Implementation of Common Service Centre Project in India: A Case Study of Zoom Developers Private Limited

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Abstract
The Information Technology (IT) Sector has led India to become a potent global hub of providing IT and IT enabled Services (IT-ITeS). Due to continuous technological advancements and innovations in IT sector, the Government of India (GOI) has been very proactive in applying it to rural sector to bridge the urban and rural divide. The emergence of e-Government as a force in developing India has led to the discovery of many innovative ways of public service delivery to citizens and businesses with the prime focus on rural sector. The choice of Common Service Center (CSC) based service delivery model is one of the major and commendable initiatives by GOI. The CSC is created to offer a diversified range of government and non-government services at one location. The ambitious CSC project is all about establishing 1,00,000 CSCs across the country at the lowest local government body at village level (Gram Panchayat Level) by Government of India under its National e-Governance Plan (NeGP) (Common Service Centre (N.D.)). In other words these CSCs are government’s front end delivery e-kiosks. The project is being carried out by a joint collaborative approach between government and private sectors under Public-Private Partnership Model (PPP) (Kurian and Ray, 2009). This paper highlights the issues and challenges encountered by private entity, Zoom Developers (Zoom), in implementing the project to establish over 12,000 CSCs in eight states. It further discusses sustainability and success of these projects.

Keywords: Common Service Centers, e-Government, NeGP, Rural Development

Introduction
Owing to the huge global impact of ICT, the GOI has manifested to pursue the concept of electronic government (e-Government) reaching out to the isolated rural India and bridging the digital divide. Through this concept the government intends to operate at e-Government level in order to deliver its core services to the rural population right at their doorsteps. It is possible under joint collaborative approach based on PPP model; the private company is responsible for setting up and running the CSCs. Zoom, referred to as Service Centre Agency (SCA), is mandated to rollout the centers in selected zones in respective states that won during bidding process. It is a mandatory condition by the government to operate the CSCs by engaging village level entrepreneurs (VLE). A VLE is a rural entrepreneur who is resident of the village and financially capable of owning and operating the CSC. The VLE is considered to be the government’s front end authorized agent to deliver its services at village level. The government has agreed to provide revenue support for delivering e-Government services and other subsidies to each SCA for a period of 4 years. The government services are supposed to be fully available, up and running during this period and

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hence no revenue support or any subsidy will be provided thereafter. The governance of the project is going to be supervised by a central program office, run by Infrastructure Leasing and Financial Services (IL&FS), a private sector agency appointed by the government as Program Management Agency under the aegis of the department of IT (DIT) for a period of three years. At the state level, designated public sector agencies called State Designated Agencies (SDAs) are in charge to monitor the progress of CSC rollout whose other responsibilities include facilitator for policy-regulatory and other relevant changes with the state government- facilitator for enabling e-Government services, and enabler for infrastructure and other support to the SCA.

A typical CSC infrastructure consists of 100–150 sq ft of space, one or two PCs with legitimate pre-installed operating system and software, printers (inkjet and dot matrix), scanner, photocopier, digital or web camera, an uninterruptible power source (UPS), and an internet connection (either VSAT, fiber optic, DSL or wireless). The government has promised to provide two complementary inputs to run the telecentres: a broadband network for connectivity and SDAs to provide the necessary inputs for e-governance services. In most states, the broadband network is being built by the government telecommunications operator Bharat Sanchar Nigam Limited (BSNL). The functioning of SDAs is the responsibility of the respective state governments. State Wise Area Network (SWAN) implementation is also being built up to the block level to provide network connectivity.

This paper is divided into three sections. The first sections describes about Zoom’s responsibilities as the State Centre Agency (SCA) for undertaking the job of establishing the CSCs in its designated states and zones. The second section describes the actual ground reality of the project that Zoom experienced during the course of the implementation of the project. The third and the final section describe the challenges that Zoom has encountered during the implementation phase.

**Literature Review**

Zoom is the SCA appointed by the government who voluntarily participated in the bidding process to roll out over 12,000 CSCs in selected zones in each of the eight states. The target was to roll out entire numbers within a period of four years. Zoom is responsible for supporting the VLE for the period of 4 years to the point of making it its responsibility to make the CSC self-sustainable and profitable. Master Service Agreement (MSA) is signed between Zoom and respective governments in each state while VLE-SCA agreement is signed between VLE and Zoom. Each of the agreements stipulates roles and responsibilities, liabilities, penalty clauses, procurement of entire CSC infrastructural needs and delivery of services among each party. In addition to revenue support from the government, Zoom also agreed to share marginal revenue from the B2C services from the point of sale in return for the services being made available and facilitated at the centers.

The sustainability of each of the centers is a critical success factor for implementing this Mission Mode e-Governance Project (MMP) identified under NeGP. This ambitious project encountered many unanticipated challenges during the course of implementation. Zoom experienced many setbacks and challenges during implementation phase. As the experience speaks for itself the ground reality is totally a different scenario from theoretical explanation of the project. Similar projects have also been undertaken in other countries including Philippines, Jamaica, Senegal, Bangladesh NS other developing countries (Bailey, 2009; Islam and Hasan 2008). The GOI has also taken other similar initiatives to operate effectively and transparently down to the lowest governance level. However, Zoom endeavored to make the CSC sustainable in a variety of means as discussed in the paper.

**Methodology**

The research methodology used is based on both primary and secondary research about the implementation of the project including personal experiences of the project (Benjamin, 2001). Various online resources (http://doitc.rajasthan.gov.in), Government of Rajasthan, (Dass and Bhattacharjee, 2011), roll out status, (www.csc.gov.in/) and journals were referred to find out about similar projects being implemented around the world in developing countries (Aichholzer, 2008).
Primary data was gathered by interviews with stakeholders, government officials directly involved in the project, field staff, and competitors to find out about their experiences. Secondary data was gathered from the manuals and other printed guidelines relating to the project. In conducting this research it is sought to:

- Identify how Zoom was selected as SCA and what are its roles and responsibilities;
- Identify its goals and objectives to accomplish the project;
- Identify why Zoom faced a variety of challenges and difficulties during implementation;

1. Zoom as SCA

Each CSC in each of the states chosen by Zoom is supposed to operate under its supervision for a period of 4 years. It is the responsibility of Zoom to provide the best possible resources to make each of the centers functional, sustainable, and profitable in order to qualify for the revenue support from the government for up to four years. For the best interest of the VLE, Zoom facilitated the procurement of hardware, software, and internet connectivity at the lowest negotiated prices with the manufacturers based on bulk buying. In some cases Zoom also managed to facilitate bank loans for those VLE who were financially incapable to setup the CSCs.

The services offered by telecentres can be divided into three types: (1) Connected services are those that require internet connectivity. (2) Digital services are those which require the use of digital equipment like the PC, photocopier, or camera without internet connection. (3) Other miscellaneous services that the SCA or the VLE introduces to enhance their business and sustenance. These include microcredit services, general retail, FMCG, telecommunication products, and insurance sales. It is mandatory requirement by the government to offer all the e-Government (G2C) services (when the entire range is available) at each centre including Land Records, Birth/Death Certificates, Grievances, Form downloads and submissions, Bill payments – water, electricity, telecom, etc., Licenses, permits, subsidies, Property Tax and Registration, Bus pass, Railway tickets, Passport, etc. To make the centre more sustainable and profitable to operate, Zoom provided a wide range of B2C, B2B/G2B services. The services include IT services (Printing, Scanning, DTP, web surfing, etc.), Agri-business services (consulting, soil testing, information, procurement, agri products, etc.), Telecom Services (PCO, Post-paid/pre-paid connections, mobile phone sales), Commercial Services (Matrimonial, Astrology, Bio-data, etc.), Retail Sales & Referrals (FMCG, Consumer Goods, etc.), Education Services (IT, English Speaking, etc.), Health (Tele-medicine), e-Commerce (Online shopping, airline tickets, etc.), Market Research, BPO Services, Advertising, Branding and Promotions. Zoom entered into agreements with major industry leaders ranging from FMCG, Telecom, Insurance, Market Research, Hardware Manufacturers, to BPO. Leading name brands included Airtel, Tata Indicom, Tata-AIG, Birla Sun Life, Bharat Matrimony, AC Nielsen, HP, Acer, HCL, Intel, Microsoft, Reliance Communications, and Red Hat Linux. Negotiations were in progress to engage nationalized banks to reach their financial inclusion of rural India goals in order to facilitate rural loans, micro financing, rural financing and so on. Besides, Zoom also tied up with other agencies and service providers to offer telemedicine services, agricultural products, and beyond.

2. The Ground Reality

Zoom was supposed to rollout over 12,000 CSCs all together in selected zones in the states of Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Manipur, Orissa, and Rajasthan. Each of the states were pen named e-kiosks with different names in local languages to create awareness and uniqueness among rural citizens. Each of the state is different from one another for several reasons. Some of the major differences are geographic location, demographics, and socio-economic conditions of local population. The implementation is therefore, driven by local dynamics and there is no guided approach and set procedures for it. The ever-changing local dynamics have been personally observed during the course of implementation in three states for Zoom. The states of Orissa, Chhattisgarh, and Assam were the most difficult states that presented greatest challenges during the course of implementation. Naxalite and extremist activity, rugged terrain, and inaccessible panchayats were the major obstacles. The remotest villages that
were not even accessible by four wheelers and had no means of communication and electricity were travelled to. Attempts to kidnapping the employees, death threats, and money extortion activities by the naxalites were some of the dangers encountered in these states. The naxalites and extremists viewed the implementation as a threat to their existence and operation. As a result they were very vigilant and monitored every move of the SCA very closely. In fact, the purpose of the initiative and the benefits associated with it that could change the lives of rural citizens had to be personally explained to the Naxalites as at times it was sensed that the SCA’s presence and this initiative were on the verge of rejection by the naxalite movement. Hence, extreme caution and preventive measures were exercised while dealing in such areas and situation. Any wrong move could have yielded catastrophic consequences. There have been occasions when their demands were met to keep the project on track in the best interest of the stakeholders and protection of employees. The parties co-existed within a highly volatile situation.

3. Challenges

During the initial phase, the project was plagued by many unanticipated challenges and obstacles that made it really hard to keep up with the roll out schedule. There was also a great deal of disparity between the central and state governments communication. There were other challenges that were known yet beyond the control of addressing and handling due to prevailing unavoidable circumstances. The challenges are categorized into technical, administrative, capacity building, awareness and sensitization, financial, G2C services, and man power. (Dass and Bhattacharjee, 2011)

3.1 Technical

3.1.1 Connectivity: Most of the rural areas are deprived of internet connectivity to the last mile. The BSNL is responsible for providing internet connectivity. Its implementation is progressing at a very slow pace in most of the areas forcing the SCAs to look for other connectivity alternatives. Hence Zoom had to find alternate solutions to provide internet connectivity for the VLE. It arranged procurement of data card from other ISPs (Tata Indicom, and Reliance) at lowest negotiated prices. It did work in some areas; still the results were not satisfactory in terms of speed and reception. State Data Center (SDC) had also been established as one of the important elements of the core infrastructure for supporting e-Governance initiatives NeGP. Under NeGP, it is proposed to create SDCs for the states to consolidate services, applications and infrastructure to provide efficient electronic delivery of G2G, G2C and G2B services. These services can be rendered by the States through common delivery platforms seamlessly supported by core connectivity infrastructure such as, State Wide Area Network (SWAN) and CSC connectivity extended up to village level.

As a part of NeGP, the SWAN is in the process of being established to provide reliable broadband connectivity across the state up to the block level. For its implementation, a PPP/NIC model was adopted whose progress is at a very slow pace. The National Informatics Centre (NIC) is the main implementation agency while the private company was responsible for the establishment, operation & maintenance of the network. Each state has its own designated SWAN agency for the implementation. Even though all the initiatives have started, the progress seems very slow and lagging behind to a great extent thereby compromising the delivery of the entire range of government services. It was only after 2009 that SWAN was implemented in six states.

3.1.2 Electricity: Even though Zoom managed to find alternatives for the internet connectivity yet the CSC continued to be dysfunctional due to lack of power supply in most of the areas. The power cuts in the rural areas sometime lasts up to 15 hours a day which means down time, loss of business and customer confidence that directly hit VLE earnings, put strains of delivery of services, and increased pressure on Zoom keep the center up and running. Provision of generator sets and solar panels didn’t sound to be viable alternatives to power cuts mainly due to high investments and operating costs thus making it least cost effective from VLE business point of view.

3.2 Administrative

3.2.1 Bureaucracy: Even though the CSC is an ambitious and one of the core e-Government initiatives that created history and marked its importance across the country, one of the major challenges involved is dealing with the bureaucratic system itself. Technically every single government office associated with the implementation of the project was supposed to be well
informed about the initiative in and out right from the very beginning. Unfortunately, it turned out to be the opposite to an extent that bureaucrats themselves demonstrated negative approach towards the subject. Most of the government officials, whom were encountered, were very much against the change and unwilling to cooperate or support the program, at times even rejecting it completely. It appeared that they feared loss of power and the citizens taking control. In other words it is just a demonstration of “resistance to change attitude.” On the other hand, those officials who were willing to work with us and cooperate to the highest level were completely ignorant and unaware of the initiative. Interestingly, the rural citizens did not want to make frequent trips down to the town and deal with the government officials to get small work done, as those officials not only delayed work but often demanded bribes. Nevertheless the villagers were very welcoming and positive about the initiative. However, there is still a need to educate the bureaucrats and other government officials, which is another major critical success factor of the project.

3.2.2 Government Support: Government support was another major challenge since the attitude of rejection and non cooperation was working within the system. At higher level the top officials were willing to extend all kinds of cooperation, but at the bottom level it was just the contrary. It was very troublesome to get any information relevant to the project from local government offices. The officials and the offices were not equipped to provide the required information and help. The staff was completely oblivious to it.

3.3 Capacity Building

Capacity building lacked at all the levels, government and VLE. Capacity building at state and project level should have been carried out simultaneously with the project implementation. The implementation could have been phenomenal had the government officials been better trained, well informed, equipped to handle a variety of situations, and able to appreciate the importance of such a massive initiative. At CSC operational level, most of the VLEs were still in dilemma about the existence, future, and viability of the project. All they cared about was the return on their investment and strategies to make their centre a viable enterprise. They had absolutely no idea about how to operate the center and increase footfalls to their centers for the services being offered. They had questions about the overall operation and functioning of their centers. It was indeed a daunting task to organize VLE-SCA training sessions to build their capacity to operate the center, address their grievances, assist in getting acquainted with the different services introduced at their centers, and help them to increase their per capita income to ensure sustainability of the center. However, it was imperative to ensure that VLEs endured training in delivering services to rural customers, at regular intervals. In addition to all these hurdles, choice of relatively incompetent and illiterate VLE to operate the center presented challenges. Such VLEs failed to operate their centers resulting in closure and loss of center.

3.4 Awareness and Sensitization

Zoom realized a desperate need of creating awareness and sensitizing the rural community. The rural population was completely oblivious to the importance of the CSC services and its importance for them. They still believed in the notion of making a trip down to the town for any government services. They had to be educated that those services would be available at CSC right at their doorsteps and only a few clicks away. Now they could collect certificates, affidavits, register births and deaths, and avail other government services without even stepping out of their villages and that making a trip to town was going to be a thing of the past. Zoom organized several awareness and sensitization campaigns on a mobile van that travelled to distant places. Results were promising yet it was a long road ahead to achieve its goal. The local government officials at all levels were also required to be part of the campaign since they were also equally ignorant about the project.

3.5 Financial

Zoom had heavily invested in the project anticipating government revenue support and payback on time and in sync with the rollout of the centers. It did not happen and the revenue support started about 12 months behind schedule that put a heavy strain on Zoom’s financial capability to continue funding on its own. Global economic meltdown further contributed to its deteriorating financial status. Financial impact resonated to all the states project funding, field performance, employees’
salaries, whereas rising operating costs put Zoom in a perilous position.

3.6 G2C Services

Non availability of G2C services on time was another major cause of delay in rollout. The VLEs invested money in their centers but put their trust and faith in the hands of the government to offer its services at their centers. They felt pride and confidence in delivering G2C services rather than B2C due to the fact that it meant a lot to offer government services at their centers. “Government will not cheat its citizens but private companies could” was the firm belief in the minds of the VLEs. It was a common belief among the VLEs that customer will come to their center for government services first and then for any other B2C services. However, due to lack of G2C services, VLEs started to withdraw from the project and demanded refund on the investment resulting in cancellation of many centers that threatened the rollout. It was eventually very difficult and troublesome to convince them about upcoming G2C services and not to avoid cancellation. The only question was, “When and how soon?”

3.7 Man Power

Lack of man power was another problem as human resource was in high demand at the time of implementation phase. Different categories of man power were desperately needed for different jobs. For example, field jobs required any literate local individual with basic education, good communication skills, and knowledge of rural dynamics to be a best fit; coordination of field jobs required an individual with little management experience, good communication skill, and local geographical knowledge, while other jobs required office boys, office assistants, operations, accounting staff and so on. at each of its offices in each state. However, due to the fact that Zoom was already troubled with financial strain, delayed revenue support from the government, and global economic meltdown, it started to downsize workforce, failed to pay salaries on time, and overburdened employees with handling of multiple jobs simultaneously. It all happened at a very critical moment of the project implementation; hence, the consequences were catastrophic. Many employees were dejected and eventually quit, the field team lost its morale and will to perform, and performance level hit the lowest ever. Even the upper level management was forced to quit. Hence the project began to fall apart. Although Zoom recruited one of the best teams for the job it failed to retain it. It had an excellent and talented team of individuals ranging from top management down to the field level with diversified experience and capability of high performance along with the will to get the job done. Despite mounting pressures and the situation getting worse by the day, there were a few employees who desperately tried their best to keep up the pace but eventually gave up.

Consequences

Due to global economic meltdown and delay in receipt of government revenue support, Zoom failed to live up to the rollout schedule, thus violating the terms of the MSA agreements with the governments in a couple of states. The company began to fail paying bills and payments against advance deliveries of IT supplies, it axed employees, and started accruing debts. In addition there was a great deal of mismanagement of company’s financial resources at top management level that also led Zoom to be plagued by frauds and tax evasion troubles. This directly impacted the progress of the project. Rollouts almost came to a grinding halt. VLEs raised concerns and lost faith in the company; they started filing complaints with the state government against the company, threatened to harm the employees and vandalize company assets and even filed police reports about fraud charges. Some of the employees even committed embezzlement of funds collected from VLEs. It had become increasingly difficult to regain the pace of rollout schedule and win back the trust of rural population. In some cases, damages reached to a point of no return. Eventually, Zoom was terminated on account of non-performance and forced to pull out from the projects in a couple of states. However, since the mid of the year 2012 things began to improve considerably. The government revenue in remaining states has begun to flow in significantly improving the conditions as a result the project is advancing towards achieving its roll out targets.
Implications of Theory and Practice

The actual implementation of the project has proven to be completely different from its theoretical aspects. Practically, the ground reality presented a variety of challenges, many a times demanding immediate decisions and action in a particular situation. The theoretical explanation of these kinds of unprecedented circumstances does not exist. It is simply because of the fact that the policy makers never anticipated these situations since it was never encountered or experienced before in real life situations.

Conclusions

This paper has briefly reviewed Zoom Developer’s role as an SCA in implementing a major IT-project. Need based services worked perfectly in rural areas once the rural population realized the benefits associated with them. The success of the technologically advanced project also lies in its implementation with focus on provision of low cost, reliable, and useful services to rural population. Although, a project of this magnitude demands high stakes and presents variety of challenges it opens up a window of immense opportunities at the same time (Bhatnagar and Rao, 2007). Indeed, this is a massive initiative by the Indian government to make the delivery of its services more accessible, transparent, and quick. But the project is still lagging behind in achieving rolling out the target of 100,000 centers practically up and running and sustaining successfully. While studying the case of Zoom Developers in implementing the project, it was established that government should take a more proactive approach in handling and addressing the concerns of SCAs. The project is delayed mainly because of lack of connectivity and non availability of government services. The government should have been more flexible in assisting the SCAs to identify alternatives to current non availability of government provided connectivity. The basic deliveries of services require internet connectivity. BSNL has received substantial funding from the government to ramp up setting up internet connectivity channels, yet the progress seems very slow. Government should intervene more actively and closely monitor the progress. Also SDC and SWAN progress needs to be ramped up and monitored closely. (Chaudhari, 2011). Most of the SCAs have heavily invested in meeting upfront costs but their cash reserves depleted due to non receipt of government revenue support on time and delay in roll out of centers. Some centers were on hold since VLEs were unable to obtain loans. Even some SCAs had to pullout from the project due to non sustenance and failure to perform. Lack of G2C services also resulted in delay in rollout and/or cancellation of centers. The government should take extensive measures to make its services, combined with SWAN, available as soon as possible. B2C services alone cannot sustain the operation of centers, despite the fact SCAs have arranged for a range of B2C services.

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