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# Common Service Centres

The Emperor's New Clothes

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*Common Service Centres, a component of Digital India, are supposed to be transformational in how they meet the citizen's documentation needs that are essential to access government services. A survey in Jharkhand, a pioneer state, reveals a different picture.*

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It's not that technocratic ideas in general are bad in and of themselves. Rather, the
trouble is cultism and imbalance. New vaccines are good, but not while health-care systems
go unfunded. Educational technology might be helpful, but not if good teachers and
institutional support are lacking… Technocratic means might be a part of the solution, but
with so much attention on them, who's working on the other parts? - Kentaro Toyama, Geek
Heresy
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In a recent newspaper article, Mr. Ravi Shankar Prasad, the Union Minister for Communications and Information Technology, has claimed that digitising government processes through Common Service Centres (CSCs) has been transformational. The premise is that the "faceless, paperless, cashless" and digital interface between government and citizens has immensely helped in curbing corruption and has reduced delays in service delivery.

We present an assessment of some of these claims through a study of CSCs based on a 10-district survey in Jharkhand[1]

More details on the survey can be found here. that was conducted in June 2018.

The intention was to understand how citizen-users and those running the CSCs view the role of these centres in service delivery. Those running the CSCs are being referred to as Village Level Entrepreneurs (VLEs) by the government. Our findings are much less flattering than the claims made by the government. We also attempt to highlight the reasons for the less than positive situation and propose some recommendations, arrived at a collaborative workshop with participants who were government officials, academics, citizen-users, VLEs, and activists.

The Government of India launched CSCs across the country -- now numbering ~2.5 lakh -- as a core part of the "Digital India" vision. CSCs are front-end delivery points for a range of services in parts of rural India that are run by private VLEs. According to the CSC 2.0 guidelines, the Panchayat Secretary (a salaried government official) and Mukhiya (an elected representative) were not to be the face of public service delivery. Instead, services such as the issuance of caste and birth certificates, banking, payment of bills etc were now to be provided digitally by private entrepreneurs at the CSCs.

> These centres do have immense potential ... However, it is now assumed that merely migrating to a digital architecture will usher in all this change.

Further, CSCs are meant to create employment for the VLEs who will earn an income with the commissions on the services provided. However, the VLEs are also expected to be "change instruments", work towards "socially inclusive community participation for development" and facilitate "community participation and collective action."

These centres do have immense potential for making government front-end service delivery easier as well as altering the social and power relations in the village between service providers and citizens. However, it is now assumed that merely migrating to a digital architecture will usher in all this change.

Apart from a few government sponsored impact assessments, there has been no comprehensive independent national study as yet on progress in meeting the objectives. There have been some state- level studies which have pointed to specific field and design issues but they have not fully captured the experience of citizens in using the centres (Kuriyan et al. 2007; Krishnan 2015; Bussel 2013). The landscape of implementation of digital technologies has also changed with Aadhaar and banking services.

## 1. Institutional Architecture of CSCs

Fundamental to the CSCs is the private public partnership between government and private agencies, which is reflected in the architecture of implementation. At the centre, a special purpose vehicle, the CSC e-Governance Services India Ltd., has been created under the Companies Act 1956, responsible for the facilitation and monitoring of the scheme. Individual state governments usually appoint the Department of Information and Technology as the State Designated Agency (SDA). The primary role of this agency is to identify a private entity or third party, called the Service Centre Agency (SCA), and enter into an agreement to digitally provide certain services.

At the district level, there are District e-Governance Societies (DeGS), chaired by the District Collector, with representatives from the SCA and all the concerned departments. The SCAs identify, hire and train private individuals, i.e., VLEs, to run CSCs. The DeGS provide implementation support and address software issues. In essence, this is an independent entity run by an entrepreneur. The services provided by the CSCs vary across states and sometimes even districts.

## 2. CSCs in Jharkhand

To explore this architecture and the outcomes, we chose to do a field study in Jharkhand, known for its early and enthusiastic adoption of the CSC scheme. Additionally, we had access to a civil society network to help with understanding the granularity of the citizen experience.

In Jharkhand, the SDA is the Jharkhand Agency for Promotion of Information Technology (JAP-IT). From information available on websites, Right to Information (RTI) applications and interviews with key officials, it appears that the SDA entered into memoranda of understanding (MoUs) with different SCAs for each of the five divisions of Jharkhand. Some of these SCAs have had their licences revoked and cases of corruption filed in the High Court. In 2018, the MoUs with the SCAs were not renewed, and their role was now to be played by the DeGS.

## 3. Methodology

The survey consisted of a citizen questionnaire and another questionnaire for the VLEs. To capture diversity, the survey was conducted in each of the five divisions of Jharkhand: Palamu, North Chhotanagpur, South Chhotanagpur, Kolhan, and Santhal Parganas. We interviewed 401 CSC users (citizens) and 61 CSC owners spread over 46 panchayats in 10 districts across the five divisions in Jharkhand.
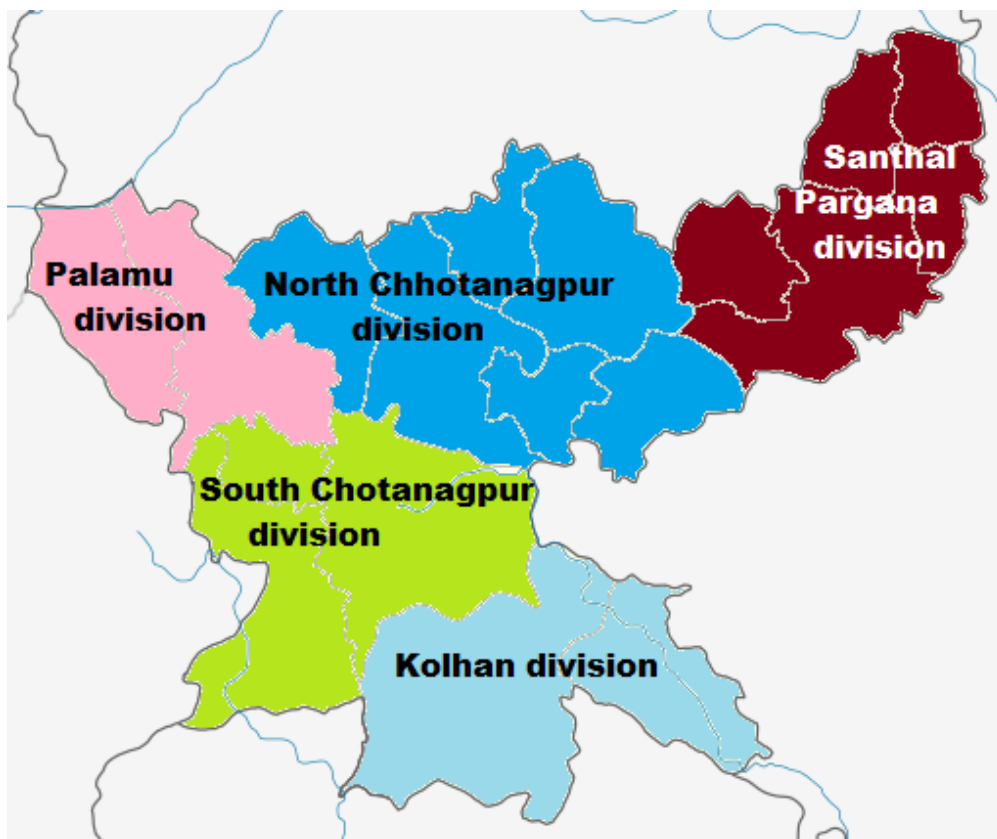
Figure 1: Divisions of Jharkhand | Wikipedia

The citizen questionnaire assessed the awareness of the services offered, the ease of delivery, the costs incurred, the effort involved in terms of time taken and distance travelled to the CSCs, and the access or non-access to a grievance redressal system. We also looked at banking via CSCs. Using the CSC questionnaire, we broadly assessed some operational details, the kind of services they offer, whether the true costs of the offered services are displayed prominently, and their financial sustainability and accountability. We also asked questions on the perception of both the citizens and VLEs on whether the CSC was a business or a government entity.

The survey was conducted in a "Hard Work, Low Pay" approach (Dreze, 2019). Student volunteers from across the country participated in conducting the survey along with local community volunteers from each district. For more details on the sampling methodology, a detailed version is available here.

## 4. Findings

A mixed picture emerged on how the CSCs functioned. It was certainly different from the Government's narratives. There are some gains in convenience for citizens. But inefficiencies, corruption, and hardship in accessing government services seem to continue, and, have at times, worsened. The VLEs were unhappy with the commission-based model and its financial unsustainability.

A look at the demographic profile of the average user and average VLE reveals some major differences among them.

The average profile of the citizen in our sample using the CSC is poorly educated, and usually from a "backward" caste. A majority of those interviewed were men (63%) and a little more than a quarter of them were illiterate. More than half — 51% — were from either the Scheduled Castes (SCs) or Scheduled Tribes (STs) and 41% from the Other Backward Classes (OBCs). A majority followed Hinduism (57%) and a substantial proportion were Sarna (22%). Only a fifth of the respondents lived in pucca households.

> A majority of the services provided through the CSCs had been available for free when government departments provided them, but they now require payment of a fee.

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An overwhelming majority of VLEs were male (91%). Only 15% of them were from the SC/ST community, in contrast to the 40% of Jharkhand population that belongs to these groups. Almost all of them (90%) had completed 12th grade in school or had acquired some college degree. For about one-third of the VLEs it was their first job and a quarter had not been doing any paid work earlier. For more than half of VLEs though running the CSCwas not the only source of income.

As we elaborate, this differing social demographic has a bearing on the interaction of the citizen with the service delivery machinery.

## 5. Citizens' Experience

In our sample of users, three things stand out; false claims of doorstep accessibility, overcharging of services and the lack of any accountability when service is poor.

**Location**

While the CSCs are supposed to operate out of the panchayat bhavan, we found that only 37% were doing so. Network and infrastructure problems were the key reasons given by the CSC owners for not operating in the panchayat bhavan. Moreover, CSCs rely on other businesses for supplementing income and therefore position themselves in the marketplace to do both simultaneously.

Out of the ones that did operate out of the panchayat bhavans, about 25% of the citizens did not use the CSC closest to their homes, mainly due to frequent closures or lack of network/electricity at that CSC. About a fifth reported that CSCs operated out of the residence of the VLE. Further, 42% of the citizens had to go to a mukhiya or government official to chase their application or to complete some additional formality.

This questions the notion of "doorstep access" as promised by the CSCs. Figure 2 is a scene in front of one CSC in Jharkhand and Figure 3 is an example of a poor display of rates and services at the CSC.

Figure 2: Scene at a working CSC (called Pragya Kendras in Jharkhand)

Figure 3: Poorly Displayed List of Services at one CSC

## Services

The second issue we probed was the pricing and range of services provided by the CSCs. A majority of the services provided through the CSCs had been available for free when government departments provided them, but they now require payment of a fee. A government mandated list of services and rates is supposed to be prominently displayed in all CSCs, but only 22% of the respondents had seen such a list. Most were unaware of its existence. This information asymmetry leads to a wide discrepancy between the official rates and the rates actually paid by the people. For example, the government has specified that the CSC should charge Rs. 30 for a certificate, while, on average, respondents thought that the official rate was Rs. 45 and on average paid Rs. 101.

Among those who had certificates, 71% of those who made certificates were overcharged, 45% for banking services and about two-thirds for Aadhaar and other services. On an average, citizens paid fees (at 3.5%) for bank withdrawals, which are supposed to be free. Chart 1 shows, in rupee terms, the discrepancy between the official rate and what people actually pay.

The range of services available varies substantially across districts, the reasons for which are unclear. Overall at the state level, provision of certificates (caste, birth etc.) is the most frequently used service (56%), followed by banking (30%), other Jharkhand Sewa Services (29%) and Aadhaar-related services (27%). Certificates are the least used service (25%) in districts in the South Chhotanagpur region, while banking is used by two-thirds of users there. Aadhaar services were least used in the districts of the Palamu region. This could be due to "supply side" issues, i.e., certifications to be acquired by the CSCs rather than "demand" for services by residents of that region, which raises questions on equity of access to these services.

Apart from overcharging, citizens reported several hardships such as the inordinate time they are asked to spend on making repeated visits to apply for services, and biometric authentication failures. The mean time taken to apply for services varies between two and five hours for most services except for notified Government of Jharkhand (GoJ) services called JharSeva.

> Despite .. difficulties, a large proportion of citizens preferred the CSCs over visiting government offices mainly because the centres were located closer to them than the government offices and they were hence easily visited.

GoJ rate services take an average 20 hours on with a median time of two hours (Chart 2). This includes travel time from home to the CSC, waiting time and the time to fill out the application for the service[2]. This does not include the time taken for the fulfilment of the service request e.g. generation of the certificate after the application is accepted.

Respondents had to revisit CSCs for various reasons (Chart 3). The most common reason was failure of hardware/internet. About 37% had to make a revisit because the computer or network was not functioning on the previous occasion. More than a third of the respondents indicated that service delivery took longer than they expected.

Despite these difficulties, a large proportion of citizens preferred the CSCs over visiting government offices mainly because the centres were located closer to them than the government offices and they were hence easily visited.

**Banking**

Rural banks in Jharkhand are typically overcrowded. Figure 4 is a photo of an example of overcrowding in a bank branch. CSCs were meant to relieve some of this stress. While some relieving of pressure on rural banks is observed, we find that the banking facilities in CSCs are largely unregulated and unmonitored. Some fundamental banking rights of citizens remain elusive in the current model. For instance, basic facilities like updation of bank passbook cannot be performed at the CSCs. Even though there is provision for getting bank statements from these centres, almost all respondents either did not know of or avail this facility. Also about 63% of respondents did not get any receipts and so the majority of the respondents who use banking services had no record of their transactions.

Figure 4: A common scene at a bank branch in rural Jharkhand

Owing to biometric authentication issues, about a third of the respondents were asked to visit a bank branch when they approached CSCs to withdraw money. In some cases their biometrics have never worked. Only after they procured a letter from the CSC that their biometrics did not work, were account holders allowed to withdraw money from the banks. The repeated visits to the CSC and banks created a lot of hardship, loss of wages, and meant time and travel costs for several respondents. Banking norms stipulate that directing a person away from a branch in this manner is illegal. However, we found that this is quite common.

**Grievance Redressal**

For all this, there is no functioning grievance redressal system to which citizens can turn. About three-fourths did not know that they could file complaints against the VLE. There is no provision either to file complaints against government schemes at the CSC. Receipts were rarely given for the few reported complaints and these were in almost all cases not redressed. In one instance, during the survey, 28 calls were made to the Chief Minister's Jan Samvad hotline (a number that has been advertised for filing any complaints in Jharkhand) in a span of an hour, but there was no response.

Since the CSCs are private entrepreneurs, nobody is assuming responsibility for any of these hardships faced by citizens. Mukhiyas and Block Development Officers expressed helplessness in reviewing the CSC. District officials addressed the technical side of the functioning of CSCs but did not address citizen complaints. This makes the parent government department even less accountable to delays and quality issues.

**6.  VLEs' Experience**

The VLEs spent on average about Rs. 87,000 to set-up CSCs. This includes the cost of equipment (computer, printer etc), furniture etc. About a quarter of them reported that they paid an extra amount to the authorities to acquire a CSC licence. About 80% of the VLEs have either funded themselves or drawn on family funds and learned about setting up CSCs from their social networks.

A majority of VLEs were unhappy with the government-specified rates for services. They complained that the rates had not been revised for the last three years. In addition, according to them, more services had been made non-exclusive and opened up to all, thus ending their monopoly and reducing their profits. The self-reported average profits by VLEs was about Rs. 3,000 per month. This is likely to an underestimate.

As mentioned earlier, round 85% of the VLEs are not from the SC/ST community. Being economically self-sufficient, such VLEs tend to have a monopoly in providing certain services, thereby making them gatekeepers and regulators of information. This gives the elites additional power and we therefore observe the possibility of elite capture, which goes against the grain of democratic decentralisation.

## 7. Discussion

The survey findings highlight various underlying tensions that put the long-term sustainability of the CSC model into question.

### Social Commitment vs. Profitability

From the Government's standpoint, VLEs are expected to run a sustainable business and serve as agents of socio-economic change. Given the high set-up cost and low to non-existent profit margins for VLEs, financial viability assumes more importance than social commitment. Perhaps rightly so from the VLEs' perspective because that is the predominant reason for them to start a CSC: to have a sustainable business.

The twin objectives of being successful business entrepreneurs while making social change are are at odds with each other, creating confusion and tension. From the citizens' perspective, there is a complete lack of accountability of the VLEs for overcharging citizens.

Moreover, citizens expressed the view that their general hardships in accessing services have not decreased despite paying more to the VLEs. For instance, one elderly respondent was made to pay for the Income Tax PAN card when all she she wanted to do was apply for her old-age pension. This misuse was widely prevalent in that particular panchayat. On the other hand, VLEs are unhappy about the low rates and low commissions. Given the low commission rates, the VLEs possibly feel justified in pushing unwanted services on to citizens, such as issuing PAN cards to old age pensioners. Also over the years, as has been pointed out earlier, the Government has moved several services from being exclusively provided by the CSCs to being provided by anyone with a computer and network connection. This reduces the potential income of the VLEs.

### Public vs. Private

There are three important questions to ask on the public-private interface.

First, what is the perception of the CSC users, i.e., do they view the CSCs as government kiosks or do they think of CSCs as private shops? Second, do the VLEs think of themselves as being government officers or do they consider themselves to be running a business? Finally, what does it entail from a citizens' rights-based standpoint?

About half of CSC users think of the centres as government agencies and the other half felt they were private. The users were equally split between having more confidence in a government office/bank vs. the VLE. Of the users, 39% thought that the CSC fixed the rates for services and 43% did not know whether it was the Government or the CSC that decided the fees. This is important as it highlights the lack of transparency in operations and accountability on the part of the VLEs.

Of the VLEs, more than half (54%) saw their job as in a government. As private operators they are not accountable to the panchayat or any government office. They are at the mercy of market forces. Although the CSCs are designed to be one per panchayat, we anecdotally heard of both cases — of one CSC having a monopoly over a group of gram panchayats, and CSCs facing competition from computer shops. In either case enforcement of accountability by the panchayat or market forces is weak, if at all it exists. This compromises citizens' rights, given that the CSCs are the only source through which villagers can access these services.

Services through private channels in and of themselves may not necessarily lead to a compromise of citizens' rights. Cost efficiency of service delivery is a desired process outcome for the Government of India and self-maximisation is a crucial for financial sustainability

of the VLEs. Citizen inputs in this approach are entirely absent. To this end, McDonald and Ruiters (2012) present strong analytical and conceptual studies presenting workable alternatives to privatised services delivery. They propose broad yardsticks of "criteria for success" to evaluate service delivery models. The broad criteria include — equity, participation, efficiency, quality of service, accountability, transparency, sustainability, solidarity, public ethos and transferability. Efficiency in this context has to be understood more broadly as "social efficiency". Social efficiency would account for the social and political goals of efficiency and is a broader desired outcome than just cost efficiency.

If the citizen-state engagement is routed via private players, then this potentially leads to a further gap between the citizens and the government. This consequently leads to diminishing democratic participation, which, in turn, is an impediment to the development of political capacities of citizens. There is evidence to demonstrate that even in a so-called star state like Andhra Pradesh, introduction of private banking correspondents without strict accountability structures for NREGA wage payments, has only exacerbated the citizen alienation from the government (Vivek et al., 2018).

The "criteria of success", outlined above, are more broad-based and present a more holistic framework to assess the quality of public services delivery. While metrising "public ethos" and "solidarity" may be a reductive and even an outlandish objective, we posit that they are nevertheless critical to foster a more engaged citizenry and hence any assessment rubric must incorporate these ideas.

**Anytime-Anywhere Connectivity of Digital Service?**

The Prime Minister spoke about CSCs in his 2018 Independence Day speech, as being designed to provide corruption-free, fast and one-stop government administrative services. But the CSCs have failed to do any of this.

First, it is not a one stop-shop as more than four in ten of the survey respondents indicated that they had to additionally visit a Mukhiya or a government official to get their done work.

Second, contrary to the claims of the Prime Minister, the CSC services are not exactly quick. Around 55% of the respondents said that it took them longer than anticipated to get their work done. And, there is little of a grievance redressal mechanism either against the CSC or the parent government department.

Third, it is far from corruption-free because almost all the services at the CSCs are being delivered at a rate that is higher than the official one. There are also serious instances of embezzlement against the CSCs in banking services, where users have complained that money from one's account is wrongly transferred to another's account after getting the former to provide biometric authentication.

Fourth, around two-thirds of the respondents said that they did not receive any receipts from the CSC for their transactions so there is no paper trail. Lack of exposure and access to digital media means that the citizens have been turned passive about the need to maintain track of their own accounts.

Fifth, there is little accountability in the CSC model. About 48% of the VLEs said that they signed an MoU with companies such as BASIX and UTL, and the rest did not have to. So for more than half of CSCs, it's not clear who they are accountable to.

Finally, there is complete lack of clarity on who sets the rates for the services. About 40% of the people thought that the VLE fixes the rates for services and about an equal number of people were unaware if the government or the VLE fixed the rate.

Banks are perhaps marginally less overcrowded than before but still the reduction in average time taken in banking is nothing to write home about. While such service points as the CSCs can be a powerful alternative, it has, in many places become yet another place for the rural peasantry, labourers, and pensioners, to experience undignified treatment and exploitation. This leads to a normalisation of hardships. Dignified alternatives can exist and the state can facilitate more genuine inclusive structures to this end.

## 8. Recommendations

Building upon the clear preference for convenience, the CSC policy of a "single window" should be extended to a "No Wrong Door" policy. Instead of being substitutes, they should be add-ons to existing systems. There is need for institutional platforms at all levels, for all stakeholders (citizens, CSCs, civil society organisations, technology developers etc.) to participate in the policy design and monitoring.

Here we list specific recommendations for CSCs.

(i) Move from a service-only model to an information facilitation model: CSCs should provide free information to citizens on their eligibility for various government entitlements, help in accessing government schemes, register grievances and assist complainants in their tracking.

(ii) Mixed financial model: All government services should be free for all citizens and CSC owners should be given a minimum income salary in addition to incentive-based commissions on the basis of the volume of services they provide to improve long-term sustainability.

(iii) Gram panchayat oversight: Gram sabhas must have a role in the selection and removal of CSCs, and monitoring of their functioning.

(iv) CSC operator diversity: Affirmative action and skill ladder policies should be implemented for women, SC and ST groups to increase their numbers as CSC operators.

(v) No mandatory Aadhaar: To improve the operations of CSCs, an alternative to Aadhaar-based biometrics must be introduced.

(vi) Enforce minimum standards: Even if the CSCs are private entrepreneurs, minimum standards for a CSC operation should be enforced, particularly fixed working hours, functioning printers for updating passbooks and provision of fee receipts.

(vii) Rights awareness: For banking, much like a Know Your Customer (KYC) norm, we propose a minimal list of 'Know Your Rights (KYR) that is printed on every passbook, and prominently displayed at every CSC.

(viii) Citizens banking records: It must be a fundamental right of every citizen that they have a detailed record of all their banking transactions in a document such as a passbook. Thus, every CSC must be equipped to do passbook updation facility.

(ix) Enforce transparency norms: From the citizen's point of view, there should be a minimum level of transparency on the cost, timeline and tracking of the service applied for through the CSC, both online and offline. Services delivered through CSCs must be brought under existing legal frameworks such as the Right to Guaranteed Services and the Right to Information Act.

(x) Proactive disclosures: Official government issued rate charts should include timelines. Clear job charts of the processes and officials responsible for service delivery should be widely publicised, offline and online.

(xi) Open data: All data on services provided through CSCs must be made public, both aggregate and disaggregate data CSC-wise such as the number of applications, timelines, commissions earned etc. This should be disseminated to citizens through both online and offline data points and information that is available behind different "logins" should also be disclosed.

(xii) Social Accountability: The CSCs should adhere to the minimum standards of social audits formalised by the CAG.

(xiii) Addition of new services: Follow a transparent, consultative policy with all stakeholders, including citizens and CSCs on type and manner of services to be included.

**Acknowledgements:**

**Footnotes:**

**1**

**2**  We interviewed CSC users only in panchayat villages. The travel time for respondents who live in non-panchayat villages would be higher and our estimates are under-estimated in that respect.

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