



DIGITAL INDIA

**A HUNDRED DAY
AGENDA**



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“I dream of a digital India where access to information knows no barrier”

Narendra Modi speech at IAMA 7 February 2014

“I see IT as a change-agent. It empowers, connects and can bind isolated parts of the nation and create harmony. IT can join people with governments, bridge the gap between demand and supply, and can bring us closer to knowledge.” Narendra Modi *speech at NASSCOM India Leadership Forum (NILF) 2014*

Digital India: A Hundred-Day Agenda

The campaign and mobilization for 2014 General Elections have clearly shown the power of hi-technology, based on Internet and mobile. While 200 million Internet users have been using internet for varied reasons and activities, this was possibly for the first time that internet and mobile technologies have been used on a large scale for political mobilization.

In 2013, IAMA in a report had predicted that social media would have a very high impact in 160 constituencies out of a total of 543 constituencies involved in the Lok Sabha polls. It is now believed that social media and other innovative internet and mobile based technologies of communication and mobilization would have impacted more than 70 per cent of all voters.

On 7 February 2014, Shri Narendra Modi, then Chief Minister of Gujarat and BJP's Prime Ministerial candidate addressed for the first time, the digital industry at the India Digital Summit organized annually by the Internet and Mobile Association of India (IAMA). Later on, at least during two more speeches at other industry bodies, he enunciated his vision of using hi-technology for development and effective governance. Based on his vision of Digital India and the BJP's Election Manifesto, IAMA has prepared this 100 days' agenda for the new union government led by Shri Modi.

We are keenly aware that parts of this agenda would take much more than 100 days to be implemented. Our intention is to point out some key areas of focus for building digital India and our wish is the appointment of a high level group under appropriate political leadership to resolve some of these issues in a time bound manner.

1. Old Laws and New Technology: ¹

“We are still bound by old laws, whereas digital world has broken all barriers. Today it has become of utmost importance that when our lives are dictated by modern technologies, old laws and legacy systems don’t become hurdles towards our march forward. We have to see that old laws do not hamper our development” ²

The industry has for long suggested that the nature of this sector be clearly understood, with old laws suitably modified and new laws framed keeping in mind the nuances and rapid progress of technology. It is feared that if the laws are not sufficiently open and up to date with technological progress, the country would not be able to take full economic or social advantage, of new technologies. It is with this view that the industry suggests the following:

1.1) Intermediaries: The role of intermediaries in the digital business is of supreme importance. Be it social media platforms, search engines, telecom operators or ISPs, without “intermediaries”, the Internet will not be able to operate and digital commerce will collapse. In law, the significance of the “intermediary” should be clearly reflected in a robust and expansive “safe harbor” granted to the intermediary in all existing laws as well as in future laws. If the legal environment affecting Internet intermediaries in India is not clear, their current contribution of more than 1.3 per cent of India’s GDP will be at risk ³. The situation at present is far from being so. Apart from the fact that the role of intermediaries is not fully recognized and understood, the following laws suffer from major lacuna that needs to be rectified:

I. Information Technology Act: Section 79 of the IT Act was intended to provide intermediaries an exemption from liability for third party content, which is simply made available or hosted by the intermediary, recognizing the vital role of intermediaries for the free flow of information and the functioning of the Internet. However, certain sections of the Act and the Intermediary Due Diligence Rules issued in 2011 are poorly drafted and have become tools to censor free speech and harass intermediaries by forcing them to comply with questionable and frivolous requests for taking down

¹ “ I think the need of the hour and the challenge is how to create a dynamic legal system, new laws, new ways of governance, keeping in mind the fast changing technology”

² All quotes, unless otherwise mentioned, are from Shri Narendra Modi’s speech delivered at IAMAI on 7 February 2014 enunciating his vision of a Digital India.

³ GNI Report: Closing the Gap: Indian Online Intermediaries and a Liability System Not Yet Fit for Purpose

legitimate content or risk losing their immunity.

Suggestion: *A review of the IT Act and especially its rules with a view to ensure that the freedom of expression is guaranteed to the citizens and the right to conduct business by intermediaries is assured⁴ In particular, the Government needs to urgently conduct a review process for the intermediary due diligence rules in consultation with stakeholders – in line with commitments made to Parliament.*

II. Copyright Act: The new Copyright Act is a much-improved law for the digital industry and the every growing number of Indian artists making use of the opportunities provided by the Internet. However, there are some provisions of the Act and the rules that prima facie impede digital platforms. Other rules also prevent digital platforms from providing due credit to copyright holders.

Suggestion: *An expert review of the amended Copyright Act and its rules with a view to create a clearer legal environment for the growth of online platforms and their opportunities for Indian artists.*

III. POCSO: The recently passed POCSO is a laudable Act in protection of children from abuse. However, the Act does not at all recognize the role of intermediaries and the concept of safe harbor.

Suggestion: *Inclusion of “safe harbor” provisions in the Act along the lines of that provided in the IT Act.*

Overall Suggestions:

- a) The role of intermediaries in the progress of digital industry needs to be understood and promoted by policy makers*
- b) Clear and reasonable safe harbor provisions need to exist in order to allow Internet intermediaries to conduct business in a conducive environment and allow citizens to voice their opinions freely without fear of harassment*
- c) Existing Indian safe harbor provisions need to be reformed to ensure they are fulfilling their role, and any upcoming laws should not undermine the overriding impact of the Information Technology Act provisions.*

4 In spite of the former Union Minister’s assurances to the leader of the Opposition in Rajya Sabha in 2013, recommendations of a Parliamentary committee, numerous submissions by the industry and civil society representatives, the Rules of the IT Act has not been substantively reviewed. There are at present several cases before the Supreme Court of India filed mainly by affected citizens demanding a review of the Rules.

2. India's Contribution to Connected World:

"Friends, you are connected to the digital world. Your work, your innovation, your initiatives are all connected to this [digital] world. However, has India been able to make its mark in this space to fulfill its needs? I wonder if we have been able to contribute towards that end!"

We believe that in a connected world, the real contribution of a country depends on how much of the opportunity it has been able to harness and leverage for its own growth and development. India can only benefit from the Internet and the rapid progress of the global digital economy by creating an environment of collaboration, co-competition and network effects. In particular, two areas of India's policy approach to the Internet as a global medium require urgent attention:

2.1) An enabling environment for India to become a hub for global data flows and processing:

As the third largest Internet user base – and a strong track record with using IT – India is uniquely placed in benefiting from the economic advantages that the Internet and its cross border data flows bring. However, there are strong legal and regulatory issues that prevent not only overseas companies but many Indian companies from investing in Internet data infrastructure and cross border data processing in India.

Suggestion: *Convene a study group of industry, experts, and policymakers (including Ministries of Commerce, and Communications and IT) within the first 100 days to look into the regulatory impediments and business hurdles that are slowing the rise of India as a global data flow and processing hub.*

2.2) Internet Governance:

India risks being left behind in global Internet governance discussions taking place at multi-stakeholder fora if it insists only on a formalized and limited multilateral framework - standing out from its other traditional allies amongst emerging and developing countries. It is crucially important for India to advance a policy approach towards global Internet governance which truly reflects the needs of its growing and dynamic Internet sector - particularly the importance of keeping it free and open allowing the global digital economy to thrive. India's voice on these issues abroad must be based on extensive and ongoing consultations to help advance the interests of India's Internet sector.

Suggestion: *Formulate a cross department policy statement in consultation with the Indian Internet industry, technical experts, and other stakeholders around India's position on global Internet governance, centered the importance of ensuring a free, open, and equitable Internet*

Overall Suggestions:

In order to make our contribution to this connected world, we have to keep the medium collaborative and reap the benefits of network effects. Hence, our economic and regulatory approach must be focused around advancing the interests of Indian Internet users and industry.

3. Accelerate the growth of meaningful Internet Access for Indian users and businesses:

"I take keen interest in digital technology. I dream of a digital India where high speed digital highways unite the nation. I dream of a digital India where 1.2 billion Indians are connected by innovation".

The importance of good broadband access to all is well known to industry as well as policy makers. Broadband access is today an important infrastructure through which education, healthcare and governance could be made available to all citizens. There are two specific areas to work on.

3.1) National Optic Fibre Network (NOFN): The NOFN launched in 2012 has had a slow start because of the impediments to such a large and diversified project were not fully foreseen.

Suggestion: *NOFN should be expedited and concluded in a time bound manner, with additional resources provided if required. A high powered committee including all the stakeholders can be set up to look into the hurdles and expedite the process.*

3.2) Urban Access: While the focus has been on rural connectivity, it may be remembered that most of our cities including large metros have huge access deficit. The National Capital Region, a city of over 15 million people has around 6 million internet users. It must be recognized that access to internet is equally important to poor urban Indians as it is for rural Indians.

Suggestion: *A plan to achieve 100 per cent urban internet density in the next three years. Also creating free Wi-Fi zones in all state capitals and 100 large towns.*

3.3) Open up the Universal Service Obligation Fund: Allow the USOF to support projects with regards to areas that help increase the value of broadband; e.g. - content creation and application development

3.4) Remove roadblocks to new access technologies: Make the deployment of Wi-Fi networks and other innovative access solutions across Indian towns and rural centres a policy priority. Ensure that the regulatory environment is reviewed in order to make public Wi-Fi networks and new ac

cess technologies (such as shared/dynamic spectrum and TV white spaces) possible in India

3.5) Internet infrastructure and the private sector: Promote initiatives to help better use existing telecom infrastructure and allow the private sector to further participate in the creation of additional infrastructure. India's telecom policy should allow participation of all stakeholders - whether ISPs, Web based service providers, utility companies, broadcasters or any other stakeholders - to acquire and sell telecom infrastructure rather than restrict it to licensed operators. India should develop a policy framework to maximize the infrastructure already in place, encouraging usage of underutilized networks on a non-discriminatory basis

4. Innovation:

"Sometimes I wonder why can't we create companies like Google, Facebook, Microsoft – is it because we don't have enough talent in our country who can research and then showcase their talent? Friends, I believe that the youth of our country don't lag behind in creativity, innovation, research. All we need to do is to provide them with opportunities".

We are of the firm belief that the greatest opportunity for innovation in the digital space can be provided by keeping the internet "free" and "open". A free and open internet allows for flowering of ideas and nurturing of innovation without permission, benefiting innovators, users and the country.

It is therefore critical that we ensure the policy ecosystem we are creating allows the rapid growth of different aspects of our Internet economy:

4.1) E-commerce: ⁵ E-commerce is a new way of buying and selling that brings in speed, efficiency, transparency and reach to the whole process of buying and selling. We have also seen how b2b e-commerce in recent years has helped small retailers harness the power of technology and surge ahead. Already more than a million retailers are taking advantage of b2b commerce to sell to their customers. In a short span of five years, India has built at least two very large companies in this sector.

Also, the employment generating role of e-commerce through its role in

⁵ "I dream of a digital India where e-commerce drives entrepreneurship", Shri Narendra Modi at IAMAI, 7 February 2014

enabling labour intensive small vendors cannot be undermined. Thinkers in India by now have correctly concluded that the country needs to create around 1-1.5 crore jobs per year for the next decade and that these jobs will come from entrepreneurial start-ups.

The e-commerce marketplace is one such information intermediary. These entities, websites that carry almost unlimited offerings of mobile phones, apparel, insurance policies, job offers from companies and hotel rooms, are delighting Indian consumers already. But what is overlooked is the larger societal role that they are starting to play beyond merely delighting consumers. Many of the buyers in these marketplaces are small shops in small-town India that get in these marketplaces to get products at prices and delivery terms that their traditional brick-and-mortar wholesale suppliers do not give them.

What's more, these e-commerce marketplaces also offer the wherewithal for small entrepreneurial firms to reach a national and even an international market, which on their own and using industrial era business designs, would not be able to do so. It is well known that only such entrepreneurial small businesses can provide the millions of jobs that India's young people are clamouring for.

Thus, the full potential of e-commerce would be realized if b2c e-commerce is allowed to flourish. We are of the opinion that like b2b e-commerce, b2c version can flourish if foreign investment is allowed in this sector. E-commerce does not pose any threat to small retailers, on the contrary allows them to harness technology and conduct their existing business in a more efficient and effective manner.

Suggestion: *b2c e-commerce should be opened to foreign direct investment. The DIPP has already floated a white paper on the subject and industry is waiting for a progressive FDI policy in this sector. An early intervention by the new government on this critical matter will be a much welcome move.*

4.2) Cloud Services/Local Services: Indian entrepreneurs are already providing many services to Indian and global customers harnessing the cloud. These are typically small companies and at present face problem of scaling up due to regulatory and business hurdles.

Suggestion: *Set up a group to determine the regulatory and business*

*hurdles to cloud based services and look into the ways and means of making India a leader in cloud-based services. Also, encourage state governments to provide for free start-up warehouse spaces to encourage digital ventures.*⁶

4.3) Mobile Technology and Content: Already many of the smaller Indian companies are providing mobile technology and content services to global customers through telecom operators as well as independently. Time has come for these small and mid-sized companies to grow larger and become truly global players. We have the required ability to do so. What is required is a little support from the government.

Suggestions: *Under the Ministry of Commerce and India Brand Equity Foundation, set up a group within 100 days to promote Indian mobile technology and content services across the globe and help Indian companies discover and capture new markets.*

4.4) Mobile Applications [Apps]: Most technologically advanced countries are on the way to create an Apps Economy. For India too, this is the new frontier. India has the basic building materials of becoming the Apps hub of the world, building on the branding and foundation provided by the software and services industry.

Suggestion: *Creation of at least 5 centres of excellence in Apps that would act as incubator, testing and UI design centres. A study group with IAMA and other stakeholders may be set up within 100 days to make an effort to move towards an Apps Economy.*

4.5) Digital Finance: One of the new areas where Indian entrepreneurs have shown innovation is digital payments. Various forms of digital payments such as pre-paid instruments, wallets and others create efficiency, transparency and wider reach in financial transaction.⁷

Suggestions: *a) Easy KYC through aadhar will allow innovators build new services which in turn will help bring more people under the ambit of financial services. b) Regulations should be designed to help the growth of industry.*

6 Reduce penalties on such startup companies - with new Companies Act non compliance carries penalties upto Rs 2 crore and BSNL/other operators should give free / subsidised broadband lines to such startups

7 Mobile Gaming Companies should be allowed payment gateways and should be allowed to charge users online.

Overall suggestions:

Identify e-commerce, Cloud/Local services, mobile tech/content, mobile apps and digital money as the key segments of digital industry where India can earn a global reputation in addition to removing any hurdles to better serving its large domestic market.

5. Governance:

“...e-Governance is an effective governance, and by and large, a very economical governance”

There needs to be a strong emphasis on e-Governance⁸ and m-Governance. From the industry perspective, we have the following broad suggestions of using technology to make governance effective, efficient and transparent.

5.1) Technology should be used for **information sharing**⁹ with citizens. The RTI Act mandates that non-confidential government decisions and processes should be put up on the internet as public information; this provision is followed mainly in its violation. It should be imposed.

5.2) Technology should be used for **recording citizens grievances** and resolving them speedily

5.3) With the help of technology and social media, government should create a **feedback mechanism** to understand the needs of citizens and act on them

5.4) Before the drafting of a new Bill or the amendment of an existing Act, the government must explain to the widest range of citizens why a new Bill or an amendment in an old Act is needed, and elicit citizen’s response to the proposal. This should be made a standard practice for all Bills, Acts and laws. This could be done effectively through the use of internet.

5.5) In the areas of **agriculture**, a national real time information system should be created to map cropped areas, rainfall, information related to soil, irrigation, pesticide use, production and distribution of produce should be created and deployed through mobile governance.

⁸ E-Governance has the potential to become the greatest problem solver for the people. Mr. Modi at NASSCOM India Leadership Forum (NILF) 2014

⁹ “For me social media is a source of inspiration. I can connect with so many of you through social media. Social media can be effectively used in involving people in policy and decision making.” Mr. Modi at NASSCOM India Leadership Forum (NILF) 2014

5.6) In **healthcare**, DOTs like regime should be created for other endemic diseases and for women's health.

5.7) In **education**, the concept of virtual classrooms should become a reality. Instead of teachers, such classrooms can be run from panchayat buildings and hire young manager whose responsibility would be to manage the classrooms. There is a need for education reform and early exposure to technology (eg. incentivizing initiatives like One Laptop Per Child). These will be the key enablers to helping every Indian become a digital first thinker, which in turn will enable innovation.

Overall Suggestions:

Using technology for information sharing, transparency and feedback mechanism. Focus on agriculture, healthcare and education. IAMA suggests that an empowered group comprising government, industry and academia be set up within 100 days to understand and chart the road map for implementation.

6. Promote Indian Venture Capital:

India's entrepreneurs need early stage venture capital – but the domestic venture capital sector needs to develop further. What we have are American VCs with local offices who come and go as international fads rise and fall. In the US, the VC industry took off when their government allowed the large pension funds to put 5-10% of their assets into VC firms.

Recommendations: *There is a need to replicate the same in India. Otherwise, only those entrepreneurs who are from wealthy families or have connections through their business community links or those who are ready to pledge their homes to banks will get funded. Also, there is a need to make Angel Investments in digital space easier. Not doubly tax angel investors on capital gains. Again, a group within the Ministry of Commerce may be set up to study the problems afflicting the industry and seek feedback from stakeholders.*

“I keep saying that IT+IT=IT (Indian Talent + Information Technology = India Tomorrow). The IT sector can be the shining light of Brand India,” at NASSCOM India Leadership Forum (NILF) 2014

About IAMAI

The Internet and Mobile Association of India [IAMAI] is a young and vibrant association with ambitions of representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers, but in the last 10 years has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile & digital payments among others. Ten years after its establishment, the association is still the only professional industry body representing the online and mobile VAS industry in India.

The association is registered under the Societies Act and is a recognised charity in Maharashtra. With a membership of 160 plus Indian and MNC companies, offices in Delhi, Mumbai and Bengaluru, the association is well placed to work towards charting a growth path for the digital industry in India.





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