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# ASSESSMENT STUDY OF COMMON SERVICE CENTRES IN SEVEN STATES

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*Carried out for:*



**DEPARTMENT OF ELECTRONICS & INFORMATION TECHNOLOGY  
Government of India**

*By:*



**CENTRE FOR INNOVATIONS IN PUBLIC SYSTEMS**  
*(A Grant-in-Aid Institution of the Govt. of India)*  
**Hyderabad**

*In Partnership with:*



**ADMINISTRATIVE STAFF COLLEGE OF INDIA**  
**Hyderabad**

**Executive Summary of Study Report**

**14 January 2014**

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## PREFACE

This is an Executive Summary Report of an Assessment Study of the Common Service Centres (CSCs) in the seven states of Andhra Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Rajasthan and Tripura. The Study, awarded by the Department of Electronics & Information Technology (DeitY), Government of India (Gol), was conducted by the Centre for Innovations in Public Systems (a Grant-in-Aid institution of the Govt. of India), Hyderabad, in partnership with the Administrative Staff College of India, Hyderabad.

The Study, conducted during May-October 2013 involved extensive literature review and a survey of 840 CSCs in the seven states. The survey also involved interviews with citizens (5 users and 3 non-users) per CSC as well as Focus Group Discussions and structured interviews with the senior representatives of the ICT Departments, State Designated Agencies (SDAs) and Service Centre Agencies (SCAs) in the seven states.

Further, the survey data was validated through telephonic and personal interviews with Village Level Entrepreneurs (VLEs), SCAs and SDAs. Verification was also carried out, using the transaction data of about eighteen months, made available by DeitY, Gol.

The draft reports of the Study, submitted in September, November and December 2013 were reviewed by the DeitY and useful feedback received.

**Based thereon, this Executive Summary of the final report captures in its four main chapters, the salient aspects of (i) the essence of the CSC Scheme and the genesis for the Assessment Study; (ii) Key findings; (iii) Suggestions and Recommendations and (iv) Conclusions.**

**The complete Study Report, replete with detailed observations and findings, analyses, graphical representations and annexures/appendices is separately available.**

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The CIPS-ASCI team wishes to express its sincere gratitude to Shri J Satyanarayana, IAS, Secretary, DeitY, Shri Rajiv Gauba, IAS, Additional Secretary, DeitY, Dr. Dinesh Tyagi, formerly of the IAS and now CEO of Common Service Centre Special Purpose Vehicle, Shri Gaurav Dwivedi, IAS, Director, DeitY and Ms. Noopur Jhunjunwala, Consultant-CSC Scheme, DeitY. Without their unstinted encouragement, support, suggestions and liberal help, the study would not have been a success. They readily accepted the requests of the study team at various stages of the assessment. They extended due guidance, offered valuable suggestions on fine-tuning the study focus, helped in the review of the research instruments, provided background material and reports, facilitated enlisting of support of the Information Technology Departments and State Designated Agencies (SDAs) of the seven states, participated in video and tele-conferences and reviewed the intermediate outputs. The study team is truly beholden to them.

The study team is also thankful to the senior officials from the SDAs and the Service Centre Agencies (SCAs) for sharing data and inputs and lending due support for the conduct of the survey. Thanks are also due from the study team to the Village Level Entrepreneurs (VLEs) of the seven states who extended due cooperation for the conduct of the survey and also willingly shared their views, opinions, concerns, suggestions and ideas.

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Finally, the study team acknowledges the support it received from the DG-ASCI and officials at various levels in CIPS as well as in ASCI, for the smooth and successful conduct of the study.

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### ABBREVIATIONS

AISECT	All India Society for Electronics & Computer Technology
AP	Andhra Pradesh
APTS	Andhra Pradesh Technology Services
ASCI	Administrative Staff College of India
B2B	Business to Business
B2C	Business to Citizen
BC	Business Correspondent
BF	Banking Facilitator
BNRGSK	Bharat Nirman Rajiv Gandhi Seva Kendra
BSNL	Bharat Sanchar Nigam Ltd.
CIPS	Centre for Innovations in Public Systems
CSC	Common Service Centre
DBT	Direct Benefit Transfer
DeitY	Department of Electronics & Information Technology
DeGS	District e-Governance Society
DTH	Direct to Home
FGD	Focus Group Discussions
FI	Financial Inclusion
G2C	Government to Citizen
G2G	Government to Government
Gol	Government of India
ICT	Information and Communication Technologies
IEC	Information, Education and Communication
IGNOU	Indira Gandhi National Open University
IMRB	India Market Research Bureau
IT	Information Technology
ITU	International Telecommunication Union
JH	Jharkhand
JK	Jammu & Kashmir

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KL	Kerala
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MMP	Mission Mode Project
MP	Madhya Pradesh
NeGD	National e-Governance Division
NeGP	National e-Governance Plan
NIC	National Informatics Centre
NICT	National Institute of Information & Communications Technology
NIELIT	National Institute of Electronics & Information Technology
NOFN	National Optic Fiber Network
PMU	Project Management Unit
PPP	Public-Private Partnership
RBI	Reserve Bank of India
RJ	Rajasthan
SCA	Service Centre Agency
SDA	State Designated Agency
StDC	State Data Centre
SDC	Skill Development Centre
SDG	Service Delivery Gateway
SLAs	Service Level Agreements
SPV	Special Purpose Vehicle
SWAN	State Wide Area Network
ToR	Terms of Reference
TP	Tripura
USO	Universal Service Obligation
VLE	Village Level Entrepreneur
VSAT	Very Small Aperture Terminal
Wi-Fi	Wireless Fidelity
Wi-Max	Worldwide Interoperability for Microwave Access

## **1.0 Introduction**

### **1.1 The Common Service Centre Scheme**

With information and communication technologies (ICTs) emerging as a powerful enabler of development globally, progressive countries have been embracing e-Governance initiatives to effectively deliver citizen services.

In the wake of such a scenario, the Government of India (GoI) embarked upon the National e-Governance Plan (NeGP) under the aegis of the Department of Electronics and Information Technology (DeitY) in 2006. Out of the 27 Mission Mode Projects (MMPs) of the NeGP, the Common Service Centres Scheme is one of the foremost, game-changing, integrated MMPs.

### **1.1 Role of Common Service Centres**

The Common Service Centres, popularly known as the CSCs, are one of the important constituents of the core infrastructure of the NeGP. The main objective of the CSC Scheme is to create a platform that enables government, private and social sector organizations to align their social and commercial goals for the benefit of the rural population in the remotest corners of the country through a combination of IT-based as well as non-IT based services.<sup>1</sup> In other words, the scheme envisages inclusion of the rural population in the development process, thereby, bringing improvement in their socio-economic and living conditions.

In addition to the CSCs, the State Data Centres (SDCs), State Wide Area Networks (SWAN), Service Delivery Gateways (SDGs) are some of the other important elements of the core infrastructure of NeGP.

The CSC scheme is being operated in a public private partnership (PPP) mode across various states and UTs in the country. A three-tier model has been adopted for the implementation of the initiative, which is as follows:

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<sup>1</sup> [http://csc.gov.in/index.php?option=com\\_content&view=article&id=174&Itemid=331](http://csc.gov.in/index.php?option=com_content&view=article&id=174&Itemid=331)



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Table 1: Three- Tier Model of the CSC Scheme		
Tier	Stakeholder	Responsibility
I	Village Level Entrepreneur (VLE)	Caters to rural population of a cluster of 5-6 villages
II	Service Centre Agency (SCA)	Builds, operates and manages the network of VLEs and business
III	State Designated Agency (SDA)	Facilitates the implementation of the initiative in the respective states.

The SCAs are appointed by the SDAs who act as the implementation partners in the CSC scheme. The VLEs, appointed by the SCAs are responsible for the operations and the management of the CSCs at the village level.

The CSCs, powered by ICT, are envisaged to serve as the front-end delivery points of various citizen services at the village level. As of 31 August 2013, there are nearly 1,27,002 CSCs operating in various states in the country.<sup>2</sup>

The services delivered include that of the government, financial, social as well as the private sectors in the country. (Table 2)

The Special Purpose Vehicle, "CSC e-Governance Services India Ltd.", incorporated under the Companies Act 1956 in 2009, is responsible for the facilitation and monitoring of the CSC scheme in the country.

As a result, in addition to efficient delivery of citizen services in rural areas, the CSC initiative is playing a significant role in empowering the rural communities. The CSCs have opened up new avenues for rural entrepreneurship and empowerment of the rural people by enhancing the accessibility and availability of various kinds of services in the villages across the country.

<sup>2</sup> <http://csc.gov.in/>

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<b>Table 2: Services offered by the CSCs</b>		
<b>S. No.</b>	<b>Category</b>	<b>Type of Services</b>
1.	G2C	Certificates, e-district, Education, Election, Employment Exchange, Excise & Taxation, Forms download and submission, Land Records, PAN Card, Social Pension, Ration Card, Unique ID (Aadhar), Welfare scheme payments etc.
2.	B2C	Desk-Top Publishing (DTP), Stationery, Ticketing – Air, Bus, Rail etc.
3.	Financial Inclusion	Banking, Insurance, Loan documentation, Pension etc.
4.	Education	Adult Literacy, Digital Literacy, Awareness Programmes, Facilitation, Sale, download and submission of application forms, Results download etc.
5.	Telecom	Bill Collection, DTH, Mobile recharge etc.
6.	Agriculture	Soil Testing, Weather Forecast, Market Information, Capacity Building, etc.
7.	Utility	Electricity, Water Bill payments etc.
<b>Source: <a href="http://csc.gov.in/images/Profile_Layout_final_V5.pdf">http://csc.gov.in/images/Profile_Layout_final_V5.pdf</a></b>		

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## **1.2 Genesis for Independent Evaluation of CSC Scheme**

CSCs are a powerful vehicle to bring about socio-economic transformation in rural areas with attendant benefits. Besides facilitating delivery of public services at virtually the doorstep of the citizen, they promote entrepreneurship among the educated unemployed. They are catalysts of literacy, financial inclusion and gainful economic activity. They are instrumental in bridging the digital divide. Accordingly, the GoI is keen on enlarging the scale, scope, spread and sweep of the CSC Scheme. Before doing so, the GoI rightly felt that it would be in the fitness of things to obtain meaningful pointers as regards (i) the nature and extent of the success of the CSC project in achieving its purpose and objectives; (ii) the administrative issues affecting the performance of the CSCs; and (iii) the sustainability of the CSCs in the long run.

Accordingly, the National e-Governance Division (NeGD) under DeitY, GoI, awarded to the Centre for Innovations in Public Systems (CIPS), a grant-in-aid institution of GoI located at Administrative Staff College of India (ASCI), Hyderabad, a Project titled "Assessment Study of Common Service Centre (CSC) Scheme in 7 States of India" (Ref.:NeGD/WB/84/CSC/CIPS dated 25/03/2013).

The NeGD chose as representative sample for the study, the states of Andhra Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Rajasthan and Tripura. These states constitute the right mix for a holistic and well-rounded assessment exercise inasmuch as they represent - early as well as relatively recent adopters of the Scheme, states with higher and lower population, states with higher and lower literacy rates, states on plains as well as those with difficult terrain and climatic conditions etc. Thus it is truly a pan-India sample.

The key objective of the study was therefore to profile the CSCs across the seven representative states and make suggestions for a viable and sustainable model.

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### **1.3 Terms of Reference**

The salient Terms of Reference (ToR) of the study as could be crystallized from the Annexure to the Administrative Approval No. 2(9)/201-EG-II dated 28.01.2013 of DeitY, Gol, are as follows:

- a. Profiling the CSCs across states
- b. Analyzing the CSC models across states
- c. Identifying the factors that contribute to the financial sustainability of a VLE
- d. Providing recommendations on revitalizing the CSCs that are presently not viable
- e. Suggesting futuristic models for convergence of services of various departments at CSCs
- f. Arriving at recommendations on the services to be provided by VLEs
- g. Suggesting steps to make the CSCs more profitable and viable.

As is evident, the ToRs involve quantitative and qualitative assessment the nature and extent of the success of the CSC project in achieving its purpose and objectives as well as the sustainability of the CSCs in the long run.

### **1.4 The Assessment Study**

In view of the acknowledged expertise of ASCI in conducting evaluation studies involving public service delivery, CIPS, with the consent of DeitY, partnered with ASCI in carrying out the task. The synergized strengths arising from the partnership brought good value addition to the study.

The study team (List of members given at Appendix) comprised members with expertise and experience to address the ToRs.

Thus, the Assessment Study of the CSC Scheme in the seven states of AP, JH, JK, KL, MP, RJ and TP was conducted by the CIPS-ASCI combine during the months May-October 2013. The study involved extensive literature review and a survey of 840 CSCs in the seven states. The survey also involved interviews with citizens (5 users and 3

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non-users) per CSC as well as Focus Group Discussions (FGDs) and structured interviews with the senior representatives of the ICT Departments, SDAs and SCAs in the seven states.

Further, the survey data was validated through telephonic and personal interviews with VLEs, SCAs and SDAs. Verification was also carried out, using the transaction data for about eighteen months, made available by DeitY, Gol.

The study was conducted duly keeping in view the objective and terms of reference and brought forth useful findings, meaningful observations and tangible suggestions.

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## 2.0 Salient Findings & Key Success Factors

The study involved a survey of about 840 CSCs in the seven states. The survey also involved interviews with citizens (5 users and 3 non-users) per CSC as well as Focus Group Discussions (FGDs) and structured interviews with the senior representatives of the SDAs and SCAs.

Analysis of the data collected through the research instruments – one each for CSCs/VLEs and citizens (users and non-users) brought out several interesting observations and useful findings which could meaningfully feed into the suggestions and recommendations.

### **2.1 State-wise Salient Findings**

The salient findings, state-wise, are as follows:

#### **2.1.1 Tripura**

In TP, relative majority (41%) of VLEs are earning an income up to Rs.3,000/- per month. The most frequent incidence of expenditure per month is Rs.2,500/-

The popular services are:

- Financial inclusion
- Tele-homoeopathy
- Sale of forms and applications
- Internet (Web surfing, downloading)
- Telecom (Mobile recharge)
- DTP, Photocopying, Scanning
- Data collection / entry
- PAN Card
- Ticket booking

**The USP of the 'e-Pariseva Kendras' of Tripura is Financial Inclusion through Ultra Small Branch Banking of State Bank of India.**

However, the following felt-needs for better sustainability and growth were voiced:

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- Introduction of e-District services
- Training of VLEs on entrepreneurship
- Promotional campaigns (93% of non-users unaware)
- Locating CSCs in business areas also, apart from Panchayat premises

### **2.1.2 Jharkhand**

In JH, relative majority (47%) of VLEs are earning an income up to Rs.5,000/- per month. The most frequent incidence of expenditure per month is Rs.1,950/-

The popular services are:

- Certificates
- Financial Inclusion
- DTP, Photocopying
- Telecom (Mobile recharge)
- Miscellaneous services (Digital photography, Bio-data preparation)
- Internet (Web surfing)

**The USP of the 'Pragya Kendras' in the state of Jharkhand are Govt. Certificates and Financial Inclusion.**

However, the following felt-needs for improved sustainability and growth have come to the fore:

- Expansion / extension of e-District services
- Strengthening of FI services through tie-ups
- Utility payments
- Promotional campaigns (79% of non-users unaware)
- Training of VLEs on entrepreneurship

### **2.1.3 Jammu & Kashmir**

In JK, relative majority (45%) of VLEs are earning an income up to Rs.10,000/- per month. The most frequent incidence of expenditure per month is Rs.3,200/-

The popular services are:

- Financial Inclusion services (Opening of No Frills Account)

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- Loan Documentation
- Telecom services (Mobile recharge)
- Miscellaneous services (Dish TV recharge, Digital photography, Bio-data preparation)
- DTP, Photo-copying
- Ticket booking
- Internet (Web surfing)

**The USP of the 'Khidmat Centres' in Jammu & Kashmir is their Financial Inclusion services, including Loan Documentation.**

However, the following felt-needs for greater sustainability and growth have come to light:

- Utility Payments
- e-District services
- Agriculture related services
- Pension/ family benefit schemes
- Education services
- Need for one more (Non-bank) SCA to concentrate on services as above
- Promotional campaigns (56% non-users unaware)

#### **2.1.4 Rajasthan**

In RJ, relative majority (75%) of VLEs are earning an income up to Rs.3,000/- per month. The most frequent incidence of expenditure per month is Rs.2,100/-

The popular services are:

- Education services
- Certificates
- Ticketing
- LIC premium deposit
- Internet (Web surfing, downloading)
- Telecom (Mobile recharge)
- DTP, Photocopying, Scanning

**G2C services, which include Education (Exam fee etc.) and Certificates contribute to the USP of the 'e-Mitra' CSC initiative in Rajasthan.**



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However, the following felt-needs for higher sustainability and growth have emerged:

- Extension / Expansion of e-District services
- Financial Inclusion
- Utility bill payments
- Promotional campaigns (55% of non-users unaware)

### **2.1.5 Madhya Pradesh**

In MP, relative majority (39%) of VLEs are earning an income up to Rs.10,000/- per month. The most frequent incidence of expenditure per month is Rs.2,300/-

The popular services are:

- G2C Services
- Financial Inclusion services
- Education services (incl. sale of forms)
- Utility payments
- Computer Training
- Insurance Premium
- Telecom (Mobile recharge, SIM sales, handset selling)
- DTP, Photocopying, Scanning
- Data collection / entry
- Ticket booking
- Miscellaneous (DTH)

**G2C, Education Services and Utility Payments are the main elements that form the USP of the 'Nagrik Suvidha Kendras' in Madhya Pradesh.**

However, the following felt-needs for higher sustainability and growth have emerged:

- Strengthening of Education services
- Addressing the VLE concerns on proliferation of CSCs (e.g. co-location of Nagrik Suvidha Kendra & Lok Seva Kendra)
- Promotional campaigns (58% of non- users unaware)

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### **2.1.6 Andhra Pradesh**

In AP, relative majority (61%) of VLEs are earning an income up to Rs.3,000/- per month. The most frequent incidence of expenditure per month is Rs.2,200/-

The popular services are:

- G2C services (Certificates)
- Electoral services (Voter ID)
- Civil Supplies (Ration Card)
- Bill payments
- Telecom (Mobile recharge)
- Internet (Web surfing, exam results)

**The USP of the 'Mee Seva centres' in Andhra Pradesh is G2C services.**

However, the following felt-needs for higher sustainability and growth have been highlighted:

- Training on entrepreneurship
- Uniform revenue support across SCAs, VLEs
- Strengthening of Educational services
- Choice of CSCs/VLEs through joint discussions of DeGS &SCA
- Addressing of VLE concerns on proliferation of CSCs (Avoidance of court cases in respect thereof)

### **2.1.7 Kerala**

In KL, relative majority (41%) of VLEs are earning an income up to Rs.20,000/- per month. The most frequent incidence of expenditure per month is Rs.9,000/-

The popular services are:

- UIDAI services
- e-Payments
- Ration card
- Ticketing
- Western Union money transfer
- Passport application
- PAN card
- Computer Courses (NIELIT)

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- Education (IGNOU)
- Certificates
- Election ID card applications
- Utility bills
- Sale of PSC Application forms
- Sales Tax & VAT returns services
- e-Literacy / e-Learning
- Non-resident Kerala services
- Health / Health Insurance services

**The G2C services, B2C services and education are the aspects that constitute the USP of the 'Akshaya centres' in the state of Kerala.**

In view of the large bouquet of services already being offered, the only felt-need for higher sustainability and growth of CSCs of Kerala is introduction of Financial Inclusion services.

**From the state-wise findings above, it could be seen that there are different models of CSC operations in the seven states focusing in a varying measure on G2C and B2C services. While G2C services do seem to be contributing to the success of the CSCs in majority of the surveyed states, B2C services such as Financial Inclusion (in JK, TP) and computer literacy training programmes (in KL, MP) also seem to be contributing significantly to the viability of CSCs. Thus, it emerges that a basket comprising a balanced mix G2C and B2C services would not only address the citizen service requirements in a more holistic way but also contribute to the viability and long time sustainability of the CSCs in a significant measure, in turn leading to the success of VLEs as entrepreneurs.**

**The felt needs for greater sustainability and growth of the CSCs as highlighted by VLEs merit consideration.**

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## **2.2 Overall Findings**

An overall analysis of the findings from the seven states revealed interesting insights as follows:

- (a) Income of CSCs is higher when VLE is a woman
- (b) Income is more when the CSCs have high visibility
- (c) Income is high, if militancy is not affecting CSC operations
- (d) Income is more, if floor area of CSC is more. E.g. higher number of counters (in states like KL) is indicative of the demand for citizen services, resulting in greater number of citizen footfalls and transactions in the CSCs.
- (e) Income is more when Internet availability is longer is better
- (f) Income is higher, if electricity is available
- (g) Income is more when CSCs have power backup
- (h) Income is more, if availability of power supply is better; Higher use of solar power is witnessed where electricity is not available
- (i) Income is more if CSC is the only source of income for VLE**
- (j) Income is higher when VLE is more educated**
- (k) Income is higher if VLEs have prior computer knowledge**
- (l) If the SCA helps the VLE, time taken to set up CSC is less. Else, more.
- (m) Income is more if suitable training is given to VLE**
- (n) Income is higher, if promotional campaigns by SCA are higher
- (o) Income is higher, if promotional campaigns by VLE are higher
- (p) Higher income CSCs are in KL, MP and JK. CSCs of RJ, TP and AP have low incomes
- (q) TP, AP, RJ and JH have low expenses. KL, JK and MP have higher expenses, in tune with their higher incomes.
- (r) Based on income, CSCs could be profiled as follows:**
  - **High Income** - About 09% (> Rs. 10,000/-)
  - **Moderate Income** - About 50% (Up to Rs.10,000/-)
  - **Low Income** - About 41% (Up to Rs.3,000/-)

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- (t) The mean value of total expenditure (sum of all expenses) is Rs. 5346.15.
- (u) Major expense heads (based on mean values) are:
- Interest Payment (31%)
  - Rent (23%)
  - Electricity (13%)
  - Internet (12%)
- (v) CSC income is by and large independent of the district population.
- (w) By and large, the incomes of individuals who chose to become VLEs have increased after setting up CSCs. Thus, it can be said that the CSC operations are contributing to and have the potential for the improvement of the economic status of the rural unemployed youth.
- (x) Akshaya, J&K Bank and CMS are the top three SCAs in the seven states with respect to mean total commission per CSC.
- (y) The top three types of services are Utility payments, Education, and B2C services with respect to mean total commission per CSC.
- (z) The mean total commission per CSC is showing a slightly decreasing trend while to mean total number of transactions per CSC is showing an increasing trend.
- (aa) The following states are top performers in the following types of services

i. B2C services - Kerala

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- ii. **Education – Madhya Pradesh**
- iii. **Financial Inclusion – J&K**
- iv. **G2C services - Kerala**
- v. **Utility services – Madhya Pradesh**
- vi. **Ticketing - Kerala**
- vii. **Telecom - Kerala**

### **2.3 Success Factors for CSCs**

From the study, it emerges that a successful CSCs model is as follows:

- a. It has VLE, who -
  - Is positively motivated, sole bread winner and/or woman (preferably), graduate, has CSC as sole source of income and is selected jointly by DeGS and SCA;
  - Has prior knowledge of computers, received high quality training;
  - Conducts regular promotional campaigns and regularly interacts with the SCA
  
- b. It has -
  - Power for at least 6 hours a day for more than 90% of days, has visibility and accessibility, internet availability of about 100% and speed higher than 256 Kbps.
  
- c. It offers services, comprising a core combination of -
  - G2C (e-District) services
  - Financial Inclusion services
  - Utility payments
  - Educational services
  
- d. It has been set up by an SCA, who -
  - i. Is proactive, ensures that complaints of VLEs are resolved within 24 hours, regularly visits CSCs, provides advertising material and undertakes promotional campaigns

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- ii. Signs agreements that are simple to follow and easy to enforce effectively
- iii. Shares revenue support and revenues in a transparent, timely and uniform manner

From the above analysis, useful insights emerge on a host of parameters concerning the VLEs, CSCs and their operations and also the impact of those factors on the income and expenditure levels of CSCs. There are models of CSCs that are successful and are able function profitably, while there is a large chunk of CSCs which need to fine tune their resources and service offerings to become viable and profitable. The success stories from among the surveyed CSCs (e.g. of KL) can offer useful guidance to those CSCs operating sub-optimally for improvement of the value proposition of the latter.

Overall, it can be said that the findings from the study indicate that the CSC scheme has been a mixed success in the seven states. However, it is also apparent that CSCs hold immense potential and are welcomed by the youth employed as VLEs as well as the rural population at large. This is evidenced by the faith and confidence reposed in the Scheme by them. Since the study has brought out the factors that contribute to higher incomes and greater sustainability of CSCs, useful guidance is now available to DeitY, SDAs and SCAs on fine-tuning the implementation aspects towards greater success of CSCs.

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### **3.0 Suggestions and Recommendations**

The survey clearly brings out vast scope for higher penetration of the CSC scheme in the rural areas across the country. Based on the survey findings, a set of suggestions and recommendations for enhancing the role and performance of the CSCs is crystallized, details in respect of which are presented in the following sections.

#### **3.1 Strengthening the Institutional Framework, Structure & Support**

##### **3.1.1 Greater Role by DeitY**

CSC is widely acknowledged as a game changer and a powerful vehicle to bring about rural transformation in terms of uplift of socio-economic conditions. Thus for a CSC to be a true catalyst and instrument of rural empowerment, it needs to engage with the population particularly the youth to a greater extent and play a more meaningful role in scale and scope as regards human development, financial inclusion, skill upgrade, capacity building and in the implementation of social-welfare schemes initiated at the central as well as state level. Such repositioning of CSCs for an enriched role and performance calls for well-thought strategy and traction at the highest level.

Accordingly, it is recommended that in the interests of implementation of the CSC Scheme with greater efficiency and effectiveness, an inter-ministerial / departmental Steering Committee may be constituted at the central government level. The objective of the Steering Committee should be to identify felt needs and unmet gaps in the successful implementation / scale-up of the Scheme and provide / facilitate due support to the states in terms of policy, strategy, regulation and governance. Considering the study findings and keeping in view the ideal business / transaction mix for a sustainable CSC so that it could meet the twin objectives of effective public service delivery as well as promotion of a more inclusive and empowered society, the composition of the Steering Committee could be as follows:

- |                                |            |
|--------------------------------|------------|
| 1. Secretary to the Gol, DeitY | - Chairman |
| 2. Secretary to the Gol, DoT   | - Member   |



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|--|------------------------------------|
| 3. Secretary to the Gol, Dept. of Financial Services                       | - Member                           |
| 4. Secretary to the Gol, Dept. of School Education & Literacy              | - Member                           |
| 5. Secretary to Gol, Dept. of Social Justice & Empowerment                 | - Member                           |
| 6. Secretary to Gol, Dept. of Rural Development                            | - Member                           |
| 7. Secretary to Gol, Dept. of Health & Family Welfare                      | - Member                           |
| 8. Secretary to Gol, Ministry of Micro, Small & Medium Enterprises-        | Member                             |
| 9. Secretary to Gol, Ministry of Panchayati Raj                            | - Member                           |
| 10. Secretary to Gol, Ministry of Woman & Child Development                | - Member                           |
| 11. Addl. / Joint Secretary to Gol, DeitY ( <i>Holding charge of CSC</i> ) | - Member<br>Secretary/<br>Convener |

The Committee may meet once in a quarter and take stock of the status / progress of the CSC Scheme and give greater impetus to states in terms of:

1. Facilitating the integration of the existing ICT-enabled and other central government schemes, flagship programmes and mission mode projects of the departments into the CSC Scheme.
2. Facilitating the delivery of government services through CSCs in a coordinated and integrated manner.
3. Providing strategic guidance and policy and resource support.

Such a support framework under the aegis of DeitY, it is envisaged, would greatly facilitate balanced and sustainable development of CSCs across the country.

### **3.1.2 Revisit of the Role-Responsibilities of State Govt., SDAs and SCAs**

The document "Guidelines for Implementation of the Common Services Centers (CSC) Scheme in States" prepared and circulated by DeitY to all concerned, delineates, *inter alia*, the role-responsibilities of state governments, SDAs and SCAs. However, in the wake of the study findings and the inferences emerging therefrom, it might be appropriate to revisit the extant structures and mandates / focus areas of these agencies:

#### **3.1.2.1 Role of the State Government**

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Based on the survey findings and interaction with stakeholders, it emerges that the success of CSCs heavily depends on the following, at the state level:

- (a) Existence of vibrant institutional framework
- (b) Ownership of the Scheme and impetus given for digitization of records
- (c) Focus and commitment of the state government on electronic delivery of public services (e.g. e-District services)
- (d) Extent of networking and coordination by the SDAs with the state government departments and service providing agencies
- (e) Policy and resource support to the Scheme at the state level
- (f) Participative involvement and whole-hearted support at the level of the district administration
- (g) Careful choice of CSC locations and VLEs
- (h) Concerted efforts and commitment to the Scheme by the SCAs and the VLEs.

Also, the structure and role of the ICT Dept. at the state level need strengthening, as follows:

- a. The ICT Department in the state should be headed by an officer not below the rank of Principal Secretary. The SDA in turn should be headed by an officer not below the rank of Secretary. This will provide suitable traction and impetus to the CSC Scheme at the state level. Also, such a structure with senior officials would help the CSC Scheme gain suitable buy-in from the stakeholders / departments at the state level.
- b. Many states have instituted Advisory / Monitoring Committees at the state and district level to facilitate the smooth implementation and functioning of the CSC Scheme. In view of the importance of the CSC Scheme and the pivotal role it could play in rural transformation, it is recommended that the State-level Committee be headed by the Chief Secretary with Head of the

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SDA (Secretary level officer, as recommended above) as the Member Secretary / Convener. Similarly, for the District-level Committee meetings, the Head of the SDA should be a permanent invitee.

- c. As regards the CSC Scheme, the ICT Department of the state should mainly focus on the following activities:
- i. Ensure e-readiness of the State
  - ii. Ensure e-infrastructure and interface in the form of SDC, SWAN and SSDG
  - iii. Ensure quick implementation of the e-District MMP that leverages CSCs
  - iv. Ensure proper and effective integration of the various central and state schemes with rural focus, with the CSCs
  - v. Provide all the necessary policy, regulatory and resource support for the successful implementation of the CSC Scheme at the state level
  - vi. Manage directly, the cash received by CSCs through tie-up with one or more reputed banks, relieving the SCAs of that activity/responsibility.

### **3.1.2.2 Structure and Role of SDA**

As regards the structure and role of SDA, the following are the recommendations:

- (a) SDA should have full functional autonomy
- (b) As mentioned above, the SDA should be headed by an officer not below the rank of Secretary.
- (c) The SDA (not the SCA) should be the prime driver of the whole CSC ecosystem.
- (d) The SDA should have a Steering Committee. This Committee should provide for representation of the various state government departments that could potentially provide their services through the CSC Scheme and hence be its stakeholders. Thus members of the SDA Committee should not be officers below the rank of Directors. The Committee should give shape to and drive the work programme of the SDA. The Committee should be headed by the Officer-in-charge of the ICT Department of the State (not below the rank of Principal Secretary as mentioned above). The Convener/Member-Secretary of the Committee should be the Head of the SDA. The Committee should meet once in two months.

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- (e) The SDA should focus on the following activities:
- (i) Leverage e-District MMP and maximize the delivery of over-the-counter services (labeled as 'Category-A' services in states like AP)
  - (ii) Identify CSC locations and VLEs with due inputs and advice from DeGS
  - (iii) Provide structured orientation to VLEs before they are assigned to CSCs
  - (iv) Select SCAs with good performance track record
  - (v) Manage the franchisees
  - (vi) Enable delivery of government services through CSCs in an integrated manner by coordinating with state government departments and district administration.
  - (vii) Coordinate and network with other concerned state level entities
  - (viii) Facilitate training and capacity building of District Administration, SCAs and VLEs
  - (ix) Facilitate awareness campaigns
  - (x) Develop and design CSCs with standardized configuration, infrastructure and branding.
  - (xi) Create, maintain, monitor and manage a state-level portal of portals for the CSC Scheme that would provide apex-level connectivity and interface to all portals offering services through the CSC Scheme
  - (xii) Exercise due oversight and monitor the performance of the SCAs and CSCs.
  - (xiii) Coordinate, manage and monitor the receipt and utilization of financial support received from the state government / Government of India.
  - (xiv) Institute and manage a helpdesk and grievance redress mechanism for the VLEs.

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### **3.1.2.3 Role of SCA**

The primary task of the SCA would be to establish the CSCs and provide implementation support. Accordingly, their role-responsibilities should be:

- (i) Finance, build, rollout, establish, manage and maintain the CSCs for delivery of services to the citizens, at the locations and as per the configuration advised by the SDA
- (ii) Develop the site as per the 'branding' prescription of the SDA.
- (iii) Tie-up with civil, IT and telecom vendors to make the CSC a uniformly branded, highly-visible, IT-enabled and fully-equipped retail outlet with good ambience.
- (iv) Train the VLEs identified by the SDA
- (v) Provide complete technical support to VLEs for the successful implementation and operation of CSCs as per SLAs signed with the SDA
- (vi) Institute and manage a helpdesk and resolution of technical and uptime issues of CSCs.

Such re-cast structure, role and responsibilities of the key institutional stakeholders, it is envisaged, would contribute to greater success of the CSC Scheme.

### **3.2 Need for a Portal of Portals**

There is a need for a state-level apex portal to be designed, developed, operated and maintained by SDA on a 24/7 basis. All service providers, SCAs and CSCs would connect to this portal. Such a 'mother' portal would be a gateway for single point entry and exit for all e-transactions initiated at CSCs. Thus, it would facilitate, track and log all online transactions (G2C and B2C) carried out by CSCs. It would thus be easy for SDA to:

- Introduce new services
- Bring about improvements and positive changes

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- Fix deficiencies and gaps
- Monitor performance of Service providers, SCAs and CSCs
- Exercise due oversight
- Manage the implementation and functioning of the CSC Scheme in a more efficient and effective manner

### **3.3 Strengthening the Legal Framework / Agreements**

One of the aspects of CSC implementation in the states where good scope exists for improvement is making the agreements between SDAs and SCAs as well as between SCAs and VLEs simpler and at the same time more effective.

Many VLEs have represented that SDAs need to undertake closer monitoring and exercise greater oversight over the SCAs so that the latter honor their commitments in respect of CSCs in letter and spirit. This is exemplified by the fact that the SDA-SCA agreements in the states of TP and AP mention that the sharing of costs and remuneration/profits between SCA and VLE shall constitute an *inter-se* matter between SCA and VLE as per their mutual agreement and that the Govt./SDA/relevant utility provider shall not be concerned with or liable for the same in any manner whatsoever. It is worthwhile considering amendment of this clause on the lines of the provisions contained in the agreements concluded by the SDA with the SCAs in the state of RJ. To exemplify, this clause in the SDA-SCA agreements of RJ reads that the SCA will have to sign a legal agreement with the VLEs that clearly delineates their respective roles, responsibilities, commercial terms, including refundable and non-refundable security to be deposited by the VLE with the SCA, provisions relating to sharing of revenues to be generated out of G2C transactions etc. This is obviously a healthier clause which protects the interests of VLEs better.

It is also important for SDAs to ensure that there are no restrictive clauses in the SCA-VLE agreements. For example it is found in one of the SCA-VLE agreements of AP that the VLE shall not be entitled to correspond directly with the SDA, utility service provider, district authorities and/or other officers/organizations. This is evidently an unhealthy provision. Removal of such constraining clauses would also help the CSC scheme by building greater trust and confidence in the VLEs.

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It is also found that while the SDA-SCA agreements specify that the SCA shall develop, finance, design, build, rollout, establish, manage, operate and maintain the CSCs for delivery of services to the customers, in some of the SCA-VLE agreements of AP and RJ, SCAs have passed on this responsibility in entirety to VLEs, which is clearly not appropriate.

It is also noticed that some of the SCA-VLE agreements have unfair clauses such as “Revenue support will be given to the CSC at the sole discretion of the SCA” and “Service charges payable to VLE are subject to change from time to time and are at the sole discretion and authority of the SCA”. Needless to mention, there is great for more fairness and transparency in SCA-VLE agreements.

It is therefore suggested that the terms of the SCA-VLE agreements be simple and enforceable. Further, there is a need for uniform / comparable terms and conditions. This is borne out of the fact that currently SCA-VLE agreements differ in a number of aspects e.g. validity of agreements varies from one to four years and amount of security deposits, enrolment / appointment fee are also different.

Most importantly, there is scope for a lot more transparency in the agreements regarding revenue support and share of revenue, as these provisions are not mentioned at all in some of the SCA-VLE agreements.

**It is therefore recommended that CSC-SPV formulate suitably modified model SDA-SCA agreements as well as SCA-VLE agreements, so that the same could be uniformly adopted by the states/SDAs with as little variation as possible.**

### **3.3 Transaction-based Incentivization in place of Revenue Support**

The review of revenue support/ revenue sharing agreements throws light on the models followed by the various SCAs in the seven states. Based thereon, a recommendation emerging from the study is that the revenue share of government departments/SDA be reduced and the same passed on to the VLEs, so that they retain a greater proportion of

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transaction/service charges, contributing to their greater viability. This would be helpful as long as the transactions do not pickup to the desired levels, in scale and scope.

Drawing upon the representations by SCAs and VLEs during the interactions, it is to be acknowledged that the genesis of revenue support (as envisaged in the CSC scheme) is to compensate for non-availability of G2C services. Availability or otherwise of G2C services in any state is a common factor for all SCAs of that state. It is therefore the representation of the SCAs/VLEs that there should be a provision for incentivization for all SCAs/CSCs of a state, in the absence of critical mass of transactions. There appears to be merit in such a representation. Based thereon, it is suggested that the evaluation of SCA bids be based on transaction fee model and well-defined performance criteria and not on revenue support price-discovery through bidding process.

In the light thereof, it is proposed that incentivization be based on the performance by SCAs and VLEs and not in the form of guaranteed revenue support. Incentivization should reward the progress in the nature and extent of roll out of services. Thus only those SCAs and CSCs/VLEs should be eligible for incentivization, which enable at least a certain minimum level of services and transactions. Such incentivization therefore, should be purely transaction-based. There should of course be a ceiling for the incentive, namely, beyond a specified level, (higher) transactions should not qualify for incentive. A suitable provision could accordingly be built into the performance measurement framework for SCAs and CSCs, described later in this chapter. Thus, all CSCs clocking a certain minimum level of transactions would be eligible for incentive. This would facilitate not only level-playing field for SCAs and VLEs but also greater support and hand-holding of VLEs by the SCAs.

The study reveals that the mean level of expenses per CSC is Rs.5346/- per month. The major expense heads (based on mean values) turn out to be:

- Interest Payment (31%)
- Rent (23%)



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- Electricity (13%)
- Internet (12%)

If it is assumed that CSCs would use rent-free space / premises provided by the state government, VLEs would need to take care of the operational expenses on account of servicing the loan taken for creating CSC infrastructure, electricity and Internet, to the tune of about Rs.3,000/- (56% of Rs.5,346/-). Thus, CSCs would break even only at Rs.3,000/- At an average income of, say, Rs. 10/- per transaction, a VLE would be able to earn Rs.3,000/- only at a level of 300 transactions. It is worthy of highlighting in this context that the survey revealed that 41% of the CSCs surveyed are earning up to Rs.3,000/- only. Therefore need for incentivization appears fair and just.

It is thus suggested that incentivization (in lieu of guaranteed revenue support) could be introduced and uniformly made applicable to all CSCs which clock at least 100 transactions per month. The specification of this minimum level is to make the VLEs make concerted efforts at carrying out at least 100 transactions. Incentivization, say at Rs.10/- per transaction could continue to the extent the volume of transactions falls short of 300 per month. The VLEs could of course do higher transactions and earn higher incomes on their own, without depending on the incentives. It is envisaged that CSCs would become viable and sustainable, at 500 transactions per month. It is also worth while instituting a recognition and reward scheme for CSCs performing above a benchmark level determined as per the performance measurement framework, described later in this chapter.

It is also recommended that as yet another path-breaking initiative, DeitY could consider crediting the central share of incentive into the accounts of VLEs directly through the DBT scheme. Such a credit could be based on record transactions certified by the SDA. Such a measure would not only ensure timely availability of support to VLEs but also result in greater motivation and commitment by VLEs.

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### **3.4 Cash Management by SDAs**

It is also important that the SDAs themselves collect and manage the cash received by the CSCs, through tie-up with one or more reputed banks. Thus, SCA compensation should be based purely on transaction-driven model and not take into account the benefit of float funds available with them. Without their having to carry out the cash collection from the CSCs and the need to take care of the attendant accounting, monitoring and managing functions, SCAs would be required to concentrate only on implementation support to CSCs, an area of their expertise.

Thus, the functions of ensuring adequate security deposits to be maintained by CSCs, their top up and monitoring the cash flows would fall in the realm of SDAs, relieving the SCAs of this responsibility and allowing them to concentrate on what they are experts at, viz. providing technical guidance and implementation support.

### **3.5 Greater Facilitation by DeitY/SDAs**

**An additional enabling factor which DeitY could explore for better viability of CSCs is concessional rate of tariff (one time as well as recurring) for the CSCs, from Telecom and Internet Service Providers, considering the CSC operations under USO. This suggestion is in tune with the recommendation appearing in the ITU report.**

Also, an issue coming in the way of smooth operations of the CSCs expressed by the SCAs and the VLEs is about the installation of OMT on aged / non-standardized hardware. Since uptime recorded on the OMT is a determinant for revenue support, there is perceptible disappointment and dissatisfaction among the SCAs and VLEs in this regard. This aspect needs to be addressed through appropriate alternatives as relevant.

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The following suggestions also emerge from the study as driving factors for greater success of CSCs and hence are worthy of pursuit by DeitY/SDAs:

- Waiving of levy of license fee / rent on CSCs located in Panchayat/ BNRGSK premises by State Govt. / SDA, till viability improves
- Dovetailing CSC Scheme with Public Service Guarantee Acts of states (RJ, JH, JK, etc.)
- Incentivizing the citizens to use the CSC channel.
  - This can be done by popularizing the CSC use among citizens and incentivizing them on using CSCs as delivery channel, e.g. 1% off on utility bills paid at CSCs.
- DeitY/SDAs could also explore tie-ups with banks to facilitate:
  - Equipment finance for CSCs at concessional rates
  - Deepening of the role of SCAs/VLEs for Financial Inclusion (as BC / BF)

### **3.6 Need for Standardized Performance Measurement Frameworks**

The study also brings out the necessity for a standardized performance measurement, monitoring and management framework for CSCs. This mechanism could utilize a combination of relevant parameters such as:

- OMT logs
- No. of G2C services offered
- No. of transactions carried out
- Citizen satisfaction, which in turn could be based on charges levied and number of complaints received / redressed

Currently TPM and Uptime norms are not uniform across SDAs and SCAs as regards operations of CSCs. These gaps would be duly addressed if a standardized framework for performance evaluation is formulated.

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In addition, it also suggested that a standardized framework for measuring the performance of SCAs in the states be crystallized. Such a framework could be based on the role-responsibility that SCA is supposed to discharge and honor under the provisions of the CSC scheme.

### **3.7 Promotional role by SCAs**

There is a greater need of commitment (at the bid stage itself) by the SCAs for a guaranteed minimum amount of expenditure on conducting promotional campaigns and providing advertisement material. With evidences of more than 90 per cent of non-users in TP unaware of CSC and its services followed by JK, RJ and MP with 60 per cent, it emerges that the SCA should assume a more proactive role in popularizing the CSC Services among non-users.

### **3.8 Developing a USP for CSCs**

As was observed in the study, each state has a USP that aims at addressing the felt needs of its citizens in a significant way. The USPs that emerged in different states are Education / e-Literacy services, Financial Inclusion services and G2C / e-District services. It is therefore important that states identify and anchor the operations of the CSCs around such promising USPs and thereafter extend full support to the CSCs in offering those services efficiently and effectively.

#### **3.8.1 Services with Promise**

The services which are being offered by CSCs to varying degrees, but which hold immense promise and potential are e-District services, Financial Inclusion services and Skill Development services.

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### **3.8.1.1 e-District Services**

The e-District MMP under NeGP aims at electronic delivery of select high-volume citizen-centric public services at district and sub-district level by leveraging, primarily, the CSCs as delivery channels.

The Project, being implemented on a pilot basis in 41 districts across 16 States, is a vehicle for bringing about quantum improvement in the delivery of public services. It includes the following 5 mandatory categories of services:

- i. **Issue of Certificates** - including birth, death, domicile, nationality, caste, marriage, income, employment etc.
- ii. **Social Welfare Schemes** – including social welfare pensions (old age, widow, handicap, destitute), scholarships etc.
- iii. **Revenue Court** – including case listing, case adjournment, stay orders, final orders, status of execution of orders, information tracking, filing of miscellaneous applications etc. Also Government dues and their recovery as part of land revenue – including issue of notices, record of payments, tracking of recovery processes, updating of treasury receipts etc.
- iv. **Ration Card** related services – including change of address, additions and deletion of members, application for issue of duplicate ration card etc.
- v. **RTI (Right To Information) services** including redress of grievances – application tracking, monitoring, appeals etc. related to all departments.

It was evident from the Study that G2C services that fall in the realm of e-District services are in good demand in the states of AP, JH, KL, MP and RJ. Thus, they not only help the state governments realize the vision of making public services accessible to the citizen locally through common service delivery outlets such as CSCs, but also

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ensure efficiency, transparency and reliability of such services at affordable costs. They are a good source of revenue for the VLEs too. Thus, state governments need to take up e-District implementation in a full-fledged manner, serving in the process, the cause of all stakeholders concerned.

### **3.8.1.2 Financial Inclusion Services**

The CSCs have been playing a catalytic role in helping the country achieve the targets of financial inclusion, and brought 50 million individuals into the banking fold as at the end of 2012. The financial services of various banks that are delivered through the CSCs include:

- Savings account opening
- Deposit/Withdrawal
- MGNREGS wage distribution
- Government pension distribution
- Facilitation of loan distribution
- Facilitation of Kisan Credit Cards
- Micro-credit services
- Processing of loans for agriculture-related purchases, such as animal, tractor, motor, etc.
- Facilitation of recurring and fixed deposits
- Facilitation of loan recovery

Many of the CSCs (especially in states like JK) make use of the biometric devices to deliver various financial inclusion services as above, thus, ensuring efficiency and authenticity.

With the aim of achieving greater financial inclusion, the Reserve Bank of India (RBI), in 2006, directed various organizations and service providers to act as intermediaries for

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providing various financial and banking services through Business Facilitator (BF) and Business Correspondent (BC) models.<sup>3</sup>

While the BCs carry out the transaction on behalf of the banks, the BFs refer clients, pursue proposals and facilitate the banks to carry out transactions. BFs are not engaged in conducting transactions directly, for the banks. The main functions of the BFs and BCs are as follows:

**Business Facilitators:**

The RBI Circular (RBI/2008-09/85, DBOD No. BL.BC.21/22.01.001/2008-09) allows for the CSCs to operate as Business Facilitators for the following activities.<sup>4</sup>

- i. Identifying borrowers
- ii. Collecting and preliminary processing of loan applications including verification of primary information/data
- iii. Creating awareness about savings and other products and providing education and advice on managing money and debt counseling
- iv. Processing and submitting applications to banks
- v. Promoting and nurturing self help groups/ joint liability groups
- vi. Monitoring and handholding of self help groups, joint liability groups and credit groups
- vii. Carrying out post-sanction monitoring
- viii. Follow-up for recovery

**Business Correspondents:**

The RBI circular (DBOD.No.BL.BC. 99/22.01.009/2009-2010)<sup>5</sup> allows the banks to engage with the CSC operators/VLEs to function as Business Correspondents. The main activities of the BCs include:

<sup>3</sup> <http://rbi.org.in/scripts/NotificationUser.aspx?Id=2718&Mode=0>

<sup>4</sup> <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/85480.pdf>

<sup>5</sup> <http://rbi.org.in/scripts/NotificationUser.aspx?Id=5630&Mode=0>

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- i. All activities of Business Facilitators
- ii. Disbursal of small value credit
- iii. Recovery of principal / collection of interest
- iv. Collection of small value deposits
- v. Sale of micro insurance/ mutual fund products/ pension products/ other third party products
- vi. Receipt and delivery of small value remittances/ other payment instruments.

Banks are responsible for the payment of commission/fee to the Business facilitators/ Correspondents.

In the wake of their vast reach, the CSCs are expected to operate as the Business Correspondents across the country with the ultimate aim of delivering Direct Benefit Transfer to the citizens. Currently, the BF/BC services are being provided by the CSCs in several states to varying degrees. The SCAs in many states are acting as BCs, by which, CSCs are emerging as customer service points to offer various financial and banking services. The SCAs are also serving as the BFs of the banks.

In Madhya Pradesh, the SCAs, NICT and AISECT act as the Business Correspondents. AISECT serves both as a BC and BF. In the states of Jharkhand and Jammu & Kashmir, CSCs serve as the Business Correspondents offering banking services to the citizens.

Given the survey finding that a relative majority of 45% of the CSCs are earning up to Rs.10,000/- p.m. and 98% of it is on account of their extending FI services, there is great scope for CSCs to play a catalytic role in the FI initiatives of banks, earning in the process, handsome returns.



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### **3.8.1.3 Skill Development Services**

Skill Development is one of the important services that holds immense promise for the viability and profitability of the CSCs in the country.

According to the Action Plan of the Eleventh Five Year Plan, a virtual skill development network linking 50,000 Skill Development Centres (SDCs) was to be utilized to deliver training courses to the citizens. The 11<sup>th</sup> Five Year Plan envisaged increasing the capacity of the skill development to 15 million annually. The capacity of skill development in the country, otherwise, is around 3.1 million per year. The target was set at creating 500 million skilled workers by 2020. The CSCs were identified as one of the ideal locations by the Planning Commission for increasing the capacity of skilled workforce in the country.<sup>6</sup>

In the wake of such a scenario, the CSCs, spread across the rural areas, can serve as ideal platforms for delivering various skill development programmes. The CSCs can offer:

- **Skill Mapping:** This includes activities for the assessment of skill deficiency, availability of skilled workers and the local employment opportunities.
- **Pre-employment Training:** This includes vocational training, e-literacy training, spoken English, soft skills and distance education courses to enhance the employable skills of the citizens.
- **Job Placement:** Providing job placements to the rural people, besides skills assessment, job counseling, job application submission and virtual interviewing skills are a part of it.

Some of the skill development programmes being offered through CSCs in the country include:

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<sup>6</sup> [http://www.itu.int/ITU-D/asp/CMS/Docs/ITU\\_Report\\_CSC\\_India.pdf](http://www.itu.int/ITU-D/asp/CMS/Docs/ITU_Report_CSC_India.pdf)

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- e-Literacy campaigns (as in KL)
- Course on Computer Concepts (CCC) of NIELIT (as in MP)
- IGNOU Courses (as in KL and MP)
- Other short-term vocational courses in several states (e.g. sale and servicing of electronic gadgets such as mobile phones)

However for CSCs to offer such services on pan-India basis on a wider scale, the pre-requisites would be:

- Robust ICT infrastructure
- Industry recognition / acceptance
- Efficient online registration and enrolment mechanism along with independent examination and evaluation process
- Strong links with job placement services to provide prospective job opportunities after the completion of the courses

However, SDAs and SCAs should monitor the quality of courses offered by VLEs and explore tie-ups with local companies/recruiters as well as placement agencies so that youth who get trained and certified at the CSCs are able to seek gainful employment opportunities.

From the above, it is evident that the state governments are welcoming the e-District MMP initiative of DeitY, as the e-District services would serve as the backbone of the CSC service offerings. With the e-District project gaining ground and the services increasing in scale and scope, the CSC service offerings would witness dramatic improvements, contributing greater viability and sustainability. Other significant aspects to improved profitability of the CSCs are offer of Financial Inclusion services, with CSCs donning the role of BCs. FI services can be a true game changer for the CSCs. Also,

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given the focus of the union government on skill development and the recognition that the CSCs could be true catalysts in this regard, CSCs could reap immense benefits acting as accredited Skill Development Centres. Due shoring up of their infrastructure would of course be an important pre-requisite.

Thus, it can be said that while the CSCs are currently offering G2C and B2C services to varying degrees, e-District services, FI services and Skill Development Services are three crucial offerings that hold immense promise not only for the sustainability and growth of CSCs but also for the rural population at large.

### **3.9 Scaling up the base of CSCs**

In the extant arrangement, one CSC services the rural citizens in a cluster of about 5-6 villages. Thus, for the approx. 6.30 lakh villages, there are about 1.27 lakh CSCs in operation. However, from the study, it emerged that CSC income is independent of population. Therefore, with a view to further improving the availability and easy accessibility of services to the rural population and to realize the attendant benefits of promoting entrepreneurship and catalyzing socio-economic uplift, it is recommended that the footprint of CSCs be expanded to cover the 2.65 lakh Grama Panchayats in the country. This would also help the country bridge the digital divide in an effective way by providing wider exposure to the citizens on electronic delivery of services and encouraging them to gradually migrate to self service at CSCs.

### **3.10 Impact of NOFN on CSC Operations**

It emerges from the survey that a separate study on the business model for NOFN-enabled CSCs may be in the fitness of things. The effect of NOFN pilots (completed in October 2012) on CSC transactions has not emerged clearly in the survey, with regard to higher transactions, higher income etc. since the NOFN is operational in only three locations viz. Arian Block, Ajmer Dt. (RJ) covering 30 GPs, Paravada Block, Visakhapatnam Dt. (AP) covering 17 GPs and Panisagar Block, North Tripura Dt. (TP) covering 11 GPs. Dependable evidence could not be gathered on the effect of NOFN on

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the scale and scope of services offered under the CSC scheme, and hence a separate study focusing on this aspect may be appropriate.

It is evident from the above that the study has brought out a number of pointers that would contribute to better functionality, viability and sustainability of the CSCs. The suggestions cover a number of aspects of structural, supervisory, administrative, monitoring and infrastructural nature. A case is also made out for better performance measurement, monitoring and management in the form of formal frameworks for SCAs and VLEs and as also the need for increased facilitation and oversight by DeitY and SDAs.

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#### 4.0. CONCLUSIONS

The Common Service Centres (CSC) initiative is a pioneering effort and path-breaking initiative in public service delivery in the country, conceived, conceptualized, formulated, guided and being supported by the DeitY, GoI. With the main focus on making the rural population partners in socio-economic development, the CSC scheme is playing an instrumental role in ensuring the reach of governmental and business services to the doorstep of the rural populace, efficiently and effectively meeting their felt needs for the same.

It emerged from the study that the CSC MMP is in different stages of implementation in the seven states, but progressing well. It is heartening that there is wide acceptance of the project from the state governments. The states do realize that CSC is an important vehicle for providing citizen services and as a part of the larger reform agenda of transforming the socio-economic status of the rural populace.

The profiling of the CSCs and the analyses of their performance in the seven states as part of the study brought out several factors that, if acted upon, would revitalize the CSCs and enhance their financial sustainability.

It emerged that the success of the CSCs depends on the following:

- The nature and extent of availability of infrastructural resources.

The better the availability of resources like floor area, internet availability, power supply etc. is, the higher the incomes of the CSCs are. Interestingly, the study also finds that the income of the CSCs is influenced to an extent by the gender of the VLEs.

According to the study, the other factors that have a positive impact on the income of the CSC are:

- The CSC being the only source of income for VLE

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- The VLE being more educated
- The VLEs having prior computer knowledge
- The VLEs receiving satisfactory training on CSC operations
- The SCA and VLE undertaking promotional campaigns

In addition, the study also highlights the key role of the SCA and the VLE in the success of the CSCs. The study reveals that CSCs in the states of KL, MP and JK are recording higher incomes while those in RJ, TP and AP have relatively moderate and lower incomes, owing to a variety of factors. Expectedly, CSCs in KL, JK and MP have higher expenses due to higher volume of activity evidenced by higher incomes. However, there are non-infrastructure related expenses too e.g. interest payments on loans availed by VLEs for setting up CSCs, especially in states like JK. Similarly, there are expenses incurred on employee salaries by CSCs having multiple counters, in states like KL.

As per the survey results, a relatively low 9% CSCs are earning incomes higher than Rs.10,000/- (and in some cases even higher than Rs.20,000/-). About 50% of the CSCs are earning relatively moderate incomes up to Rs.10,000/- while as high as 41% of the CSCs are in the relatively lower income bracket, earning just up to Rs.3,000/-

Based on the survey, interviews and discussions with the various stakeholders, the study indicates that there is definite scope for relatively moderate and low-income CSCs too to move up the value chain and become more viable and profitable, by adopting a business model that envisages a well-equipped and functional CSC offering a basket of G2C, B2C, educational and financial inclusion services, duly supported by proactive SCAs and VLEs performing their roles as ordained under the CSC scheme guidelines.

A host of enabling factors too are worthy of consideration in this regard. Greater role by DeitY in policy and resource support through a steering committee approach, re-visit of the roles and responsibilities of the state governments through suitable changes in structure and functions, SDAs, SCAs, greater ownership by states, strengthening of the institutional framework, greater involvement of district administration in the

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implementation of the CSC Scheme, simple, transparent and easily enforceable SCA-VLE agreements etc. are some of the other aspects, which if addressed appropriately, would contribute to greater success of the CSC scheme.

As regards the role of the state governments and the SDA, implementation of the e-district MMP, creation and operation of a portal of portals by SDA, establishing and maintaining a help desk for redress of VLE grievances, waiving of rent for the government premises occupied by CSCs, paying concerted attention to making (more) G2C services available through the CSC mode, dovetailing the CSC scheme with respective Public Service Guarantee Acts of the respective states etc. are some of the factors which will go a long way in making the CSC scheme more effective and fruitful. It is also important that SDAs build into their agreements with SCAs the terms and conditions regarding close monitoring of the arrangements agreed upon by the SCAs and VLEs in their agreements, in the interests of better oversight.

It could be in the fitness of the things for the DeitY to formulate a standardized performance measurement, monitoring and management framework for SCAs and well as for CSCs. The performance framework for CSCs could be based on factors like OMT logs, number of services offered, number of transactions logged and citizen satisfaction indicators driven by parameters. The evaluation framework for SCAs could be based on the criteria that define the role of the SCA as per the CSC scheme guidelines.

Paying due attention to the factors brought out in the study at the time of selecting the VLEs would also be a crucial driving factor for the success of CSCs.

It is also proposed to replace guaranteed revenue support by a transaction based scheme of incentivization with eligibility criteria in terms of minimum and maximum number of transactions logged by a CSC.

The study has not brought out any significant indicators on the role and defectiveness of NOFN in the operations or success of CSCs. The NOFN implementation having been

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taken up in only three blocks in the country, one each in the states of RJ, AP and TP, substantive evidence on the scale of transactions under the CSC scheme in these locations could not be established in the survey. It might therefore be appropriate to conduct a separate study on the business model for NOFN-enabled CSCs.

In conclusion, it can be said that the CSC project is indeed progressing well in achieving its envisaged purpose and objectives, though degrees of success vary from state to state owing to a variety of administrative and infrastructural issues. A number of factors have also come to light that contribute to the improved financial sustainability of the CSCs/VLEs in the states. On the strength of the observations and findings (both quantitative and qualitative), the study brings forth a number of aspects, which if duly addressed, could revitalize the currently unviable CSCs/VLEs. As there is adequate evidence of successful CSC models (e.g. of KL and MP), it would be in the fitness of things for the stakeholders concerned viz. SDAs, SCAs and VLEs to identify the unmet gaps in the CSC scheme implementation in their respective states and adopt the strategies, approaches and practices of successful CSCs in other states.

It emerges from the study that the CSC initiative holds substantial potential for viability, and long-term sustainability. The CSC scheme is indeed a powerful vehicle not only for the efficient and effective delivery of citizen services but also for promoting entrepreneurship among the rural population and spurring socio-economic developmental activity.

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**APPENDIX - ASSESSMENT STUDY TEAM**

S. No.	Name (Shri / Dr. / Prof.)	Designation	Role on the Study Team
1.	D. Chakrapani, IAS (Retd.)	Director, CIPS	Project Leader
2.	M. Chandrasekhar	Professor, Centre for Public Policy, ASCI	Member
3.	Nirmalya Bagchi	Professor, Centre for Innovation & Technology, ASCI	Member
4.	Vilas Shah	Professor, Centre for Management Studies, ASCI	Member
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6.	Col. J Jamwal	Advisor, Centre for Urban Governance, ASCI	Member
7.	A Gopinath	Administrative Officer, CIPS	Member
8.	P. Sai Gunaranjan	Project Officer, CIPS	Member
<b>Research Support Staff</b>			
1.	Ms. Ramya Chitrapu	Research Associate, ASCI	
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4.	Ms. G Bharati	Project-cum-Executive Assistant, CIPS	

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