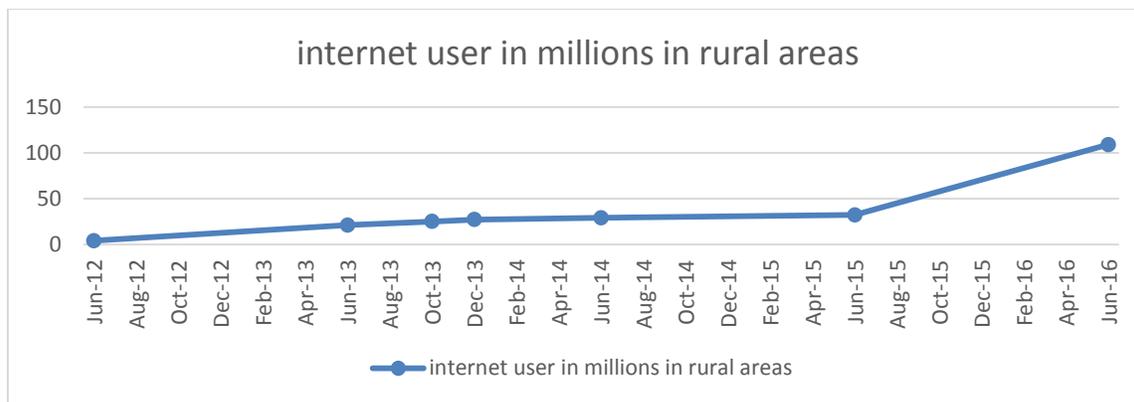
Rashtriya Krishi Vikas Yojana, Information to farmers on govt. programmes and schemes, agriculture marketing, credit services, census, pesticides information, Kisan call centers, Rainfed farming system, Drought management. etc	Implemented in 24 states of India	Major areas of E-Governance are soil health management, crop intensity and seed distribution, organic farming, mechanization, registration of pesticides, Integrated Nutrient Management, Cooperation
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Sources: - India. Gov.in

Besides above listed e-governance portals, other projects are also implemented by Ministry of Agriculture and Government of India. Such as E-JanSampark, E-Governance Land Records Management projects, Agmarket. These E- Governance models not only provide the information about the products and services they offer but also made it simpler, as it has brought uniformity in application to users. These portals are mostly used by the farmers for various information. For instance, a small farmer can explore the information on land improvement and credit facilities available for use in the required language, rather than involving any middleman for the process.

Government of India is taking further steps in this field by implementing mobile delivery system in rural areas for fast delivery of services. With the advent of E- Governance services the number of internet users in rural areas have grown three fold. Graph-1 evinces that within the span of four years the number of internet users in rural areas has increased from 4 million to 109 million users.

Graph-1 Internet User in Rural Areas shows the impact of E-governance after June 2015.



Source: - IAMA, Feb 2016

Though this increase may be due to increase in other uses of internet services but one cannot have denied the fact, with the increase in government E- Governance application, the number of beneficiaries have increased. The number of users has suddenly increased from 32 (2015) to 109 million (2016). This increase in trend evinces a positive acceptance of E-Governance portals among the rural people.

### **E-Governance and Industry**

With the advent of computerization, tele -connectivity and internet, a large number of E-Governance models have been implemented as tools, for enabling and simplifying the various needs of the industrial sector. Ministry of Commerce and Industry has developed modules like E-Biz, EDI (E-commerce), E-procurement, Urban Governance, and PPP model of E-Governance with the help of department of information and technology and Ministry of Urban development. These modules provide database information, expertise in the concern field, and also facilitates infrastructure which encourages the investment in the industry.

E-Governance assist and supplements to businessmen, employees, customers, investors to access information more easily in a simplified process. For instance, most business have their own portals and websites which provide various types of information like annual reports of the company, raw material information, technical processes, information like filling up forms, checking status etc. making businesses more friendly and thus making environment conducive for development.

E- Governance applications are widely used in

- Project Development and Evaluation
- Contract terms and Conditions
- Cost specification
- Inventories
- Corporate and external affairs
- Financial Inclusion
- Land records
- Property registration
- All types of company affairs

E-Government also exchanges information through their portals in order to bring transparency, efficiency and for democratic governance. By launching national portal of India, it made plans for accomplishment of of E-Governance goals that offer to bring less corruption and more accountability in government departments.

## National portal of India on E-Governances in industrial sector

A Business Opportunity for All Investors Portal	Make in India –aims to increase the industrial growth to 12-14 percent per annum.
Micro, Small and Medium Enterprises portal	Focus on entrepreneurship development, training, research and consultancy services
Manufacturing Portal	Environment or pollution prevention programmes
Heavy industries Portal	Detailed information on machines, tools and auto industry
Trade and Business sector portal	All business activities
Information on industrial estate Programme for small scale industries	Industrial schemes on export promotion

Sources:-India.gov.in

These portals exchange two-way information through communications, where users can post problems, ask for information, engage in dialogue for framework, standards, sharing or request support for having relevant expertise. It provides a connection between government and private sector and strengthen the economic environment by providing the feasible information.

**E-Governance and the Service sector**

Service sector is considered to be the key driver of economic growth. It is the largest and fastest growing sector which contributes to more than half of the GDP of the country. It provides employment to 23 percent of the workforce in the field of construction trade, hotels communication, insurance and finance services. Growth of this sector is governed by both domestic and international factors and its growth rate is approximately 8 to 9 percent per annum. The government of India promotes growth in service sector through liberalizing of rules and regulations in various industries and therefore attracting highest number of FDI investment in this sector. The various E-Governance portals and websites used in industrial sector are listed in

Table-3: E-governance Portals or Websites use for industrial sector

Wholesale and retail trade	Integrated Information system –IISWRT,
Transportation	E-booking of cab, taxi bus, bus timings, availability and cancellation of tickets.
Financial and Insurance activities portal	B2B portal and IRDAI portal
Administrative Services	e-office, Grievance management system through call Centre's,, SPARK,
Social Service, Education and Health	Various websites of ministry of social justice and empowerment. E-Results of various boards and university, Admission, selection etc. E-Hospital OPD appointments-healing, tele medicine, Health management information system.
Pensioners portal	Pension circulars & notification, status, pension calculator, Sankalp-registration, pension grievance cell,
Public distribution system	E- public distribution Monitoring system E-PDMS
central and state tax departments	E-taxation, rules and regulation about tax, fees,

	stamps and registration SARTHI,E-KHAZANA.
Other service portal	Child record information system-CHRIS Computerization of personal information system Election confidential-ELECON

Sources:- india.gov.in

Government initiated a revolution by focusing on the use of technology by introducing different portals or websites (G2C services and B2C services) in different government department. One principle portal of E-Governance which includes all the sectors of the economy know as E-Governance service portal. The main aim of this portal is to coordinate and support the implementation of national E-Governance plan of government of India. Its activities includes:-

- Organize conferences on e- Governance
- E-office mission mode project
- Capacity building through master E-Governance plan
- Cyber security and IPv6 Policy.

Besides these, sustained efforts are taken by Indian government in implementation of E-Governance portals and websites in order to ensure efficiency, transparency, reliability of these services at low costs. Every field of department is now dependent on E-Governance services but in comparison to the world, it is still at transitional phase of implementation. The major reason for its non-prevalence is privacy and security, literacy among users, accessibility of internet and modern gadgets and availability of electricity. Bhatnagar (2008), opined that these services are more focused on urban areas and large number of websites are not used by citizens because of their fear or they unwilling to engage with this medium. These portals have limited scope in delivery system because of weak documentation and poor mechanisms.

However, with the growing needs of the smart cities and penetration of mobile and smart phone E-Governance portals shows a positive trend of digital India. The current approach of the government for the standardization of various E-governance softwares, will be the important determinant of the Indian economy GDP.

### **Conclusion on Economic Impact of Government Portal**

- E-Governance offers an effective linkage between the users and provider.
- These portals and websites supplement the governance processes and they have the same features which are allowed by the face to face discussion. It not only saves the time but also provides the required information uniformly to the users.
- These portals are more interactive in communication and provide effective information at less cost.
- Portals offer more advances in infrastructure than the other forms of doing business.
- These portals enhance the working processes through precision as it eliminates unrequired constraints while operating. They are based on continuous new ideas and innovation which helps in openness and transparency in the working environment.
- These portals are the effective way of improving productivity, quality of products and services it offers.
- It lessens the corruption and also increases the revenue potential of the government.

However, Government has to deal with the privacy or legal aspects of these portals. The standardization of various E-Governance softwares would be the important determinant of the Indian economy in the future.

Thus we conclude that these portals are the key of good governance and therefore can be used extensively in all the governance operation to make them effective, transparent and accountable for achieving economic goals of society.

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