The Provision of Information Services in a New Political Economy: A Case Study from Hyderabad, India

ISA MIRZA
The Centre of South Asian Studies, The University of Cambridge, Cambridge, UK

ABSTRACT Evidence suggests that following liberalisation reforms in India, public sector contributions to social development projects responsible for public goods allocation and the provision of services have receded in favour of an enlarged role for private sector initiatives, particularly through public-private partnerships. As part of a “good governance” agenda, the state is embracing such partnerships, modelled on information communication technology (ICT), within a wider development strategy (ICTD) to improve goods allocation and government’s image as a trustworthy agent. This has also coincided with a changing political economy that has granted greater authority to more localised units of government over economic and developmental processes. This paper examines a case study of Urban e-Seva, an ICTD public-private partnership in Hyderabad, and couches it in a larger examination of contemporary social development in India. The paper concludes that government needs to be embedded in public-private partnerships, that it must continue to be at the forefront of allocation strategies in general, and that globalisation is strongly shaped by public institutions operating at the sub-national level. Furthermore, reforms are needed to correct for globalisation and liberalisation’s inabilities to foster proper social development in India.

KEY WORDS: ICTD, public-private partnerships, public goods, economic globalisation, liberalisation, political economy

The provision of public goods and services to citizens by the state has always been critical in establishing the extent to which India is developing. The purpose of this paper is to focus on the provision of goods and services in order to better determine the degree to which social development is being facilitated in India following liberalisation reforms and how government’s role is changing accordingly. Thus, this paper addresses three overarching issues in turn: first, the concept of public goods in India and the role of government in their allocation; second, regional inequality in India and its consequences for public goods allocation; and third, the transformation of India’s political economy after liberalisation and the new role for local governments in the delivery of public goods and services.
This third point examines the dynamic in Indian cities between the public sector and private sector in information communication technology (ICT)-based public-private partnerships (PPPs) that deliver public services to citizens. Its theoretical locus though is more attenive to the transformation of state responsiveness through good governance strategies that seek to enhance government’s political legitimacy and citizens’ perceptions of the state as a trustworthy agent. In this paper, I attach the term “development” (D) to ICT (ICTD), following researchers who have looked more specifically at ICT as a part of larger social development initiatives (Kuriyan and Ray 2009; Thomas and Parayil 2008). The result is a new dimension of the state, e-governance, which is an ICT-enabled conduit for achieving “good governance” (Kalsi, Kiran, and Vaidya 2009, 214).

An expectation of economic globalisation is that public sector inputs in the development and growth of national economies will decrease over time. The assumption here is that the public sector is displaced by increased private sector initiatives that are tasked with serving as the motor for economic growth and that positively spill over into social development. Processes of globalisation are being shaped profoundly by a new political economy formed by an interaction between two processes: (1) ICT systems integrated into the flow of global economic transactions; and (2) the political decentralisation of decision-making power from federal to local units of governance that has accompanied increasing economic globalisation processes in India. Thus, the new unit of analysis for political economy is regional in scope and is beginning to extend to the district/municipal level as well. Due to an enlarged space for private initiatives after economic reforms, combined with a simultaneous recession of regulatory oversight by government, regional- and district-level units have improved their potential to bypass federal governments at the centre and have gained greater latitude in more directly negotiating global processes at the local. This new political economy is especially pronounced in “global” Indian cities, such as Chennai, Bangalore and, more recently, Hyderabad.

In this paper’s case study, the emphasis on local units of governance is at the municipal level via a case study of e-services in Hyderabad. The study, therefore, focuses on urban government institutions, mainly the Greater Hyderabad Municipal Corporation (GHMC), and the Hyderabad Office of the Commissioner for Electronically Deliverable Services (EDS). Under the authority of the Andhra Pradesh Government, EDS and the GHMC launched Urban e-Seva in 1999, a network of IT-based telecentres first distributed throughout the Hyderabad Municipal Corporation (HMC) and then expanded across the GHMC. These electronic telecentres have replaced earlier manually operated centres that handled public services (from issuing birth and death certificates to collecting utility bills). Additionally, the centres have consolidated all of these individual services, which were previously provided separately, into one location. Hyderabad is an important case study as it is where e-services initially premiered in India and has since been seen as a major success in facilitating the goals of e-governance.

This paper argues that governance capacity, though perceptually transformed into a more flexible structure, remains pivotal and acts as the ultimate decision maker in PPP development projects. In fact, some scholars posit that developmental states industrialise more effectively when governments maintain central yet autonomous ties with private sector agents, a process referred to as “embedded autonomy”
The assertion here is that the state is not actually retrenching but is actively engaged in promotion and regulation of private sector inputs in PPPs. This paper concludes that PPP-ICTD is only one small part of a much larger social development process that has yet to be properly and thoroughly implemented in India. Government must be centrally located in all phases of this process, but it must be in turn directed by the will of citizens. In its present form, liberalisation is failing to facilitate this and is in several respects exacerbating the anaemic condition of social development.

Public Goods Allocation and the Role of Government

An analysis of social service trends in India notes that total government expenditures decreased by almost 6% from 1991–2008. Government social security, health and education spending have collectively declined since liberalisation began in the 1990s, indicating that resources devoted to these areas are being targeted for cutbacks as India prepares for a more intensified climate of international competitiveness (Rudra 2008, 109, also see 118–119, 131–137). Scholars of post-reform India have speculated over the extent to which this transformation should be carried out. In a critique of Prime Minister Manmohan Singh’s liberalisation policies, Amartya Sen poses this question: “Were the reforms much too conservative in keeping intact governmental underactivity in social infrastructure, while trying to cure governmental overactivity in trade and manufacturing industries?” (Sen 1998). Sen’s question is an appropriate one. Despite some criticism of state-centred development agendas, the ability of public projects to rapidly transform underdeveloped regions is noteworthy. Development economists generally concur that government must play a proactive role in the economic growth of developing nations, though the extent of this role is the subject of much debate (Agarwal and Shovon 2007, 5–6). Even though Jawaharlal Nehru’s statist ideals may have gone too far in practice, many of India’s most substantial development phases were the product of direct state involvement. There is strong empirical support for the hypothesis that allocative efficiency is directly and substantively improved when the centre makes clear their objective to fiscally and administratively support social development.

Throughout the 1970s, provisions for public goods were under the direct control and responsibility of the central government, as both a moral obligation as well as a driver of economic growth through the development of regional infrastructure (Miraftab 2004, 93). During the two decades after 1971 there was a major initiative to expand rural infrastructure, encapsulated under Indira Gandhi’s Garibi Hatao (poverty removal) programme in which the state made for the first time an explicit pledge to provide public goods to everyone. By 1991, primary schools were available in 75% of villages, electricity connections went from 18% to 70% and piped water access shot up nine-fold (Banerjee and Somanathan 2007, 289–290). Direct public investment has also brought literacy among adult men and women up to 73% and 48% respectively, while also improving school enrolment at all levels, especially for primary levels (Kingdon 2007, 169, 171). Over the last few years, government economic policy has been especially focused on “inclusive growth,” with scholars arguing that credit access, literacy and infrastructure all matter to some degree for growth (see Singh et al. 2010).
Banerjee and Somanathan (2007, 290) conclude that once the central government in 1971 made a commitment in policy to provide goods, those commitments became politically binding for subsequent governments. Furthermore, well-kept National Sample Survey data suggest a strong causal connection between these government initiatives and a substantial reduction in poverty from the 1970s to the mid-1980s (Corbridge and Harriss 2000; Jha 2000). Accordingly, more recent data conclude that poverty levels increased despite strong state and national domestic product growth, “muting the link between growth and poverty reduction” (Sen and Himanshu 2004, 4371; 2005). Jha (2000, 26) signals that there is at least one, negative and indirect, link: too much inequality in terms of poverty impedes economic growth.

Cross-state Variations in Performance after Liberalisation

The public sector’s role in the allocation of public goods has been challenged by high degrees of cross-state variation across India in terms of a broad range of development and economic areas. Inconsistent economic growth rates and the extent of public involvement across states in India since liberalisation raise questions as to how the central and state governments can ensure equitable, effective development in a period characterised by increasing decentralisation.

Ahluwalia (2002) looks closely at the factors that affect regional variations in economic growth rates after liberalisation. In this analysis he acknowledges the increased autonomy of regional governments to manage the fiscal terms of their domestic economies. A growth-centred study of Indian states reveals a clear pattern of divergence between regions. Though the aggregate growth rate of gross state domestic product across India’s 14 major states increased from 5.2% in the pre-reform period to 5.9% in the post-reform period, taken individually, state performance was highly variable in both periods. Moreover, the degree of dispersion in growth rates increased significantly after 1991, with the coefficient of state variations in domestic product growth at constant prices moving from 0.15 in the pre-reform phase to 0.27 after liberalisation (Ahluwalia 2002, 93–94; Bhattacharya and Sakthivel 2004: 1073). In the 1980s, with the exception of Andhra Pradesh, Assam and Kerala, the other major states recorded over 5% growth in state domestic product. In general, regional growth was comparatively balanced over this period, despite increasing state differences (Bhattacharya and Sakthivel 2004, 1073).

In the 1990s, however, regional growth inequalities deepened and benefits were skewed towards those states that were more industrially forward (Bhattacharya and Sakthivel 2004). During the two-decade transition from pre- to post-reform, industrially developed states, such as Gujarat and Maharashtra, out-performed all other states. Sachs, Bajpai and Ramiah (2002, 10) found that manufacturing growth (a very consistent engine of economic growth) favoured rapidly urbanising port cities in economically important states, such as Mumbai (Maharashtra), Calcutta (West Bengal), Chennai (Tamil Nadu) and Ahmedabad (Gujarat). Despite this trend, there were some important exceptions. For example, some coastal states (Karnataka and Tamil Nadu) performed as well as heartland, landlocked states (Madhya Pradesh and Rajasthan) that form part of the so-called BIMAROU bloc of states. At the same time, Communist-Marxist states, such as West Bengal, placed consistently in
the top performance bracket across pre- and post-reform periods or, like Kerala, increased their position considerably after reform (Ahluwalia 2002, 95). Conversely, pro-market political regimes in Punjab and Andhra Pradesh had poorer performance (Bhattacharya and Sakthivel 2004, 1074). The above demonstrates that a variety of factors allowed certain regions to perform better than others. Performance, however, has been predominantly linked to industrially orientated attributes, which are increasingly outside of the public sector’s domain.

Though market-orientated reforms were designed to be non-discriminatory in terms of regional development and growth, economic growth rates have, on the whole, decelerated in developmentally backward states that lack the ability to attract capital, with important implications for the role of government in public goods allocation (Ahluwalia 2002, 98, 102). Some evidence suggests that public sector investment in periods prior to liberalisation actively contributed to reducing regional disparities (see Sachs, Bajpai and Ramiah 2002, 5). Some states that have lagged economically still invested considerably in allocating goods. Though Kerala, for example, remains somewhat economically and industrially backward, the Left Democratic Front led by the Communist Party of India-Marxist had been able to instantiate reforms that address social development more effectively than most states. Even in comparison to the most economically advanced state (Punjab), by 1971 Kerala was ahead in the distribution of seven key public goods (Banerjee and Somanathan 2007, 294). Yet with the onset of reforms, scholars have argued that government transfers and public investment played diminished roles in the economic activity of states, meaning that regional disparities have been intensified (see Jha 2000, 28, 30; and Pal and Ghosh 2007).

**Public Investment in an Era of Liberalisation**

In the pre-reform era states gained substantial resources and outlays for public investment through grants and aid from the centre. These outlays are now in decline due to fiscal constraints imposed upon the public sector after liberalisation (Bhattacharya and Sakhtivel 2004, 1071). According to the central government’s most recent Planning Commission Report:

The Eleventh Plan began in very favourable circumstances with the economy having grown at the rate of 7.7% per year in the Tenth Plan period. However, regional imbalances have emerged across and even within states. The share of public investment in total investment has been declining over successive Plan periods from 34.7% in the Eighth Plan to 29% in the Ninth Plan and 22% in the Tenth Plan. In the Eleventh Plan its share is expected to stabilize at the level in the Tenth Plan implying that the volume of public investment must increase in line with private investment. (GOI 2008a, vii)

Across India, the average share of public investment in total investment dropped from 45% in the early 1980s to around 33% by the early 2000s (Bhattacharya and Sakthivel 2004, 1071). In response, consolidated public investment has been channelled in greater magnitude into advantaged, richer states than in poorer states, as the centre attempts to maximise its remaining capital by investing in states with
greater promise and potential. This in turn has constrained poorer states’ capacities for attracting foreign direct and private investment and subsequently widened the gulf between “backward” (i.e. poorer and less developed) states’ “industrial premiums” and those of “forward” (i.e. richer states with existing economic advantages) states (Rao and Dev 2003). In Bihar, one of the worst performing states with a lower industrial capacity, public investment declined from an annual average of some 15–20% of total public spending in the 1980s to 5–10% in the post-reform period (World Bank data, cited in Kohli 2006).

In comparison to other regions, Andhra Pradesh was categorised as a backward or, at best, average state. Economists have noted that the level of per capita income in Andhra Pradesh has been historically lower than most of India, with the gap in post-reform decades between Andhra Pradesh and forward states increasing (Rao and Dev 2003, 1130; Bhattacharya and Sakthivel 2004, 1074). Post-liberalisation growth has been slight overall. From 1980 to 2000, Andhra Pradesh’s state domestic product at constant prices made only modest gains, from 4.81 to 5.12% annually. In terms of per capita state domestic product, the state realised a movement from 2.56 to 3.62% annually across the same period, significantly below the results of most major states (Bhattacharya and Sakthivel 2004, 1073).

Bihar is one backward state that recently made notable improvements with respect to economic growth and social development. Reduced public investment and industrial weaknesses played an important role in Bihar’s initial post-reform deceleration. Yet from 2005 to 2008 Bihar’s growth rate surged to over 11%, second only to Gujarat (Indian Express, January 4, 2010). For 2011, Bihar’s growth rate exceeded 13%, leading every state in India (Times of India, June 3, 2012). For a BIMAROU state this is a surprising turn of events. In 2005, Bihar Chief Minister Lalu Prasad and his party, the Rashtriya Janata Dal, were voted out of power, largely as the result of a mass movement characterised by collaboration of low and middle-class groups, and replaced by Nitish Kumar’s coalition government, consisting of the national-level Bharatiya Janata Party and the regional-level Janata Dal United. This coalition has given significantly greater attention to inclusive growth. The result has been a notable emphasis on increasing public investment in development projects, which in turn reinforced economic growth. According to Bihar Finance Minister Sushil Modi, growth was achieved because the state had spent approximately US$7.8 billion in the last few years of Kumar’s Administration as opposed to the approximately US$5.5 billion spent during the entire 15-year long Rashtriya Janata Dal United rule in the state (Indian Express, January 4, 2010). Public expenditure in this case is believed to have directly benefited economic performance by providing larger outlays for infrastructure, security and investment in human capital, such as education and workers’ skill sets.

**Industrial Preferences and Regional Inequality after Liberalisation**

State-specific characteristics can either hinder or boost the competitive advantage of states in attracting capital and investment, with some inherited from pre-reform periods. Features that affect market performance and are attractive for investment are highly inconsistent across the states (Johnson and Tellis 2008, 10), leaving backward states further behind. After liberalisation, there has been little done to
correct for state-specific factors that favour certain states over others in terms of their investment potential; the result is that liberalisation has exacerbated state and regional divergences.

Bhattacharya and Sakhtivel (2004) and Kohli (2006) have argued that forward states do better, and these “inheritances” are dominated by industrial preferences. This could now become worse as liberalisation has given greater priority to the high technology and high skill end of the tertiary sector, which is the preserve of the so-called “knowledge economy.” The knowledge economy has some of the greatest potential for attracting private investment, especially foreign capital. For a prospective foreign corporation, market entry of subsidiary units is decided in large part by “economic attractiveness variables,” in particular quality infrastructure and availability of high-skilled workers in the target region (Johnson and Tellis 2008; Mitra and Golder 2002, 361). As a direct consequence of reforms, state governments in India can now affect the incentives of foreign capital into their regions more directly. Capital from another country can now be seen more easily through the same lens as capital flowing from within the country or state, meaning they are treated equally in formulating state economic policy (Singh and Srinivasan 2006a, 309–310). The preference for private investment under liberalising policies means that states with better-developed infrastructure attract more foreign and domestic capital. States whose pre-reform conditions were advantageous with respect to infrastructure can benefit more from the opportunities opened up by liberalisation (especially in knowledge economy service sectors that require workers with high skillsets), accordingly registering more prodigious gross state domestic product growth rates (Rao and Dev 2003, 1131).

The purpose of this first part of the paper has been to provide the reader with some highlights of the challenges facing India as it decentralises under liberalisation reforms. It underscores some of the ways in which different regions in India have had different levels of success courting investment, and also demonstrates how globalisation pressures have affected public sector involvement in growth and development differently across states. But how do these challenges bode for the delivery of goods and services as globalisation increases and India’s decentralisation process deepens? The next part of the paper is designed to explore this question more closely, by describing the new political economy in India and the changing role of government in provisioning services.

Federalism and the Delegation of Development

One paradox of economic globalisation is that the increasingly “borderless” dimension of transactions between regions, in which space appears to matter less, is accompanied by the drawing down of the political economy lens to smaller and smaller spatial units, thus in the process actually *amplifying* the importance of space. This narrowing aperture underscores the greater financial autonomy of Indian states that makes the regional level a more important arena of study (see Harriss 1999, 3367).

Jenkins (2003, 603) observes that liberalised rules on inward investment have shifted decision-making authority to state governments, as part of a deliberate effort to increase India’s exposure to and participation in global economic processes. As a
result, regions must compete with one another for private investment, both domestic and foreign. After 1991, central planning was replaced by a greater reliance on market mechanics, thus eroding centralised decision-making processes. States were suddenly able to attract inward investment from India as well as outside India more directly, a structural change that generated a new competitive dynamic among these sub-national units (Jenkins 2003, 613; Singh and Srinivasan 2006a, 308).

Normative political economy attitudes towards liberalisation posit that fiscal decentralisation promotes competition between sub-national units, which increases resource allocation efficiencies and leads to positive, more sustained regional growth (Ahluwalia 2002; Singh and Srinivasan 2006b). This position rests on the allocation of resources, which, if it wishes to be efficient, requires autonomous investment decision, both publically and privately managed, at all levels including regional and local ones (Braun and Grote 2002, 71).

Emphasis is, therefore, put on the role of regional and local governments, especially those in more powerful states, to be actively involved in growth. Yet alongside economic growth it is imperative that state and local governments use their new stature to invigorate social development. According to Ahluwalia (2002, 113):

The most important instrument through which government policy can help accelerate development in a liberalized economy that relies upon private investment to achieve growth is the provision of basic economic and social infrastructure. The poorer and slower-growing states generally lag behind the better-performing states in this area, and in a competitive environment this puts them in a disadvantaged position relative to the more advanced states. Infrastructure needs in these sectors must be met either directly through increased central public investment or, when private investment is also feasible, by a combination of public and private investments. Both the centre and the states can legislate in these areas, and state laws must be consistent with central laws, but the delivery system in practice is generally in the hands of the state government.

Clearly, deregulation and private investment strategies matter for growth. The 11th Five Year Plan (2007–12) reiterates that the primary engine for growth will be the private sector (see GOI 2008a and 2008b). However, it also mandates that

the importance of the private sector is not to downplay the role of the government. On the contrary, apart from the usual role of government in providing a stable macroeconomic policy, the Eleventh Plan envisages a very large role for public policy in a number of sectors. (GOI 2008a, viii)

The challenge of PPPs is determining which tier of government is to regulate the delivery of provisions. PPPs are charged with improving services and goods allocation and this is made more complex and costly now that the ICTD framework is being adopted more widely. But local units of government are often too financially weak to directly support PPPs. Furthermore, local governments in general lack the
technical and administrative capacity to regulate PPP operations (Miraftab 2004, 92).

Since larger, central units of government are too distant from communities and service providers, PPPs often depend on local government for the performance of tasks that are broadly defined as those of government but that in actuality are unfeasible for local governments to properly supervise (see Miraftab 2004, 92). The largest financial capital and strongest institutional infrastructure exists under the purview of the centre and state governments. Ultimately the centre continues to enforce fiscal decentralisation and, in the end, controls much of the expenditure allocation that regions and districts/municipalities rely on for development. But in the wake of reforms, states and even cities have been given greater licence to court global capital more directly and to compete more openly with one another for investment. The desire of regional political regimes to attain greater competitive advantages and negotiate directly with global institutions can come into conflict with their responsibility to ensure a type of development that satisfies the requirements of inclusive democracy.

A New Political Economy: Regional and Local Convergence

The growing power of global financial institutions allows them to bypass federal governments and to demand reforms that affect relations between sub-national units within a federal system. As a consequence, the fracturing of traditional federalism after liberalisation has made the implications of competing regional activities more difficult to predict than in earlier periods, when unitary political systems had greater authority in a centrally planned India (Jenkins 2003, 601). Furthermore, new global supply chains that have emerged, along with technological changes to the structure of production and increased global competition, have reduced the integrative approach of Fordist capitalism and production in favour of a decentralised system (Kennedy and Zerah 2008, 111).

The rise of informal institutions under the purview of regional and local governance is part of the decentralising consequences of reforms. In the post-liberalisation era, to what extent are more localised units of governments able to circumvent the poor in favour of elite interests through informal structures? Research indicates decentralisation has been less pro-inclusive in states where state governments made no attempt to challenge elite-dominated local power bases and thus move away from clientelist politics (Harriss 1999, 3375–3376). The “pro-business model” of some state governments suggests a disquieting “two-track democracy,” in which the poor are used as a vote bank and then discarded by local elites once incumbent (Kohli 2006).

In the wake of liberalisation reforms, the Andhra Pradesh and Hyderabad governments began increasing their jurisdictional authority over development projects through informal proxies, thus reducing their need to have the central government directly delegate responsibilities. An example is provided by Andhra Pradesh’s interdepartmental “WTO Cell” under former Chief Minister Chandrababu Naidu’s Telugu Desam Party (TDP), which was institutionalised in the state bureaucracy under the guise of protecting farmers in the state from global price shocks that could drive up their costs for commodities like edible oils and sugar. Jenkins reveals that this ad hoc institution, along with other informal institutions, went beyond the need to insulate
vulnerable local producers from the vicissitudes of international markets: “the
intention was to establish a means of . . . influencing future government negotiating
positions” (Jenkins 2003, 617). The argument here is that state-level political elites have
incentives to see matters related to international financial institutions through a
focused aperture. But controls over this aperture are largely in the hands of state
government elites more able to manoeuvre formal democratic decision-making
processes. Naidu gained greater fiscal privileges. While acquiring significant influence
at the national level, Naidu and the TDP were able to obtain resources for Andhra
Pradesh more easily (see Krishna andWalsham 2005). This manoeuvring gains some of
its flexibility and strength from informal arrangements; individual states, “aggrieved”
by the centre’s overbearing involvement in international financial treaties, create
informal or “quasi-formal consultative forums” that lack a statutory or constitutional
basis (see Jenkins 2003, 619–620).

A study of Naidu’s ascendancy over Hyderabad and Andhra Pradesh reveals some
of these tendencies. In an article on global cities in National Geographic, Naidu’s
Secretary P.K. Mohanty explained that the transformation of Hyderabad was a
visual process in which the role of the government was to “show that something was
happening” (Greenspan 2004, 51). Naidu’s team embarked on a range of tasks from
improving infrastructure to a “greening” of the city, all with an obsessive
commitment to information technology. Many of these tasks were done through
privatisation and private investment schemes (A. Waldman, The New York Times
May 6, 2004, 2). Hyderabad’s urban development policies reflected a concessionary
attitude towards private investment in information technology, including exemptions
from sales tax, zoning regulations, and environmental clearances (Saez 2003, 363).
Shortly after the development of HITEC City, the TDP Government announced the
creation of a special, non-elected corporation to supervise the development of the
new high-tech enclave: the Cyberabad Development Authority. Kennedy and Zerah
(2008, 113–114) note that the corporation functioned as a parastatal through which
government engagement of society was narrowed, thus weakening the resolve of
collective action and consensus while also reducing public expenditure on certain
urban services (by outsourcing them to private companies).

Similar developments are of note in other ICT-intensive cities. In Bangalore, the
periphery of the city was captured by corporate interests who, through parastatal
units, had attached themselves to urban development agencies in the public sphere
(see Madon 2007). Land that could have benefited more traditional service sectors
was displaced by plans for large mega-developments that boosted the city’s global
image (Keivani and Mattingly 2007, 467). In 2000, a new development agency was
created in Bangalore to complement the state government of Karnataka, the
Bangalore City Corporation, and several parastatals organised at the state level,
such as the Bangalore Development Agency, and the Karnataka Industrial Area
Development Authority. This new agency was called the Bangalore Agenda Task
Force (BATF). It was, in fact, a group of private corporate elites, including the CEO
of Infosys Technologies Ltd. as its chairman (Keivani and Mattingly 2007, 467). As a
part of the Bangalore bureaucracy, it was not an elected body and outside the direct
purview of Panchayat Raj initiatives, civil society initiatives or other localised
grassroots organisations. BATF demonstrates the extent of insulation from
democracy norms, such as accountability to elected civic agencies (see Mirza 2008).
Like Bihar, Andhra Pradesh’s new government under Chief Minister Y.S. Rajashekhara Reddy, of the Congress Party, began spending larger amounts on social development initiatives, signifying a break from past trends under Naidu, who was accused of driving a type of clientelist politics more focused on the affluent. Reddy was voted into office in part because voters deemed Naidu to have invested too much in the knowledge economy at the expense of agriculture. Elliott (2011) concludes that increases in the state’s government revenue enabled the provision of welfare benefits under Reddy without revenue caps. Elliott’s study reveals that it is possible for economic growth to improve social development (whereas in Bihar public sector spending on development stimulated economic growth). However, Elliott (2011, 74) explains that larger revenues were used by the Andhra Pradesh government to establish policies that sought universal access to goods and services, suggesting these commitments could become politically binding, like Indira Gandhi’s anti-poverty initiative in the 1970s. In addition, the link between economic growth and development was made stronger through direct public sector action driven by state leadership.

Describing aspects of India’s new political economy is a useful exercise for framing the next part of this paper: how goods allocation has been transformed under liberalisation, and how a new political economy structures allocative efficiencies. The following sections of the paper look at how ICTD projects in India are characterised by increasing latitude for smaller, more localised units of governance. This process is, indeed, the norm in “global” Indian cities and important to understanding how public goods allocation and the provision of services has been affected.

**PPP-ICTD in the Developing World and India**

*PPP-ICTDs and How Local Government is “Seen”*

Under the homogenising forces of a global economy, the state at the district and urban level of governance can actually become “the defender of local difference and variety” (Scott 1998, 8). This has become a plank in the platform of e-governance: to prove the responsiveness of government to local communities in an era of global transactions. Thus, e-governance proclaims a desire to convert the authoritarian and oppressive aspects of the state into a more transparent institution that incorporates local citizens into global processes of change and development. In PPP-ICTD projects, such as telecentres, it is the entrepreneur and not the often-maligned government bureaucrat who is the face of the state (Kuriyan and Ray 2009, 1668). Through the promotion of ICTD and the use of private sector intermediaries, local governments are attempting to transform how they are “seen” and, therefore, prove that large forces, such as globalisation and liberalisation, can be effective and responsive at the smallest end of the spatial scale.

*Embedded Autonomy and Mediation of PPPs*

In developing countries facing fiscal pressures, PPPs serve the primary function of enhancing the provision of services while minimising costs (Appuhami, Perera, and Perera 2011, 435).
Governments view PPPs as a way to improve allocative efficiencies by utilising the private sector’s expertise in terms of management and technology (Broadbent and Laughlin 2005; Hood 1995). Evans has argued that nations such as India develop most effectively when they achieve an “embedded autonomy;” the organisation of government partnerships with private sector agents takes on a “corporate coherence” that reflects the appearance of “autonomy” but that in fact is deeply “embedded” in a structured network of social ties connecting state to citizen (Evans 1995, 12). Yet Evans (1995, 17) concedes that India’s embeddedness is still socially extending itself, asking “could embeddedness be built around ties to multiple social groups,” such as labour, thus reducing exclusion tendencies in development projects? This brings ICTD to the fore as an enabler of inclusiveness. PPP-ICTD in India has been given special status and hope because it implies that government can be central in the provision of services and goods even in an area such as ICT that traditionally has been within the managerial and technical purview of private sector institutions.

There is significant evidence in the study of PPP-ICTD at the local level to support the concept of embedded autonomy as a development tool. With respect to the role of district-level government in the rural sector, rural entrepreneurs tasked with providing telecentre services were vulnerable stakeholders (Kuriyan and Ray 2009). Literature on e-governance through PPP-ICTD frequently warns that private sector fail rates in service partnerships are very high (see Kalsi, Kiran, and Vaidya 2009). It has been found that most e-governance initiatives embarked upon by governments in developing countries fail, if not immediately, then after a year or so (Kalsi, Kiran, and Vaidya 2009). Out of all the PPP telecentre projects in Andhra Pradesh and Kerala that were studied by Kuriyan and Ray (2009), only Rural e-Seva and Akshaya respectively made a profit. Two other rural Andhra Pradesh telecentre projects, RSDP and Rajiv Villages, both yielded negative monthly median net revenue. What accounted for this difference between PPP-ICTD projects? The authors found that telecentre projects with the highest degree of district-level and state government participation (Rural e-Seva and Akshaya) were the most successful for entrepreneurs. Though entrepreneurs in these instances were given more leverage vis-à-vis government, regional and district-level governments were using their public sector capacities to actively train, promote and regulate owners, indicating a “micro-level reflection” of embedded autonomy patterning in Andhra Pradesh and Kerala (Kuriyan and Ray 2009).

Other studies confirm the salience of embedded autonomy through a trust-based approach to the provision of services carried out in PPP-ICTD. According to Prahalad (2010, 110–111), PPP-ICTD can improve the capacity of governance only if it is able to foster trust within citizens. Madon (2004, 9) places emphasis on the bonds cemented between local government administrations and entrepreneurs serving as intermediaries. Rajalekshmi (2008), based on an empirical study of Kerala’s Akshaya telecentre project, concludes that intermediaries were essential to cultivating citizens’ trust in ICT service initiatives. Despite the automation of telecentre systems through ICT, a human intermediary, who is an operator and not seen as a broker, must serve as the ‘face’ of the project (Prahalad 2010, 116). In Akshaya, the intermediary was usually identified as a telecentre operator; this individual was the entrepreneur owning the centre, was based locally, and was aware
of ICT as a social change mechanism (Prahalad 2010, 23). However, the faith citizens had in government as an institution as well as the fact that Akshaya was spearheaded by the government itself ultimately sealed the crucial bond between citizen and intermediary. In terms of making the telecentre payment system successful, citizens had trust in the telecentre and its intermediaries so long as they were seen as an extension of the local government, which was viewed as the pioneer and supervisor of the PPP-ICTD initiative (Rajalekshmi 2008, 29, 31). This corroborates literature on federalism and public goods in India; citizens overwhelmingly consider the provision of services and goods to be the responsibility of government, with sub-national agencies playing the greatest role (Chhibber, Shastri, and Sisson 2004).

The Development of PPP-ICTD in Hyderabad: e-Seva

All the above studies of PPP-ICTD are focused almost exclusively on the rural sector. What about urban service projects? In this section, I describe e-Seva in Hyderabad. Telecentres deliver services that were previously operationalised through manual systems. The centres are part of the ICTD movement endorsed by the central government, which in the past decade has launched over 100,000 Common Service Centres throughout the country (Kuriyan and Ray 2009). This forms part of the government’s US$5.5 billion National E-Government Program, which seeks to redress inadequate access by expanding networking infrastructure and replacing the old manual system with an ICT-based process that streamlined all services into one service centre (see Bhatia, Bhatnagar, and Tominaga 2009, 81). Telecentres developed through PPPs in Andhra Pradesh offer e-governance provisions that focus on government-to-citizen (G2C) services such as utility bill payment, online complaint forms, online registration for government programmes, and issuance of official certificates (Kuriyan and Ray 2009, 1665–1666).

Governments in the developing world outsource ICT products and services in order to shore up their political legitimacy; placing the private sector in the position of ICTD delivery person brands a powerful political symbol of responsiveness and portrays the state as a new, more efficient government (Kuriyan and Ray 2009, 1671). In addition, e-governance facilitates the re-engineering of government processes to make them more transparent, cost effective and efficient (Panikar et al. 2007, 27). Process re-engineering along with the ICT infrastructure needed to implement ICTD projects have come primarily from the state through political and bureaucratic leadership. Krishna and Walsham (2005) argue that political leadership under Naidu has been perhaps the strongest catalyst of e-Seva and PPP-ICTD in Andhra Pradesh. This stands in contrast to how Naidu promoted the knowledge economy as previously discussed. The contrast demonstrates how sub-national political regimes, with more authority over their jurisdictions, have the potential to utilise information technology in ways that are variable and more flexible, at times promoting contrarian social agendas.

The e-Seva project began originally in the urban core of Hyderabad. In 1999, Andhra Pradesh under Naidu set up a small network of e-Seva telecentres in Hyderabad’s urban core. Several government agencies were created to complement and further instantiate e-governance goals. Of particular import is the Office of Electronically Deliverable Services (EDS), which through the purview of the Andhra...
Pradesh Government serves as the primary local government facilitator of e-Seva. In all, there are 46 Urban e-Seva centres (with 400 service counters) spread over the Twin Cities of Hyderabad and Secunderabad and the Ranga Reddy District. The centres are open from 8 a.m. until 8 p.m. on all working days as well as from 9 a.m. to 3 p.m. on holidays. They provide a “one-stop-shop” for G2C as well as business-to-citizen services (B2C) (e-Seva 2005). G2C services range from payment of utility bills and property taxes, to the issuance of death and birth certificates (see Table 1). B2C services range from the payment of telephone and internet bills to the sale of movie tickets and bus/railway tickets. Previously under the manual system, citizens had to travel to several centres if they needed to avail themselves of multiple services.

A Study of e-Seva Centres in Hyderabad

In the following sections, five e-Seva telecentres are subject to close analysis. The selection of the telecentres endeavoured to gain a somewhat balanced representation of Hyderabad. There are 52 wards constituting the HMC. The five telecentres chosen for the study were: Darulshifa (Ghansi Bazar Ward No. 49), Greenlands (Begumpet Ward No. 148), Khairtabad, (Khairtabad Ward No. 96), Mint Compound (Khairtabad Ward No. 96) and Banjara Hills (Banjara Hills Ward No. 105). All telecentres represented a separate ward, with the exception of Mint Compound and Khairtabad, which were both in Khairtabad. The population represented by the five telecentres is 4.8% of the HMC population.

In conducting the research, the author spent a full business day at each of the telecentres, making informal observations while conducting a series of face-to-face interviews. In the first series, the private service provider managers on duty were interviewed. The private service provider contracted by the Andhra Pradesh Government is Spanco Limited, which has been active in India and Hyderabad for over a decade. Spanco specialises in servicing large-scale complex technology

<table>
<thead>
<tr>
<th>Telecentre</th>
<th>Services used</th>
<th>Most common service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mint Compound</td>
<td>• Utility bills</td>
<td>Utility bills</td>
</tr>
<tr>
<td></td>
<td>• Passport enquiry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Birth certificate</td>
<td>Birth and death certificates</td>
</tr>
<tr>
<td></td>
<td>• Death certificate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• RTA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Internet bill (TATA)</td>
<td></td>
</tr>
<tr>
<td>Banjara Hills</td>
<td>• Utility bills</td>
<td>Utility bills</td>
</tr>
<tr>
<td></td>
<td>• Death certificate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Internet bill (TATA)</td>
<td></td>
</tr>
<tr>
<td>Khairtabad</td>
<td>• Passport issuance</td>
<td>Utility bills</td>
</tr>
<tr>
<td></td>
<td>• Utility bills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ration cards</td>
<td></td>
</tr>
<tr>
<td>Greenlands</td>
<td>• Utility bills</td>
<td>Utility bills</td>
</tr>
<tr>
<td></td>
<td>• Phone bill (Airtel)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Property tax</td>
<td></td>
</tr>
<tr>
<td>Darul Shifa</td>
<td>• Utility bills</td>
<td>Utility bills</td>
</tr>
</tbody>
</table>
infrastructure projects to facilitate e-governance goals. The company has a special unit, “Government Transformation Services,” which utilises its services to help state and central governments in India become more efficient through the use of information technology (Spanco 2012). Private service provider interviews were open, semi-structured interviews that sought in-depth, detailed responses on a variety of issues related to the role the private sector plays in e-Seva, the delivery of services and more.

Over the course of the day, the author chose as interviewees between five and eight citizen customers who were recipients of services. Selection was purposive, not randomised, given the former method’s ability to reduce segmentation and increase information (Morgan 1997). Unlike private service provider interviews, recipient interviews were more structured, with the first half of the questions survey-like and thus easier to code. These questions also yielded basic demographic information, such as gender and median income (Table 2). A final series of interviews was carried out with government officials in the GHMC and EDS. Like private service providers, these public service regulator interviews were open-ended and semi-structured. The three interview categories represented the full range of stakeholders involved with Urban e-Seva in Hyderabad. In all categories, interviews were one-off, as time constraints on the fieldwork ruled out a longitudinal approach to data collection.

**Changes to the Provision of Services**

In line with studies on ICTD initiatives that have been discussed above, this study supports the finding that the provision of services through e-Seva in Hyderabad has registered a marked improvement in delivery, access and quality across several key indices since Hyderabad’s conversion from manual to electronically enabled services. Both statistical and in-depth responses taken from recipient interviews tended to support the view that the conversion, as part of a wider e-governance strategy, represented a sea change.

Despite differences in the average incomes between wards, most citizens felt there was generally equal treatment of customers by telecentre employees independent of location. This is an important finding because of Darul Shifa’s location in the old city. Beginning with the end of Nizam’s rule over Hyderabad after Independence,

<table>
<thead>
<tr>
<th>Urban e-Seva telecentre</th>
<th>Electoral Ward No.</th>
<th>Number of interviewees</th>
<th>Women (%)</th>
<th>Men (%)</th>
<th>Median monthly income (rupees)</th>
<th>Quality score (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mint Compound</td>
<td>96</td>
<td>7</td>
<td>29</td>
<td>71</td>
<td>15,000</td>
<td>8.6</td>
</tr>
<tr>
<td>Banjara Hills</td>
<td>105</td>
<td>6</td>
<td>33</td>
<td>67</td>
<td>20,000</td>
<td>6.5</td>
</tr>
<tr>
<td>Khairtabad</td>
<td>96</td>
<td>5</td>
<td>60</td>
<td>40</td>
<td>6,000</td>
<td>8.8</td>
</tr>
<tr>
<td>Greenlands</td>
<td>148</td>
<td>8</td>
<td>0</td>
<td>100</td>
<td>21,000</td>
<td>8.6</td>
</tr>
<tr>
<td>Darul Shifa</td>
<td>49</td>
<td>7</td>
<td>14</td>
<td>86</td>
<td>12,000</td>
<td>3.6</td>
</tr>
<tr>
<td>Totals/Averages</td>
<td>33</td>
<td>24</td>
<td>76</td>
<td></td>
<td>15,000</td>
<td>7.1</td>
</tr>
</tbody>
</table>
and the subsequent shift of the city centre away from the old city to the Legislative Assembly several kilometres away in Saifabad, the old city is recognised as an area of urban deprivation (Ansari 2000). Household incomes in the old city are substantially lower than elsewhere in the city. Chronically lower wage levels have exacerbated this, a consequence of the semi-skilled and unskilled work undertaken by citizens in the old city (Ansari 2000). Since liberalisation, Banjara Hills has gained greater prominence as an enclave for affluent citizens, many of them non-resident Indians, who have benefited from Hyderabad’s increased participation in the global economy. Delays and service inefficiencies plaguing centres were for the most part independent of whether they were located in poor or affluent areas. When asked if government was able to ensure equal treatment of citizens availing themselves of e-Seva services, regardless of income or class (see the definitions below), more than two-thirds of interviewees answered in the affirmative (Table 3).

When this question was probed further or when citizens chose to qualify their responses, the perception was confirmed. A 56-year-old upper middle-class male from the Mint Compound telecentre stated: “The poor are able to afford the price of services. e-Seva is accessible to the poor.” Another 56-year-old upper-class male from the Banjara Hills telecentre stated: “The Government cannot ensure equal access to public goods, but in terms of IT, things have gotten much better,” while a 48-year-old middle-class male from the Greenlands telecentre explained: “Because e-Seva uses a token system to assign people to counters, the system is faceless.”

Respondents also felt that e-Seva represented an improvement over the previous manual service system, with the belief that e-Seva was superior being held almost unanimously. Responses to this question were typically short. Once a citizen understood the definition of manual versus electronic systems, and was able to remember the previous process, they were quick to declare that the improvements were simply “much better,” or that “e-Seva services are excellent.” More substantive comments provided further insight.

A 56-year-old male from the Banjara Hills telecentre explained that: “The previous manual system allowed for too much bribery. You also had to go to a new place for each service and wait times were often two to three hours.” A 28-year-old male from the Greenlands telecentre stated: “The new token system has reduced waiting times and travel time. It has also created a more disciplined and organised queuing system.” There were also some complaints. A 58-year-old male from the Darul Shifa telecentre said: “When e-Seva first started in Hyderabad, it was very

<table>
<thead>
<tr>
<th>Equal treatment?</th>
<th>70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (%)</td>
<td>30</td>
</tr>
<tr>
<td>No (%)</td>
<td>30</td>
</tr>
<tr>
<td>n</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location convenient?</th>
<th>97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (%)</td>
<td>3</td>
</tr>
<tr>
<td>No (%)</td>
<td>31</td>
</tr>
<tr>
<td>n</td>
<td></td>
</tr>
</tbody>
</table>

$n$, number of interviewees

Table 3. Recipient access perception
good. But over time the service quality has gotten worse.” A 30-year-old female from the Banjara Hills telecentre added: “The wait time is still too long at times. There is also a high degree of variability between centres in terms of service quality and wait times.”

In line with this last comment, the study found that across the five centres, the efficiency in handling customer transactions varied. There were wait times and upset customers at every telecentre, with Darul Shifa and Banjara Hills experiencing unusually high backlogs of perturbed customers sitting in waiting halls without air-conditioning. Though Banjara Hills had about 50 customers queuing and Darul Shifa just 30, the former had all eight kiosks operating while Darul Shifa had only three out of eight working. At Mint Compound, two out of six available counters handled about 15 people each, with the manager on duty operating one of them. With the exception of the Khairtabad telecentre, managers’ offices were either adjacent to the counters or even integrated into the counter area. Loud altercations between customers and operators/managers were sporadic, occurring every few hours at every centre. Darul Shifa and Banjara Hills experienced the highest number of altercations due to greater delays on the day of the observation, with customers often directly confronting managers.

Quality scores listed in Table 2 are consistent with this. Quality scores were based on a question that asked citizens about the responsive of local government through e-Seva. Darul Shifa and Banjara Hills had the lowest scores, with Darul Shifa the lower of the two. The remaining centres were all rated reasonably highly.

When asked about the coverage of e-Seva telecentres, citizens were almost unanimous in their opinions. Table 3 shows that 97% of respondents believed that the telecentre locations were convenient and accessible for them. This suggests that the e-Seva network in Hyderabad, at least in the core of the city (the HMC), has been comprehensive. Parallel observations of e-Seva by Krishna and Walsham (2005) and Prahalad (2010, 115–116) showed citizens interviewed were overwhelmingly pleased with the improvements government had made through e-governance strategies to increase provisions.

Class and Employment Composition of Recipients

The study revealed some important issues regarding who has access to e-Seva services. As the citizen quotes above indicate, no respondent identified as lower class and only two identified as upper class. In poorer areas, such as Darul Shifa, there were “middle-class professionals,” including a medical administrator, businessman and an academic, all who reported incomes in-line with definitions provided in Sridharan (2004), which places the median monthly middle-class income in India at about Rs.7,500.7 Using Sridharan’s standard, only one individual in the recipient sample, a 22-year-old salesman from Darul Shifa making Rs.2,000 a month, could be labelled “lower class” (see Table 4). Most interviewees in the aggregate recipient sample were middle class, according to the definition above.

The study also found a correlation between the sectoral composition of the recipient samples and who is availing themselves of services at e-Seva. The majority of jobs reported in the total recipient sample were within the service sector (Table 4). From an evaluation of Table 4, occupations appearing with the greatest frequency...
were those that are classified as part of the *formal* service sector, in which jobs require the highest knowledge premiums and the greatest skill endowments. A negligible proportion from the sample were in jobs whose characteristics qualify them as part of the informal economy; based on employment profiles, none of those interviewed identified as daily wage labourers or casual workers.

**The “Face” of the Telecentre**

Another outcome from this study concerns the role of private sector service providers. It was found that while these providers were indeed autonomous agents who “ran the show” at telecentres, they were operating “behind the face” of local government. The image projected was that of the state. This study’s observation of Urban e-Seva did not support Kuriyan and Ray’s Rural e-Seva finding where the appearance of telecentres had been transformed to a “private sector feeling” (Kuriyan and Ray 2009, 1669). In interviews, managers often insisted that their
control over telecentre operations was high. For example, the manager at Darul Shifa stated that “Spanco is fully in control of the PPP relationship. The government only sets the parameters and rules.” A manager at Greenlands added: “We are very successful as a stakeholder in our relationship with government but we feel independent. Employees are paid and managed by Spanco. Urban e-Seva is a PPP with total control over operations by Spanco.” Many affirmed that they were allowed to promote the Spanco brand name within the telecentres. Yet the author observed very few instances where Spanco logos were visible within telecentres, while e-Seva logos were ubiquitous. As the manager at e-Seva Khairtabad stated: “People tend to fear government in India, so the private sector is seen as more approachable. I can promote the Spanco brand within my telecentre, but we answer directly to EDS. In centres citizens see e-Seva and government first.”

Telecentres were not the type of customer service centre one would expect in a private business. Though citizens seemed to be treated fairly and respectfully, the exchanges between citizens and employees were muted and more attentive to efficient completion of transactions rather than the “pleasing and placating” often associated with corporate customer service.

Regarding the degree of autonomy accorded to private service providers, the study indicated a strong regulatory presence of regional government. In Urban e-Seva, EDS acted as an executive supervisor over Spanco, setting regulations, imposing mandates and checking performance through oversight. Even where managers emphasised their autonomy within centres, they conceded that administrative supervision was through EDS’ statutory mandates. As the manager at Banjara Hills explained: “In e-Seva, both the private and public sector are equal partners. But EDS sets all the guidelines and maintains the project’s social development agenda.” Another manager from Greenlands stated: “Though we control operations, EDS comes in for irregular and unannounced checks.” The manager at Mint Compound summed up the dynamic:

The HMC under EDS provides guidelines and the framework through which Spanco is expected to conform. Other than this Spanco manages the entire centre. Each contract service provider determines the salaries and overhead depending on the size of the telecentre. Profits vary accordingly. Overall Spanco is a success and the system works for all stakeholders involved.

The token system for queuing lauded by respondents is also tightly monitored by EDS. Urban e-Seva’s Deputy Director explained that to measure the quality of service, e-Seva installed the computerised Electronic Queue Management System. If the provider is “delinquent,” then EDS sets appropriate penalties. Government also imposes tight regulation over transaction costs. Spanco managers and executives disclosed that the profit margin per transaction was set very low meaning a large transaction volume was responsible for profits. EDS closely monitors these transactions and sets strict timeframes for the servicing of transactions, in accordance with the Right to Information Act of 2005 (see Table 5).

If a service provider is unable to complete a service within a specified time frame, EDS penalties are proportional to the number of minutes the transaction exceeded the specified maximum. Service providers also must keep costs down on what are
termed “high ticket transactions” which is mandated in the service contract designed by EDS (interview, Deputy Director, Urban e-Seva, Office of The Commissioner of EDS, Department of Information Technology and Communications). This may explain why exchanges between operators and citizens are muted; the combination of low margins and limited service delivery time frames makes transaction speed a priority. None the less, managers said that they were able to achieve profit goals while also remaining in line with the social development agenda of e-Seva and e-governance. Though private service provider managers usually emphasised the level of autonomy they had in managing centres, there was awareness that delivery and access of services rather than revenues were more critical in legitimising e-Seva as a development tool. The Khairtabad manager believed that: “If we make revenue then that is fine. But this partnership is more about citizens and their services.” And, as the manager on duty at the Banjara Hills telecentre warned: “We are very decentralised. But we are actually equal partners and EDS is in charge of setting guidelines. If e-Seva is totally within the control of the private sphere then it loses its social development aspect.” The Deputy Director of Urban e-Seva at EDS provided more insight into the project’s stakeholder dynamic:

The statutory control over the PPP must remain with the government. Commercial terms are determined by the government not by the private sector partner. When you bring the private sector into public services and goods, the cost goes up. In government there is no profit motive. By using better organisation of government and IT, we have consolidated services into one service window and reduced the cost at the public sector end. By also creating competition for contracts between private service providers, overall transaction costs have been brought down for the citizen.

Private service providers in Urban e-Seva are important intermediaries whose functions are autonomous from local and regional government. However, the overall control of the project continues to be with government. Through the local regulatory agency (EDS), the municipal and state governments maintain authority over the PPP and are also, therefore, able to keep the partnership consistent with overarching social development goals. The carefully designed regulatory framework and government support allow private service providers to flourish while keeping them aware that “citizen empowerment” is critical.

Kalsi, Kiran, and Vaidya (2009, 221–223) have revealed that basic infrastructure was the single most important factor identified by citizens for successful e-

<table>
<thead>
<tr>
<th>Name of the service</th>
<th>Maximum time for delivery of service/transaction (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of documents</td>
<td>15</td>
</tr>
<tr>
<td>Payments of bills</td>
<td>15</td>
</tr>
<tr>
<td>Payment of bills on internet</td>
<td>10</td>
</tr>
</tbody>
</table>

governance. The government provision of job-orientated educational facilities was second. In the study reported in this paper, sentiments in Darul Shifa were especially anti-government and pro-privatisation. However, this is not necessarily an open endorsement of the private sphere. First, Darul Shifa is in the old city, a place marked by urban neglect and poverty. Secondly, the recipient sample registers the lowest quality score (see Table 2) caused by long wait times on the day of observation. Third, the neglect in the old city is characterised by a lack of public investment in infrastructure and other public goods. These factors, complemented by the fact that citizens see government’s face in e-Seva, have probably caused citizens to direct their grievances at government. Citizens who feel they are at the social margins look to quicker, more dynamic institutions, reflected in their unequivocal advocacy of the private sector. This only strengthens the argument for better public sector commitments. At other centres, a more balanced PPP dynamic and an important role for government were supported. For example, a Mint Compound, 29-year-old, middle-class male stated: “There has not been much change. Jobs are not being provided . . . and costs are rising. Water pipes and roads are dug up but the HMC is not doing anything. The government needs to provide this to its citizens.” Another respondent, a 30-year-old Banjara Hills upper middle-class woman asserted: “Both private and public need to complement each other. If the private sector increases too much, then it will out-price the common man. Goods allocation cannot be too privatised and without regulation or inequality will get worse, like with private hospitals in the city.”

Conclusion

In order to better measure the extent of social development, it is important to study the allocative efficiency of the government’s public goods provision. Studies on PPP-ICTD in India rarely give detailed treatment of this nor do they make a robust link between goods allocation and PPP-ICTD. This paper provides a glimpse of this through the post-liberalisation period, ending with the 11th Five Year Plan (2007–12). It is clear that India has made significant gains in providing goods and improving living standards. However, much of this has been facilitated through state involvement and a commitment to goods through mutually reinforcing public policy mandates, political rhetoric, and direct public sector expenditure.

In the social contract between citizen and state, government is “seen” by the people through the act of provision. But in an era of globalisation, scholars often claim that the provider role of government is receding, displaced by private initiatives. PPP-ICTD in Hyderabad through e-Seva demonstrates that state and city governments, though reconstructing their “face,” are not receding and are deeply “embedded” in the provision of services. While Urban e-Seva has been successful for both private and public participants, the real success seems to stem from the primacy of local government’s role as a guarantor of provisions. Though the private firm Spanco was in complete control of the telecentre’s operations in terms of delivery management, the dynamic was such that the public sector maintained the role of supervisor, retaining executive control over the entire project. In an interview with the Chief City Planner’s Office in the HMC, he observed that decentralisation of provision through PPP-ICTD ultimately served the interests and conveniences of
citizen users. But if e-Seva was not properly supervised it could open up space for potential exploitation by telecentre employees.

The Special Assistant to Hyderabad Mayor Banda Karthika Chandra Reddy made it quite clear that the mayor acts as a central node for all ward committees in Hyderabad. This, he explained, is part of a wider good governance strategy to improve the mediation function and managerial capacity of the GHMC over wards and their activities. Thus, while e-Seva centres can act as autonomous agents, officials believe such autonomy was embedded within specific and well-delineated structures of institutional authority that radiated from the Andhra Pradesh to Hyderabad Government.

Despite citizen support for private sector input into Urban e-Seva, this study observed a skewed employment profile in the recipient sample. This leads to the conclusion that Urban e-Seva as a PPP is still excluding citizens with low income at the bottom of the pyramid. If e-Seva were to increase privatisation to further improve operational efficiencies, then there might be even greater exclusion. Currently, PPP-ICTDs are failing to include the poorest citizens (see Kuriyan and Ray 2009; Walsham 2010). While Walsham’s analysis is from studies of rural initiatives, the study reported here traces provisions and social inclusion within an urban core. The findings are the same though: citizen or entrepreneur, the middle-class in India remains the largest beneficiary.

Social development, specifically the allocation of public goods and the provision of services, has improved in India. But social development is at least partially put into abeyance by the very same forces designed to energise it: economic globalisation and liberalisation. This is a consequence of the new political economy influencing developing nations in the twenty-first century. Though globalisation has indeed been important in terms of somewhat accelerating economic growth, this paper demonstrates that social development and economic growth are currently insulated from one another. Regions across India are not economically or developmentally equal. In turn, sub-national units of governance, facing new globalisation pressures, have varying degrees of ability (or desire) to drive social development agendas within their jurisdictions. Questions, therefore, remain over how state and local governments, going forward, will be able to serve as truly reliable and trustworthy agents in the provisioning of services to citizens, particularly as India pushes to deepen decentralisation processes.

Finally, the data presented make a case for an enhanced role for the public sector as a guarantor of provisions and goods to citizens. It argues that the goals of “good governance” may not be satisfied without a prominent role for government, especially at the local level where it must be further empowered, unlocking democracy from the bottom in a process once described by Guha and the “subalternists” as “dominance without hegemony” (cited in Spencer 2007, 45). ICTD and e-governance are only small pieces of the process and on their own are insufficient.

Acknowledgement

Funding for research at Jawaharlal Nehru University was provided by the Fox International Fellowship, the Whitney and Betty MacMillan Center for International and Area Studies at Yale University. Funding
for fieldwork in Hyderabad was provided by the Cambridge-India Partnership Fund, the University of Cambridge.

Notes

1 The term “private sector” can be problematic. While the public sector has come to mean agencies that are under the purview of government, the private sector can mean both non-profit civil society initiatives, such as grassroots organisations or humanitarian non-governmental organisations (NGOs), as well as corporations (Miraftab 2004, 92). It can also imply a conflation of the two, as is the case for social entrepreneurialism, where multinational corporations may collaborate with small-scale NGOs (Prahalad 2010, 5). In this paper “private sector” means businesses and/or corporations that operate for profit.

2 An informative overview of the recent economic reforms in India can be found in Corbridge and Harriss (2000, 143–147).

3 BIMAROU stands for the states of Bihar, Madhya Pradesh, Rajasthan, Orissa and Uttar Pradesh. Collectively, they compromise the worst performing major Indian states. The term is a play on the Hindi word bimaar, which means “sick.”

4 Primary schools, high schools, hospitals, piped water, electricity, telephones and paved roads. For each public good, Kerala out-developed Punjab by at least 200% (primary schools, electricity and paved roads) and sometimes by over 1000% (high schools, hospitals and telephones) (Banerjee and Somanathan 2007, 294).

5 The study of regime typology in Indian states encompasses a wide literature, evaluated and summarised in Harriss (1999). See also Jenkins (1999) and Corbridge and Harriss (2000).

6 The HMC population in 2001 was 3,449,878. The populations of the wards represented in this study were: 53,197 (Banjara Hills), 38,474 (Ghansi Bazar), 38,367 (Begumpet) and 34,740 (Khairtabad).

7 Parsing an absolute economic definition of India’s middle class from the more subjective social definition is a tedious endeavour, particularly in India’s new economy. The debate over how to define “middle-class” is outside the scope of this paper. Sridharan (2004) establishes three brackets: upper middle (Rs.105,001–140,000), middle (Rs.70,001–105,000) and lower middle (Rs.35,001–70,000), per annum. This would set a yearly median middle-class income at approximately Rs.85,000 in 1998–99 terms. See Fernandes (2006) for a wider and detailed analysis of “middle-class” in modern India.

References


