



A BRIEF NOTE ON FINANCIAL INCLUSION THROUGH COMMON SERVICES CENTERS (CSC) SCHEME

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Introduction:

In the last two years, India has seen significant developments that have significantly affected the delivery of financial inclusion (FI) services to the grassroots level. The term “financial inclusion” has gained momentum in the last few years as a result of findings on ‘financial exclusion and its direct link to poverty’. With this, achieving FI has become a common goal for many central banks and governments in developing countries. In India, a big push came when the Reserve Bank of India (RBI), on April 26, 2010, issued guidelines for banks to offer financial services through common service centers (CSCs) as part of its FI mandate. RBI in its Annual Policy Statement for the year 2010-11, permitted banks to engage companies registered under the Indian Companies Act, 1956 (excluding Non-Banking Financial Companies (NBFCs)) as Business Correspondents (BCs).

Furthermore, February 15, 2011 was another milestone day as the Swabhiman scheme was formally launched. The objective of the scheme is to “make banking facility accessible to all citizens”. Along with this, the Government of India, the Department of Financial Services has issued instructions to banks to appoint CSC as Business Correspondents. Notably, these initiatives and some other related developments have set the financial inclusion agenda in motion in the country. To provide a much-needed thrust in mission mode, the Pradhan Mantri Jan-Dhan Yojana (PMJDY) was launched by the Hon’ble Prime Minister on 28 August 2014. This With the launch, Bank Mitra / Banking Correspondent Agent (BCAs) at the grassroots level have now become an extended department of banks, these BCAs are playing a key role in financial inclusion and successful implementation of PMJDY. CSC 2.0 is also functioning well. In this context an attempt is made in this paper to examine the role of CSCs in financial inclusion with special reference to rural India. All the data used for the analysis is secondary in nature.

Common Services Centres are access points to make Government-to-Citizen (G2C) e-services accessible to citizens by creating physical service delivery ICT infrastructure. This helps in creating a transparent service delivery mechanism and reduces the effort of citizens in visiting government offices. The



Common Services Centre (CSC) programme is an initiative of the Ministry of Electronics & IT (MeitY), Government of India. CSCs are access points to provide various electronic services to villages in India, thereby contributing to a digitally and financially inclusive society. Common Services Centres are access points to provide Government e-services to citizens (G2C) by creating physical service delivery ICT infrastructure. This helps in creating a transparent service delivery mechanism and reduces the effort of citizens in visiting government offices. CSCs are more than service delivery points in rural India. More. They are in place. They are agents of change, promoting rural entrepreneurship and building rural capacities and livelihoods. They facilitate community participation and collective action to create social change through a grassroots approach with a key focus on rural citizens.

CSC 2.0 Scheme

Based on the assessment of the erstwhile Common Services Centre (CSC) Scheme, the Government of India has initiated CSC 2.0 Project in August, 2015, under the Digital India. Under the Digital India programme, at least one CSC (preferably more than one) is envisaged in 2.5 lakh Gram Panchayats for delivery of various electronic services to citizens across rural India. This would include strengthening and integrating the existing 100,000 CSCs under the CSC scheme and making operational an additional 1.5 lakh CSCs in Gram Panchayats.

CSC 2.0 is a service delivery oriented entrepreneurship model with a large bouquet of services made available for the citizens through optimum utilization of infrastructure already created in the form of SWAN, SSDG, e-District, SDC, and NOFN/BharatNet.

Objectives of CSC

- Non-discriminatory access to e-Services for rural citizens by making CSCs complete service delivery centres, utilizing the infrastructure already created in terms of other Mission Mode Projects.
- Expansion of self-sustaining CSC network till the Gram Panchayat level – 2.5 lakh CSCs, i.e. at least one CSC per Gram Panchayat, more than one preferred.
- Empowering District e-Governance Society (DeGS) under the district administration for implementation.
- Creating and strengthening the institutional framework for rollout and project management, thereby, supporting the State and District



administrative machinery and handholding of VLEs through local language Help Desk support.

- Enablement and consolidation of online services under single technology platform, thereby making the service delivery at CSCs accountable, transparent, efficient and traceable, with a technology-driven relationship between all stakeholders.
- Providing Centralized Technological Platform for delivery of various services in a transparent manner to the citizens.
- Increasing sustainability of VLEs by sharing maximum commission earned through delivery of e-services and encouraging women to join as VLEs.

Services Provided by Common Service Centers (CSCs):

Various services are being provided to the people by Common Services Centers (CSCs) in India. The CSC are now available in various places in a District around the country. The services i.e. G2C (Government to Consumer), B2C (Business to Consumer) and B2B (Business to Business) are successfully provided by Common Service Centers in India.

1. Government to Consumer (G2C) : Various Government Services like Birth/ Death Certificate, Forms Download and Submission, Property Tax and Registration, Bus Pass, Railway Ticket, Passport , Licenses, Permit , Subsidies etc. are provided by CSC centers at one place for convenience of citizens. Detail of services provided by centers is as- Insurance Services, Passport, remium Collection Services of LIC, SBI, ICICI Prudential, AVIVA DHFL and Other Insurance Companies, E-Nagrik& E- District Services {Birth/ Death Certificate etc.}, Pension Services, NIOS Registration, Apollo Telemedicine, NIELIT Services, Aadhar Printing and Enrollment, PAN Card, Electoral Services, E-Courts and Results Services, State Electricity and Water Bill Collection Services, IHHL Project of MoUD (Swachh Bharat), Digitize India, CyberGram, Services of Department of Post

2. Business to Consumer (B2C): The List of Services provided by CSC from Business to Citizens is as- Online Cricket Course, IRCTC, Air and Bus Ticket Services, Mobile and DTH Recharge, English Speaking Course, E- Commerce Sales (Book, Electronics, Households Items etc.) , Agriculture Services, CSC Bazaar, E Learning

3. Business to Business(B2B) : Services like Market Research, Rural BPO (Data Collection, Digitalization of Data) comes under B2B.



4. Educational Services: Various types of Educational Services are also provided by CSC- **Adult Literacy-** Adult Literacy is ability to use a language for reading, writing, speaking, Listening. This service is offered through TARA Akshar+; **IGNOU Services-** Examination Form, Results declaration, Students Admission or Offering courses from IGNOU etc. services being provided by CSC; **Digital Literacy-** It includes Computer Courses, provide It skills to ASHA and Anganwadi Workers and authorised Ration Card Holder, Investor Awareness Programmes, NABARD Financial Literacy Programme etc.; **MKCL Services-** The Maharashtra Knowledge Corporation Limited (MKCL) has been offering various vocational and technical courses through online mode; **NIELIT Services-** Online Registration/ Fee Collection, Online Examination Form submission and printing of examination; **NIOS Services-** CSC act as NIOS Facilitation Centers for promotion of Open Schooling in Rural Areas, Registration of Students, Payment of Examination Fees, Declaration of Results

5. Financial Inclusion : Financial Services like Banking, Insurance and Pension are provided to Citizens in Rural and Remote Areas, particular Women and marginalised Communities, to secure their livelihood - Banking- Variety of Banking services like Deposit, Withdrawal, Balance Enquiry, Statement of Accounts, Recurring Deposit Accounts, Overdraft, Retail Loan, General Purpose Credit Card, Kisan Credit Card, Credit Facilities to Borrower etc. can be availed through CSC. It has partnered with 42 public and private sector and regional rural banks; Insurance- CSC is providing Insurance products and services through Authorised Village Level Entrepreneur (VLE). In addition services for Life Insurance, Health Insurance, Crop Insurance, Personal Accident, Motor Insurance etc. is provided; Pension- CSCs promote the National Pension System in Rural and Semi- Urban Areas through Opening Tier 1 and Tier 2 Accounts, Deposit Contribution etc.

6. Other Services : The other services include, Agriculture- To avail the agriculture services, Farmer registration is done. It helps the farmers to receive advisories related to it from experts. In addition, many other services like Weather Information, Soil Information is also provided to the citizens; Recruitment- Notification for Recruitment in Indian Navy, Indian Army, Indian Air Force is provided; Income Tax Filing- Income Tax Returns can also be filed through CSC. Manual is available in English and Hindi for VLE.



Financial Inclusion through Common Services Centers (CSC) Scheme

Financial inclusion is an integral part of the CSC ecosystem, which clearly focuses on banking for the unbanked. The Common Services Centers (CSC) scheme is being implemented across the country under the Digital India initiative by the Department of Electronics and Information Technology (DEITY), Ministry of Communications & Information Technology, Government of India. The scheme aims to provide sustainable digital access to deliver e-governance services for the upliftment of rural communities. The CSC scheme is a strategic pillar of the Digital India initiative of the Government of India. As of March 2015, over 1.44 lakh CSCs have been set up across the country, covering 35 States/UTs. One CSC serves five to six villages. The CSCs are being set up in Public Private Partnership (PPP) mode. The CSCs provide various services such as birth, death, caste, income, domicile certificates, NREGA services, health services, banking & insurance services, e-learning/digital literacy and telemedicine. The scheme is being implemented through the Public Private Partnership (PPP) model. Some of the key stakeholders in the project include the Central Government, State Designated Agency (SDA), Service Centre Agency (SCA), Service Providers (SP), Banks and Village Level Entrepreneur (VLE).

a. The Facilitator: Role of CSC and SPV

As envisaged under the scheme, a National Level Special Purpose Vehicle (SPV) has been set up as a permanent entity to provide ongoing support to the CSCs and to catalyse the services to be channelled through the network. The CSC SPV is called CSC (e-GOVERNANCE SERVICES INDIA LTD). The CSC SPV is playing a proactive role in ensuring that the national network of CSCs is leveraged in line with India's financial inclusion mandate for rural areas by issuing standard guidelines for government scheme linkages and initiating processes for State Designated Agencies (SDAs).

b. Leveraging CSCs for Delivering Financial Services

As per RBI guidelines, FI has become mandatory for all banks. As part of their financial inclusion plan, clear targets have been allocated and approved by RBI. Consequently, banks have entered into BC agreements with various service providers to provide financial services. Further, CSC SPV has entered into an agreement with 42 banks (Public Sector Banks, Regional Rural Banks and Private Sector Banks) as Corporate Banking Correspondent, enabling CSCs to become Banking Correspondent Agents/Customer Service Points for



providing various banking and financial services in the country. CSC SPV is also supporting State Designated Agencies in the States in proactively supporting these initiatives, thereby enhancing the sustainability of these initiatives.

Also, as per the letter issued by the Department of Financial Services (DFS) to banks regarding the Financial Inclusion Strategy and Guidelines, it is clearly stated that “to ensure convergence of BC and help in its survival, wherever CSC is present, it is necessary to make CSC a BC”. Therefore, considering the advantage that CSCs derive from their location, accessibility and availability of ICT infrastructure, they are best placed to provide financial services in rural India. Role of State Government in Promoting Financial Inclusion through CSC Many states have decided in their State Level Bankers Committee meeting to monitor the financial inclusion targets assigned to banks and to disburse the entire EBT in the state through CSC.

c. Financial Literacy by CSC:

In light of the importance of the financial inclusion agenda for the country and to highlight the role CSC network needs to play, various banks organized workshops at state and district level to accelerate delivery of financial services through the CSCs. The idea behind organizing the workshop is to get together all stakeholders on one platform in order to highlight the status, success stories (of people from the ground the VLEs and SCAs), gaps in delivering financial services, and defining the road ahead and deliverables.

d. VLE Case Studies:

Initial implementations indicated that when banking is linked with disbursement of rural Government scheme benefits and wages, a BC can earn a minimum of Rs. 3000 per month, per CSP. Currently many VLEs are earning more than Rs.20, 000/- per month.

e. Defining Success Parameters:

The success of financial inclusion depends on the availability of internet connectivity, VLE training and motivation, linkages with Government schemes disbursement, community awareness and sensitization and VLE selection.



Conclusion:

CSCs are more than service delivery points in rural India. They are positioned as change agents, promoting rural entrepreneurship and building rural capacities and livelihoods. They are enablers of community participation and collective action for engendering social change through a bottom-up approach with key focus on the rural citizen. CSC 2.0 is a service delivery oriented entrepreneurship model with a large bouquet of services made available for the citizens through optimum utilization of infrastructure already created in the form of SWAN, SSDG, e-District, SDC, and NOFN/Bharat Net. The Common Service Centres (CSC) 2.0 scheme has been a success in significantly expanding digital service delivery across India's rural areas. The most important factors contributing this success includes its nature of sustainability model, decentralized implementation, support from e-governance services India limited and the support through local languages to assist VLEs and address citizen needs and queries.

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