

Assessment Study of
Common Service Centre (CSC) Scheme in
Seven States of India

**Presentation on
Study Findings & Suggestions**

Study sponsored by:
DeitY, Gol

Study conducted by: CIPS-ASCI
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Terms of Reference of Study

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

Sampling Plan

S.No (1)	State (2)	CSC Rolled out (3)	% of Total (4)=(3)/(T)	Sample Size (5)
1	Andhra Pradesh	5046	16.88%	116
2	Jammu &Kashmir	1038	3.47%	30
3	Jharkhand	4562	15.26%	123
4	Kerala	2200	7.36%	71
5	Madhya Pradesh	9232	30.89%	280
6	Rajasthan	7665	25.65%	190
7	Tripura	145	0.49%	30
	Total (T)	29888	100.00%	840

Methodology

- Study conducted during May-Sep. 2013
- Extensive literature review
 - E.g. Reports of IMRB, NISG, ITU etc.
- Survey of 840 CSCs in the seven states, involving:
 - Spot study of CSCs and interviews with Village Level Entrepreneurs (VLEs)
 - Interviews with citizens (5 users and 3 non-users) per CSC
 - Focus Group Discussions and structured interviews with senior representatives of:
 - ICT Departments
 - State Designated Agencies (SDAs)
 - Service Centre Agencies (SCAs).
- Survey data validated through telephonic and personal interviews with VLEs, SCAs and SDAs.
- Further verification carried out, using the transaction data of about eighteen months, made available by DeitY, Gol.

Progress / Status

- Presentation made to the DeitY team on 30 Sep. 2013
- Suggestions incorporated and revised presentations (*Findings, Insights, Analyses & Suggestions*) submitted on 01 Nov. 2013
- Feedback dt. 04 Nov. 2013 from Dr. Dinesh Tyagi:
 - The study is very comprehensive. Good job done.
 - Reasons for success of well-performing states, SCAs and VLEs may be brought out stronger
- Suggestions of Dr. Tyagi incorporated and study report submitted on 01 Dec. 2013
- Ms. Noopur Jhunjunwala (Consultant) visited CIPS on 30 Dec. 2013 and held discussions on the report
- Suggestions incorporated and revised Executive Summary Report submitted on 14 Jan. 2014.
- Presentation made before JS (e-Gov) on 06 March 2014.
- Suggestions incorporated and Final Report submitted on 22 March 2014.⁵

General / Overall Findings

- The CSC Scheme is playing an instrumental role in ensuring the reach of governmental and business services to the doorstep of the rural populace.
- Generally hailed as a pioneering effort and path-breaking initiative.
- The Scheme, in different stages of implementation in the seven states, is progressing well in achieving its envisaged purpose and objectives.
- Degrees of success vary from state to state owing to a variety of administrative and infrastructural issues.
- There is wide acceptance of the CSC MMP from the state governments.
- There is due recognition and acknowledgment among the stakeholders that CSC is an important vehicle for:
 - Providing citizen services efficiently and effectively.
 - Promoting entrepreneurship among the rural youth.
 - Transforming the socio-economic status of the rural populace.

General / Overall Findings

- Different models of CSCs in operation in the seven states, focusing in a varying measure on G2C and B2C services.
- There is adequate evidence of successful CSC models (e.g. of KL and MP)
- G2C services 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) are contributing significantly to the viability of CSCs.

General / Overall Findings

- Success of CSCs depends, at the state level, on:
 - Existence of vibrant institutional framework
 - Ownership of the Scheme
 - Impetus given for digitization of records
 - Focus and commitment of the state government on electronic delivery of public services (implementation of e-District services)
 - Extent of networking and coordination by the SDAs with the state government departments and service providing agencies
 - Policy and resource support to the Scheme at the state level
 - Participative involvement and whole-hearted support at the level of the district administration
 - Careful choice of CSC locations and VLEs
 - Concerted efforts and commitment to the Scheme by the SCAs and the VLEs.

Study Findings

- Income of CSCs is higher when VLE is a woman
- Income is more when the CSCs have high visibility
- Income is high, if militancy is not affecting CSC operations
- Income is more, if floor area of CSC is more
 - E.g. higher number of counters (in states like KL) indicative of the demand for citizen services, resulting in greater number of citizen footfalls and transactions in the CSCs.
- Income is more when Internet availability is longer and better
- Income is higher, if electricity is available
- Income is more when CSCs have power backup
- Income is more, if availability of power supply is better
- Higher use of solar power witnessed where electricity is not available

Study Findings

- **Income is more if CSC is the only source of income for VLE**
- **Income is higher when VLE is more educated**
- **Income is higher if VLEs have prior computer knowledge**
- If the SCA helps the VLE, time taken to set up CSC is less. Else, more.
- **Income is more if suitable training is given to VLE**
- Income is higher, if promotional campaigns by SCA are higher
- Income is higher, if promotional campaigns by VLE are higher
- Higher income CSCs are in KL, MP and JK. CSCs of RJ, TP, JH and AP have lower incomes
- TP, AP, RJ and JH have low expenses. KL, JK and MP have higher expenses, in tune with their higher incomes.

Study Findings

- 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/-)
- The mean value of total expenditure (sum of all expenses) is Rs. 5,346/-.
- Major expense heads (based on mean values) are:
 - Interest Payment (31%)
 - Rent (23%)
 - Electricity (13%)
 - Internet (12%)
- There is a positive correlation between the population of the village (where the CSC is located) and the income of the CSC .
- By and large, the incomes of individuals who chose to become VLEs have increased after setting up CSCs.
- Kerala State IT Mission, J&K Bank and CMS Infosystems are the top three SCAs in the seven states based on mean total commission per CSC.

Study Findings

- Top three profitable types of services are **Utility payments**, **Education**, and **B2C services** based on mean total commission per CSC.
- Top performers:
 - B2C services - Kerala
 - Education – Madhya Pradesh
 - Financial Inclusion – Jammu & Kashmir
 - G2C services - Kerala
 - Utility services – Madhya Pradesh
 - Ticketing - Madhya Pradesh
 - Telecom – Kerala

State-wise Findings

Tripura

- Relative majority (41%) of VLEs 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'**
 - **Financial Inclusion through Ultra Small Branch Banking of State Bank of India.**

Tripura

- Felt needs
 - 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

Jharkhand

- Relative majority (47%) of VLEs 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'**
 - **Govt. Certificates**
 - **Financial Inclusion.**

Jharkhand

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

Jammu & Kashmir

- Relative majority (45%) of VLEs 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)
 - 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'**
 - **Financial Inclusion services, including Loan Documentation.**

Jammu & Kashmir

- Felt needs
 - 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)

Rajasthan

- Relative majority (75%) of VLEs 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
- **USP of the 'e-Mitra' CSC initiative**
 - **G2C services, which include Education (Exam fee etc.)**
 - **Certificates**

Rajasthan

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

Madhya Pradesh

- 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)
- **USP of the 'Nagrik Suvidha Kendras'**
 - **G2C**
 - **Education Services**
 - **Utility Payments**

Madhya Pradesh

- Felt needs
 - 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)

Andhra Pradesh

- Relative majority (61%) of VLEs 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'**
 - **G2C services.**

Andhra Pradesh

- Felt needs
 - 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)

Kerala

- 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)

Kerala

- 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
- **USP of the 'Akshaya centres'**
 - **G2C services**
 - **B2C services**
 - **Education**

Successful CSC Model

- 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
- It has -
 - Power for at least 6 hours a day for more than 90% of days, has high visibility and accessibility, internet availability of about 100% and speed higher than 256 Kbps.
- It offers services, comprising a core combination of -
 - G2C (e-District) services
 - Financial Inclusion services
 - Utility payments
 - Educational services
- It has been set up by an SCA, who -
 - Is proactive, ensures that complaints of VLEs are resolved within 24 hours, regularly visits CSCs, provides advertising material and undertakes promotional campaigns
 - Signs agreements that are simple to follow and easy to enforce effectively
 - Shares revenue support and revenues in a transparent, timely and uniform manner.

Suggestions & Recommendations

Greater Role for DeitY

- CSC is widely acknowledged by stakeholders as a game changer and a powerful vehicle to bring about rural transformation in terms of uplift of socio-economic conditions.
- 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
 - Play a stronger role in scale and scope as regards human development, financial inclusion, skill upgrade, capacity building
 - Implement more actively, the social-welfare schemes of Centre & States.
- Need for greater intervention and traction at the highest level:
 - An inter-ministerial / departmental Empowered Committee may be constituted at the Centre.
 - The objective of the Empowered Committee should be to:
 - Identify felt needs and unmet gaps in the successful implementation / scale-up of the Scheme, on an ongoing basis
 - Provide / facilitate due support to the states in terms of policy, strategy, regulation and governance of the Scheme.

Greater Role for DeitY

- To meet the twin objectives of CSCs (effective public service delivery, and, promotion of a more inclusive and empowered society), the composition of the Empowered Committee could be:
 - Chairman
 - Secretary to the GoI, DeitY
 - Members
 - Secretary to the GoI, Dept. of Telecommunications
 - Secretary to the GoI, Dept. of Financial Services
 - Secretary to the GoI, Dept. of School Education & Literacy
 - Secretary to the GoI, Dept. of Social Justice & Empowerment
 - Secretary to the GoI, Dept. of Rural Development
 - Secretary to the GoI, Dept. of Health & Family Welfare
 - Secretary to the GoI, Ministry of Micro-, Small & Medium Enterprises
 - Secretary to the GoI, Ministry of Panchayati Raj
 - Secretary to the GoI, Ministry of Woman & Child Development
 - Member Secretary / Convener
 - Addl. / Joint Secretary / Director (eGov), DeitY (with other two as invitees)

Greater Facilitation by DeitY/SDAs

- Enabling factors for better viability of CSCs:
 - Concessional rate of tariff (one time as well as recurring) for CSCs from Telecom and Internet Service Providers, considering the CSC operations under USO. (This suggestion is in tune with the recommendation in the ITU report.)
 - Waiving of levy of license fee / rent on CSCs located in Panchayat/BNRGSK premises by State Govt. / SDA
 - Dovetailing CSC Scheme with Public Service Guarantee Acts of states (RJ, JH, JK, etc.) {One at the Central Govt. level too is in the offing}
 - Incentivizing the citizens to use the CSC channel:
 - E.g. 1% off on utility bills paid at CSCs (as was the case in AP).
 - 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)

Role of the State Governments

- Need for greater impetus to the CSC Scheme at the state level.
- Strengthened structure with senior officials would help the CSC Scheme gain suitable buy-in from the stakeholders / departments.
- Suggested structure and role of the ICT Dept. at the state level:
 - Should be headed by an officer not below the rank of Principal Secretary.
 - The SDA should be headed by an officer not below the rank of Secretary.
 - Advisory / Monitoring Committees at the state and district level (to facilitate the smooth implementation and functioning of the CSC Scheme) to become more vibrant
 - State-level Committee to be headed by the Chief Secretary with Head of the SDA (Secretary level officer, as recommended above) as the Member Secretary / Convener.
 - At the District-level Committee meetings, the Head of the SDA should be a permanent invitee.

Structure and Role of SDA

- SDA should have full functional autonomy
- SDA (not the SCA) should be the prime driver of the whole CSC eco-system.
- The SDA should have a Steering Committee:
 - Committee should give shape to and drive the work programme of the SDA.
 - Committee should be headed by the Officer-in-charge of the ICT Department of the State (not below the rank of Principal Secretary)
 - Convener/Member-Secretary of the Committee should be the Head of the SDA (not below the rank of Secretary)
 - Committee should provide for representation of the various state government departments that (could potentially) provide their services through the CSC Scheme.
 - Members of the Committee should not be officers below the rank of Directors.
 - Committee should meet (at least) once in two months.

Role of SCA

- SCA should establish CSCs (physical infrastructure) and provide implementation support.

- Role-responsibilities should be to:
 - Finance (or facilitate), 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.

 - Develop the site as per the 'branding' prescription of the SDA.

 - 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.

 - Train the VLEs identified by the SDA.

 - Provide complete technical support to VLEs for the successful implementation and operation of CSCs as per SLAs signed with the SDA.

 - Institute and manage a helpdesk for timely resolution of technical and uptime issues of CSCs.

Need for a Portal of Portals

- 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 to connect to this portal.
- Such a 'mother' portal should be the gateway (as single point entry and exit) for all e-transactions of CSCs .
 - Facilitates tracking and logging of all online transactions (G2C and B2C) carried out by CSCs, through a single window.
 - Helps SDA in:
 - Enrolling new Service Providers / Departments
 - Introducing new services
 - Bringing about improvements and positive changes
 - Fixing (systemic) deficiencies and gaps
 - Monitoring performance of Service providers, SCAs and CSCs
 - Exercising due oversight
 - Managing the implementation and functioning of the CSC Scheme in a more efficient and effective manner.

Transaction-based Incentivization in place of Guaranteed Revenue Support

- Availability or otherwise of G2C services in any state is a common factor for all SCAs of that state.
- Need for provision for incentivization for all SCAs/CSCs of a state, in the absence of critical mass of G2C transactions.
- Evaluation of SCA bids should be based on transaction fee model and well-defined performance criteria and not on revenue support price-discovery through bidding process.
- Incentivization should 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.
- Only those SCAs and CSCs/VLEs should be eligible for incentivization, which enable at least a certain minimum level of services and transactions. Incentivization therefore, should be transaction-based.
- There should be a ceiling for the incentive, namely, beyond a specified level, (higher) transactions should not qualify for incentive.
- All CSCs clocking a certain minimum level of transactions to be eligible for incentive.

Transaction-based Incentivization in place of Guaranteed Revenue Support

- 41% of the CSCs surveyed earning up to Rs.3,000/- only.
- Mean level of expenses per CSC is Rs.5,346/- per month.
- Major expense heads (based on mean values) turn out to be:
 1. Interest Payment (31%)
 2. Rent (23%)
 3. Electricity (13%)
 4. Internet (12%)
- Assuming that CSCs use rent-free space / premises provided by the state government, VLEs need to take care of (1), (3) and (4) above to the tune of 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/- at a level of 300 transactions.
- Need for incentivization appears fair and just - to ensure that a VLE earns at least a net income Rs.3,000/-.

Transaction-based Incentivization in place of Guaranteed Revenue Support

- Incentivization (in lieu of guaranteed revenue support) could be uniformly made applicable to all CSCs which clock at least 100 transactions per month.
- It is envisaged that CSCs would become viable and sustainable, at 500 transactions per month.
- Worthwhile instituting a recognition and reward scheme for CSCs performing above a benchmark level determined as per the performance measurement framework.
- DeitY could consider crediting the central share of incentive into the accounts of VLEs directly through the DBT scheme.
 - Credit could be based on the record of transactions certified by SDA.
 - Such measure would not only ensure timely availability of support to VLEs but also result in greater motivation and commitment by them.

Cash Management by SDAs

- SDAs themselves to collect and manage the cash received by the CSCs, through tie-up with one or more reputed banks.
- Resultantly:
 - Ensuring the security deposits to be maintained by CSCs, their top up and monitoring the cash flows to be addressed by banks engaged by SDAs
 - No need for SCAs to carry out the cash collection from the CSCs and do cash accounting, monitoring and managing
 - SCAs can exclusively concentrate on providing technical guidance and implementation support to CSCs, an area of their expertise.

Need for Standardized Performance Measurement Frameworks

- TPM and Uptime norms are not uniform across SDAs and SCAs
- Need for a standardized performance measurement, monitoring and management framework for CSCs.
- Framework to utilize a combination of relevant parameters such as:
 - OMT logs
 - No. of G2C services offered
 - No. of transactions carried out
 - Citizen satisfaction
 - Could be based on feedback on parameters such as: charges levied, number of complaints received / redressed etc.
- Need for a standardized framework for measuring the performance of SCAs too.
- Such a framework to be based on the role-responsibility that SCAs are to discharge and honor, under the provisions of the CSC scheme.

Scaling up the base of CSCs

- Currently, one CSC services the rural citizens in a cluster of about 5-6 villages.
- For approx. 6.30 lakh villages, there are about 1.27 lakh CSCs in operation.
- Study reveals a positive correlation between the population of the village (where the CSC is located) and the income of the CSC .
- Footprint of CSCs may be expanded to cover the 2.65 lakh Grama Panchayats in the country.
- This would also help:
 - Bridge the digital divide by providing wider exposure to the citizens on electronic delivery of services and encouraging them to gradually migrate to self service at CSCs.
 - Improve the availability and easy accessibility of services to the rural population
 - Realize the attendant benefits of promoting entrepreneurship and catalyzing socio-economic uplift.

Revisiting the Legal Agreements

- Need for agreements between SDAs and SCAs as well as between SCAs and VLEs to be simpler, enforceable and uniform / comparable in terms and conditions.
- 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.
- SDA-SCA and SCA-VLE agreements of RJ more transparent, fair and just than those of AP, TP etc.
- Scope for a lot more transparency in the agreements regarding revenue support and share of income, as these provisions are not mentioned at all in some of the SCA-VLE agreements.
- CSC-SPV may formulate suitably modified model SDA-SCA agreements as well as SCA-VLE agreements to be uniformly adopted by the states/SDAs with as little variation as possible.

Conclusions

- CSCs hold immense potential for expansion in scale, scope, spread and sweep.
- Ideally positioned at this stage for enhanced role and performance.
- Being welcomed by the youth employed as VLEs as well as the rural population at large, as evidenced by the faith and confidence reposed in the Scheme by them.
- Substantial scope exists for higher incomes of VLEs.
- Fine-tuning the implementation aspects by DeitY, SDAs and SCAs would contribute to greater success of CSCs.
- A basket with a balanced mix of G2C and B2C services would:
 - Address the citizen service requirements in a more holistic way
 - Contribute to the improved viability and long time sustainability of CSCs
 - Lead to greater success of VLEs as entrepreneurs.

Thank You