



RESEARCH ARTICLE

AN INQUIRY INTO THE DIGITAL DIVIDE IN KERALA

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ABSTRACT

This paper throws light on digital dualism prevailing in Kerala. The analysis is quite significant and relevant in bridging the digital divide between the formal and the informal sector of Kerala economy. The paper has three sections. The first section dwells on digital dualism. The section also examines the concepts of the informal sector and the formal sector. The second section analyses digital dualism in Kerala. The third and final section presents the conclusions of the study.

Key words:

Digital dualism, Informal Sector,
Digital Penetration.

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INTRODUCTION

The coexistence of two entirely different sectors in an economy – where one makes use of the possibilities of digital technology and the other is quite passive in the use of the technology – is defined as digital dualism in this paper. This concept is relevant in bridging the digital divide between the formal and the informal sectors of Kerala economy. The paper consists of three sections. The first section defines digital dualism. The second section analyses digital dualism in Kerala. The third and final section presents the conclusions of the study. Digital dualism is only one kind of dualism in an underdeveloped economy. There are many types of dualism like social dualism, financial dualism etc. Compared to the organized or formal sector of an economy, there is less or little digital penetration in the unorganized or informal sector. The coexistence of these two sectors having different levels of digital penetration is termed as digital dualism. The distinction between formal sector and informal sector is important in studying digital dualism. There is no universally accepted definition of informal sector. The term was first used by Keith Hart (Keith Hart, 1973). According to the fifteenth International Conference of Labour Statisticians held in January, 1993 at Geneva, "for statistical purposes the informal sector comprises 1) all own-account enterprises and 2) depending on national circumstances and statistical requirements, the additional component consisting of

enterprises of informal employers". As per the 1993 System of National Accounts, the unorganized or informal sector refers to productive institutional units characterized by low level of organization, little or no division between labour and capital and labour relations based on casual employment and social relationships as opposed to formal contracts. In other words, the informal units are the household enterprises which are unincorporated enterprises for which no complete sets of accounts are available. When the number of formal sector workers are deducted from the total number of workers, the size of informal sector can be estimated. As per the Census of India 1991, 2001 and 2011, the unorganized employment is more than 90 percent compared to the organized sector employment in India.

Digital dualism is to be examined and analyzed in this context. Table 1 depicts the data on the internet users in India. The table shows that the digital penetration has increased from 7.5 percent in 2010 to 34.8 percent in 2016. According to the National Sample Survey Organization report on expenditure in 2009-10, at all India level only about 0.4 percent of rural household had access to internet at home as compared to about 6 percent of urban households. Reflecting the digital divide, the study showed that just 3.5 households per 1000 families had access to internet at home in rural areas while it was 59.5 per 1000 families in urban areas. As secondary data are quite insufficient to study the digital divide, a field study consisting of formal and informal workers was done at Pathanamthitta in Kerala.

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Table 1. Internet users in India

Year	Internet Users	Penetration	Total Population
2016	462124989	34.8	1326801576
2015	354114747	27	1311050527
2014	233152478	18	1295291543
2013	193204330	15.1	1279498874
2012	158960346	12.6	1263589639
2011	125617813	10.1	1247446011
2010	92323838	7.5	1230984504

Note: Penetration is shown as percentage of population.

Source: Internet and Mobile Association of India (IAMAI).

Table 2. Sector-wise Digital Penetration

Subsector	Extent of Penetration	Percent
Self – employed	19	23.75
Enterprise based	14	17.50
Independent	1	1.25
Not used	46	57.50
Total	80	100

Source: Field data

Table 2 presents the data on digital penetration in the different subsectors of the informal sector. The three subsectors of the informal sector are the self-employed sector, informal enterprise based workers and the independent workers. Out of 80 samples, the majority of digital penetration (23.75 percent) is in the self-employed category. Then comes the informal enterprise based workers. It is also reported in the field study that only one independent worker of the informal sector has some digital penetration. This implies that if the digital dualism is to be eliminated, there should be policy changes taking into account the sub-sectoral differences.

Table 3. Mode of use of digital technology by the informal sector workers

Mode of use	Number of users	Percent
Market Access	4	11.76
Input Sourcing	21	61.76
Job Search	9	26.47
Total	34	100

Source: Field data

Table 3 depicts the data on the mode of use of digital technology by the informal sector workers. The data show that there are three kinds of linkages: Two forward linkages and one backward linkage. Digital technology gives access to new markets and also helps in job search. These are the forward linkages. Input sourcing also becomes easier with digital technology. It is the backward linkage. The analysis of the data show that the backward linkage is stronger than the two forward linkages. Table 4 presents the data on the mode of use of digital technology by the formal sector workers.

Compared to the informal sector workers, the formal sector workers also have three kinds of linkages but there is no difference between the backward linkage and the two forward linkages in the formal sector. This implies that there is sound and wide digital penetration in the formal sector than the informal sector.

Table 4. Digital Technology in the formal sector

Mode of use	Number of users	Percent
Market Access	16	33.33
Input Sourcing	14	29.16
Job Search	18	37.50
Total	48	100

Source: Field data

Conclusion

The following conclusions are drawn from the study: One of the salient features of Kerala economy is digital dualism. It consists in the co-existence of two sectors having different levels of digital penetration. Therefore, any policy sans targeting of the informal sector shall be a futile exercise. Secondly, compared to the informal sector there is more digital penetration in the formal sector of Kerala economy. But, there are also sectoral differences within the subsectors of the informal sector. Moreover, there are two forward linkages and one backward linkage. The backward linkage is stronger than the forward linkages in the case of informal sector whereas no such difference exists in the case of formal sector.

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