

## Will Reliance Jio enable JAM vision?

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Reliance Jio's JioPhone will serve as a catalyst to Jan Dhan-Aadhaar-Mobile (JAM), especially if tied with in bankers operating in the virtual space.

On Friday, Mukesh Ambani, the big boss of Reliance Industries Ltd (RIL), unveiled what he described in Hinglish as "India ka smartphone" (translates into the Smartphone of India). Essentially, it combines a feature phone with a data dongle to create a 4G phone and priced it in a manner so that effectively the hardware is for free.

Overnight, Reliance Jio has brought a jugaad (Hindi for a low-cost solution) smartphone within reach of 500 million feature phone users in the country. Let us not forget that an Internet-enabled smartphone embodies aspirational metrics. Some analysts have dubbed it the biggest disruption in Indian telecom, from the point of view of what it would potentially do to Reliance Jio's rivals. Indeed this may turn out be true, given that the company is also planning similar radical moves in broadband connectivity.

However, the bigger reason why this has the potential to be the single biggest disruption is that it seeks to end the digital divide. Not just between the rich and the poor, but also compared to other countries.

The Household Survey on India's Citizen Environment & Consumer Economy (ICE 360° survey) conducted in 2016 and published in Mint, reveals that a quarter of the households in urban areas have access to the Internet, while the proportion is 3% in underdeveloped rural areas. While in terms of numbers those with Internet access may look staggering, as a proportion of the population it is very low. And as you go down the economic ladder the news gets gloomier—the same survey reports that 1% of households in the bottom quintile have access to the Internet. If Reliance Jio's claims about the modified feature phone (never mind that this is something the state-owned telecom companies with huge budgets should have produced long ago) hold up then this digital divide could be overcome.

More importantly, it gives an entirely new meaning to the ambitious JAM (Jan Dhan-Aadhaar-Mobile) trinity plan first proposed in the Economic Survey of 2014-15. By creating an economic GPS for the beneficiary through the intersection of his/her Aadhaar, bank account and mobile, the government was creating a platform to enable direct benefit transfer of the annual spending under various social spending programmes. Not only will it eliminate leakages inspired by corruption, it will also ensure the benefits are targeted. The Jio project will serve as a catalyst, especially if tied in with the new generation of bankers operating in the virtual space.

This virtual connectivity through JAM will complement the physical connectivity being provided by the slogan of the Millennium: bijli, sadak, paani (electricity, roads and water). The electricity for all deadline is coming up in two years and progress with building roads has picked up perceptibly, though the spread of drinking water is still sluggish.

The economic multiplier effect of this kind of empowerment can be staggering, especially given India's socio-economic profile—over and above the digital divide, a little over a fifth of Indians live below the poverty line.

In fact, data from Census 2011 reveals that states like Uttar Pradesh which saw a sharp drop in poverty levels had seen much more rapid electrification than others—the causality is clearly established.

So middle India and poor India can potentially look to overcome some of the handicaps and leapfrog their circumstances (especially with access to banking, long distance education, telemedicine and so on) and be part of the new economy.

It is obvious that Reliance Jio's rivals are not going to be sitting idle. There is every reason to believe that they will respond; competition can only mean good news for the consumer (another story for the bottomline of these companies, however).

So the information highway that Reliance Jio is seeking to expand so dramatically can only see further improvements with increased competition. What India chooses to move on this highway will hold the key to its next round of social and economic transformation—in terms of both extent and pace.

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