

Concept Note on Setting up 100,000 ICT-enabled Common Services Centers (CSC) across Rural India

The Development Trap:

Rural incomes are low because of lack of enough income generating opportunities. Low incomes, in turn, result in an inability to access information, knowledge, goods or services, which can help them earn more. Such a development trap can be attributed to lack of access to three essential resources necessary for development viz., Information, Infrastructure and Services.

Access to information, backed with relevant infrastructure and services, can not only allow rural villagers to improve their quality of life but also support and supplement their existing incomes in a sustainable way.

Therefore, what Rural India needs is a new social contract - in which there will be reliable infrastructure, provided at commercial prices rather than given for free. Access to information and services like e-Governance, micro-credit, literacy, education, health, etc. through such infrastructure, can provide a solid foundation for the economic prosperity of rural India

The CSC Scheme:

The Department of Information Technology (DIT), Government of India proposes to facilitate the establishment of a network of more than 100,000 internet enabled Information and Communication Technology (ICT) access points termed Common Service Centres (CSC). The CSCs are meant to provide high quality and cost effective video, voice and data content, in the areas of E-Government, Education, Health, Tele-medicine, Entertainment as well as possible government and private services. The CSCs are proposed to be rolled out by end of year 2007.

The goal of the CSC Project is to empower the rural community and catalyze social change through modern technologies. With a large and heterogeneous geographical area, the private sector, if sufficiently encouraged, can play an active role in development and implementation of the CSC Project in supplementing the Governments' efforts to realize its vision for the project.

THE APPROACH TO ICT-ENABLED COMMON SERVICES CENTERS (CSC)

A Bottom-up Model: The CSC envisages a bottom-up model for delivery of content, services, information and knowledge, that can allow like-minded public and private enterprises - through a collaborative framework - to integrate their goals of profit as well as social objectives, into a sustainable business model for achieving rapid socio-economic change in rural India. It is the community participation and collective action, not ICT alone, which will lead to a behavior change for a sustainable socio-economic change and long-term rural prosperity

THE PROPOSED FRAMEWORKS

Proposed Infrastructure Framework:

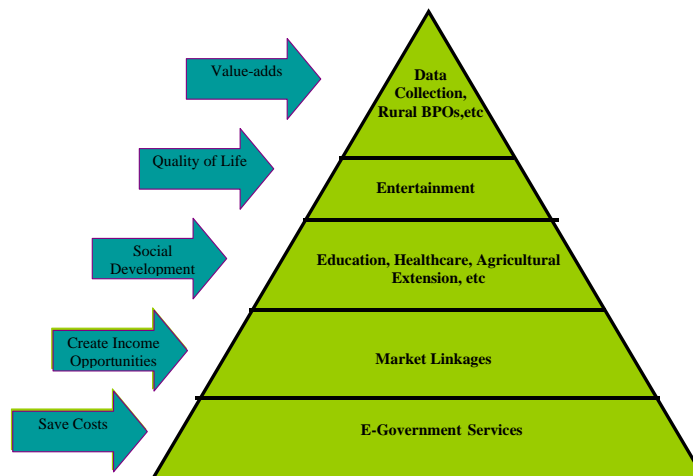
There are two major components of the CSC infrastructure - Physical Infrastructure and Digital Infrastructure:

- Physical Infrastructure would include the site and space for the CSC as well as other infrastructure like furniture, storage, security, UPS, Genset, wireless equipment, telemedicine equipment, etc.
- Digital Infrastructure would comprise of all onsite technology equipment, such as PCs, Printers, Scanners, Projectors, Digital Camera, Software, Television, etc.

Proposed Services Framework:

- **End-to-end Services:** The key driver for the selection of content and services would be their end-to-end applicability. This means that a specific content/ service should be in a marketable format for it to be selected as a part of the service network in the CSCs.
- Broadly, the services selection would be on their ability to impact the consumer through saving cost, helping Income Generation and enabling socio-economic development.

Figure 1: Services Framework



ROLES OF RESPONSIBILITIES OF PRIMARY STAKEHOLDERS

The Scheme would be rolled out to establish CSCs across the country with an equitable geographical spread, to the extent feasible, through a three-tier structure for the States. At the first (CSC) level would be the local Village Level Entrepreneur (VLE- loosely analogous to a franchisee). At the second/middle level would be an entity termed the Service Centre Agency (SCA – loosely analogous to a franchiser). At the third level would be the agency designated by the State to facilitate implementation of the Scheme within the State.

Since the implementation of a mission-oriented project of this size and scope would pose significant challenges of project management at the national level as also in exploiting

opportunities to achieve significant economies of scale, a National Level Service Agency (NLSA) will be appointed to assist the DIT & the States in carrying all work related to pre-implementation & implementation phase of the Scheme. The NLSA would work with the DIT to develop a Public Private Partnership framework for the Scheme, coalesce diverse stakeholders to work through common institutional and contractual frameworks, harness national level resources, loop best practices, enable transparent and inclusive process of participation across stakeholders, undertake to underwrite resources for the Scheme, standardize design, content and processes into a replicable collaborative framework and so on.

The structure of the Public Private Partnership (PPP) arrangement, and the roles of the various stakeholders are as follows:

Roles and Responsibilities of the Government:

DIT's role in the CSC Scheme would be to set overall program objectives, scheme monitoring criteria, facilitate e-governance readiness as well as SWAN implementation in States and offer financial support to the Scheme.

The State Governments will have to put in the appropriate institutional mechanism for infrastructure, financial and administrative support. The first step would be to designate a State-level agency for facilitating the implementation of the CSCs through field formations and/or the district administration in the entire State, and provide necessary legal and policy measures to enable the CSCs to come into being, attain sustainability and deliver the services as contemplated in the CSC Framework. Other critical responsibilities would include providing infrastructure support to the CSCs in the form of State Wide Area Networks (SWAN), power, land, space, etc.

Roles and Responsibilities of the Service Center Agency (SCA):

The CSCs would, in effect, be a new delivery channel for offering e-Government and other services to a target market of 700 million rural citizens. SCAs will set-up service delivery channel and provide secure and safe G2C and B2C services. The SCA can be a private sector agency, a PSU, an SME, a training institute, an NGO or a co-operative. The SCAs will integrate suppliers, partners, the State Government and the CSCs and customers into a Web-enabled value chain.

The key challenges for the SCA would be to manage secured, safe and trusted service delivery channel on one hand and integrate pieces of the service delivery chain.

The Key role of the SCA vis-à-vis the CSC Scheme hence would be:

- Setting up of CSCs in a phased implementation program with the requisite hardware and software.
- Provide connectivity to the CSCs by deploying appropriate communication technologies for interactive and online access to voice and data based services.
- Maintain and manage the CSCs through locally selected and trained kiosk operators after properly identifying entrepreneurs
- Promote the use of CSCs in the rural areas through the state-level and local promotion campaigns

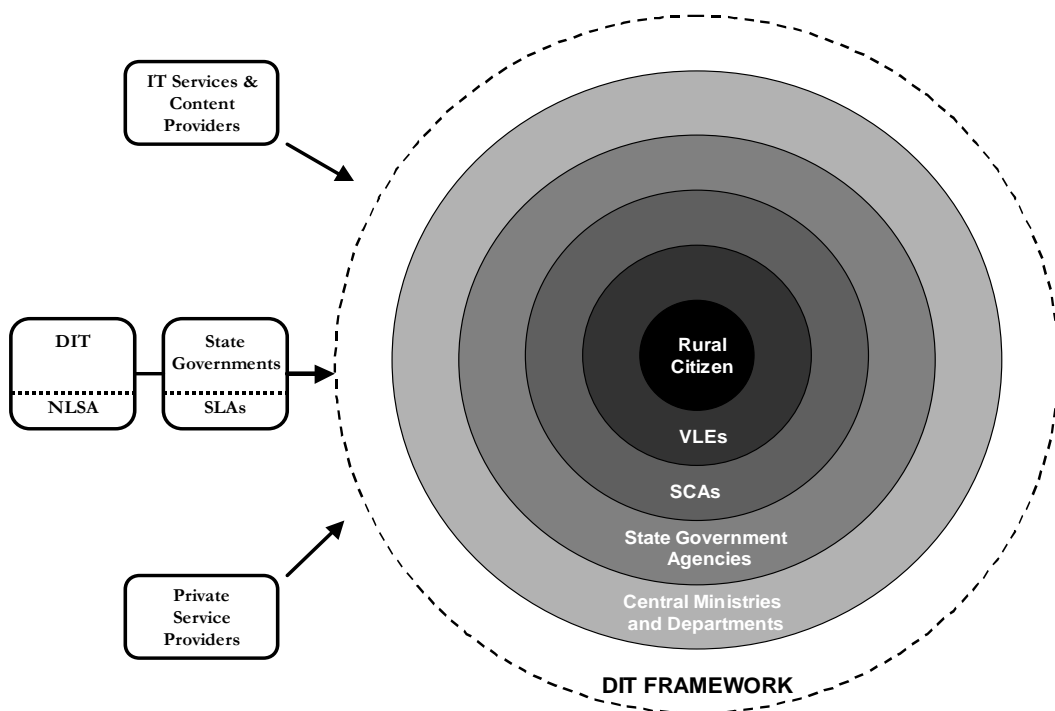
- Maintain the security and integrity of the data, business processes and transactions at all times
- Protect all the assets (intellectual and physical) of the project.
- Interface with the State Government, State Level Agencies and collaboratively work on improvement of services offered and introduction of new services from time to time including aspects like service charges, collection and remittance, quality of service parameters, protocols, etc.
- Identify, collaborate and contract with B2C service providers to create and manage specific services.
- Assume complete responsibility for the managerial, technical, financial, HR, logistics and other resources and ensure its viability, visibility and high quality of performance

Roles and Responsibilities of the Village Level Entrepreneur (VLE):

The VLE is the key to the success of the CSC operations. While content and services are important, it is the VLE's entrepreneurial ability that would ensure CSC sustainability. A good VLE would not be one who has financial muscle, but somebody who has entrepreneurial traits, strong social commitment as well as respect within the community.

Community participation is ensured in the program through active interaction at all levels of development, with the common man being the ultimate beneficiary. Productivity of the rural community would be largely enhanced through this project. A direct benefit of the CSC model is the creation of direct employment of around 225,000 rural youth and indirect employment created by opening up new rural markets.

Figure 2: Stakeholder Representation and Relationships



UNLOCKING THE POTENTIAL OF RURAL INDIA:

- (a) **Economical access to information and services to rural citizens:** Successful implementation of CSC Scheme would offer economical and instantaneous access to key information and services to rural villagers across India. Information in the form of agricultural inputs, weather, commodity prices, health, as well as Services in the form of e-Government, tele-medicine, bill payments & bookings, data entry, digital pictures, entertainment, education & e-learning, micro-finance, etc. can not only save precious monetary resources but also provide an ideal platform for betterment of quality of life in rural India.
- (b) **100,000 small businesses for rural entrepreneurs:** The CSC Scheme, essentially, will set up 100,000 small businesses in rural India that would be run by trained and empowered rural youth as social entrepreneurs
- (c) **Improved governance at cheaper costs:** The CSC Scheme would allow State and Central government agencies to directly link up with citizens without a long chain of intermediaries. Such a system would not only save huge costs but also reduce systemic red tape as well as service delays, thereby leading to better quality of governance
- (d) **New channels of distribution:** The CSC Scheme would open up new channels of distribution in rural India for products and services. Since CSCs would lead to cost savings and provide income enhancement opportunities for rural villagers, a substantial portion of rural income would be available for consumption of such products and services, thereby giving boost to retail marketing and rural economies

Figure 3: The CSC Ecosystem

