

Common Service Centres and Rural Digital Entrepreneurship: Emerging Challenges and Policy Imperatives

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Abstract

The introduction of digital technologies in public administration has revolutionized the system of delivery and access to government services in rural India. In this transformation, Common Service Centres have become important grassroots institutions connecting rural citizens to digital platforms and government services. CSCs were initially established to provide access to e-governance services but over the years their role has been expanded to provide a range of digital and financial services creating new opportunities for enterprise development at the local level through Village Level Entrepreneurs (VLEs). This paper discusses the evolving role of CSCs in facilitating rural digital entrepreneurship in India. It further investigates their role in digital inclusion and rural economic development through a systematic review of secondary sources including policy documents, government reports and existing academic literature. The study adopts a qualitative and descriptive approach to understand how CSCs have transitioned from service delivery mechanisms to entrepreneurship-oriented digital hubs in rural areas.

The review reveals that CSCs have made a significant contribution in widening the digital access in rural areas by providing an opportunity for the citizens to avail the essential services like banking, insurance, health care, education and welfare schemes through a single digital platform. This greater accessibility has contributed to bridging certain digital divide issues and promoting wider involvement in digital governance processes. In addition, CSCs play a role in promoting rural economic development by offering self-employment opportunities, increasing financial inclusion, and promoting localized digital service-based entrepreneurship. However, the analysis also reveals that there are several ongoing challenges such as digital infrastructure gaps, connectivity issues, low levels of digital literacy, financial instability of VLEs and un-even implementation of supporting policies. These challenges continue to restrict the full potential of CSCs as sustainable instruments of rural entrepreneurship. The study concludes that although CSCs have become significant drivers of

rural digital transformation, their effectiveness depends on stronger infrastructural support, improved policy execution, and sustained institutional strengthening to ensure inclusive and long-term rural development.

Keywords- *Common Service Centres, Rural Digital Entrepreneurship, E-Governance, Digital India, Village Level Entrepreneurs, Digital Inclusion, Rural Development*

Introduction

The growing penetration of information and communication technologies (ICTs) has significantly transformed governance systems, public administration, and economic participation worldwide. In developing countries, digital governance has emerged as an important instrument for improving administrative efficiency, transparency, accountability, and citizen-centric service delivery (Heeks 2002). The integration of digital technologies into governance structures has enabled governments to extend public services to remote and underserved populations, thereby strengthening inclusive development and socio-economic participation (Bhatnagar, 2014). In India, the expansion of digital governance initiatives has accelerated through programs aimed at bridging the digital divide and promoting equitable access to public services in rural areas.

The Government of India introduced the National e-Governance Plan (NeGP) in 2006 to establish an efficient, transparent, and accessible governance system supported by digital infrastructure. As part of this initiative, common service centers were conceptualized as front-end digital access points to provide government and business services to citizens in rural regions. Subsequently, the Digital India program, launched in 2015, further strengthened the role of CSCs in promoting digital empowerment and inclusive governance by expanding the scope of digital services across villages (Ministry of Electronics and Information Technology [MeitY], 2023). CSCs have gradually evolved into integrated digital platforms that deliver services such as online banking, insurance, telemedicine, utility payments, educational services, e-commerce assistance, and access to various welfare schemes.

The expansion of CSCs has contributed substantially to digital inclusion in rural India by enabling citizens to access digital services, irrespective of geographical barriers. Digital inclusion refers to the ability of individuals and communities to access and effectively utilize digital technologies for social and economic participation (Selwyn 2004). Rural populations in India have historically faced challenges related to inadequate infrastructure, limited access to formal institutions, low digital literacy, and restricted financial inclusion. In this context, CSCs have emerged as important intermediaries connecting rural citizens with digital systems and governance. According to Kumar and Best (2006), ICT-enabled rural service centres can significantly enhance access to information, reduce transaction costs, and improve local participation in developmental processes. Similarly, Madon (2009) observed that community-

based digital service initiatives play a crucial role in improving governance accessibility and strengthening socioeconomic inclusion in developing economies.

Beyond their governance role, CSCs have emerged as platforms for rural digital entrepreneurship. The Village Level Entrepreneur (VLE) model embedded within the CSC framework provides opportunities for self-employment and localized enterprise development in rural areas. Rural entrepreneurship is widely recognized as an important driver of employment generation, economic diversification and regional development (Saxena, 2012). With the rapid expansion of the digital economy, entrepreneurship based on digital service delivery has gained increasing importance in rural regions, where traditional employment opportunities remain limited. In this regard, CSCs facilitate entrepreneurial participation by enabling VLEs to deliver digital services while generating sustainable income for local communities. The entrepreneurial dimension of CSCs is particularly significant because it combines service delivery objectives with local economic empowerment and community participation.

Research conducted by Gupta and Jana (2003) emphasized that e-governance initiatives can improve citizen satisfaction and reduce bureaucratic inefficiencies when supported by an effective digital infrastructure. Likewise, Singh and Sahu (2018) noted that CSCs have contributed to improving rural access to digital financial services and welfare programs in India. The growing integration of digital platforms into rural economies has expanded opportunities for local entrepreneurship, market connectivity, and skill development. Consequently, CSCs are increasingly viewed not merely as governance mechanisms but as catalysts for rural digital transformation and socioeconomic development. Despite their expanding contribution, CSCs continue to face numerous operational and structural challenges that affect their sustainability and effectiveness. Inadequate Internet connectivity, irregular electricity supply, limited technological infrastructure, insufficient training opportunities, and low digital awareness among rural citizens remain major obstacles in the functioning of CSCs (Sharma & Gupta, 2020). Financial challenges, such as low commission structures, delayed payments, and limited institutional support, further reduce the entrepreneurial viability of CSC operations for VLEs. In addition, administrative complexities and regional disparities in infrastructure availability continue to create uneven outcomes in implementing digital governance initiatives across rural India.

A review of the existing literature indicates that while considerable attention has been devoted to the governance and service delivery aspects of CSCs, comparatively limited research has examined them from the perspective of rural digital entrepreneurship and policy sustainability. The challenges experienced by village-level entrepreneurs and their implications for rural economic development remain insufficiently explored in academic

discourse. Furthermore, there is a need to understand how CSCs simultaneously contribute to digital inclusion and entrepreneurial development in rural contexts characterized by infrastructural and socioeconomic constraints.

Against this backdrop, the present study seeks to analyze the contribution of CSCs toward digital inclusion and rural economic development while identifying the major challenges faced by village-level entrepreneurs in operating CSCs effectively. This study also attempts to provide policy insights for strengthening CSCs as sustainable institutions of rural digital entrepreneurship capable of supporting inclusive growth and digital transformation in India.

Research Gap

A review of the existing literature reveals that substantial scholarly attention has been devoted to the role of e-governance initiatives in improving public service delivery, transparency, and digital accessibility in rural India. However, the existing body of literature remains fragmented in its approach toward understanding CSCs as integrated instruments of rural digital entrepreneurship. Most studies have primarily focused either on the administrative and governance dimensions of CSCs or on the technological aspects of rural digitalization. Comparatively limited attention has been given to examining the evolving transition of CSCs from e-governance service centers to entrepreneurial institutions that contribute to rural economic development. Furthermore, existing studies provide insufficient analytical discussion regarding the structural, infrastructural, financial, and policy-related challenges that influence the sustainability and effectiveness of CSC-led digital entrepreneurship.

In addition, there is limited secondary-data-based analytical research synthesizing policy perspectives, institutional challenges, and developmental implications associated with CSCs in the context of rural digital transformation. Therefore, this study attempts to bridge this gap by critically analyzing the contribution of CSCs toward digital inclusion and rural economic development, while examining the major operational and policy challenges affecting their effectiveness as rural digital entrepreneurial platforms.

Objectives of the Study

1. This study examines the evolving role of common service centers (CSCs) in promoting rural digital entrepreneurship in India.
2. To analyse the contribution of CSCs toward digital inclusion and rural economic development through existing reports, policies, and scholarly literature.

Research Methodology

This study adopts a qualitative, descriptive, and analytical research design based entirely on secondary data sources. This study examines the role of Common Service Centers (CSCs) in promoting rural digital entrepreneurship, with special reference to digital inclusion and rural economic development in India. Since the study does not involve primary data collection, it relies on systematic synthesis and interpretation of existing literature, policy documents, and empirical reports.

This study followed a descriptive and exploratory research design. The descriptive component systematically presents the evolution, structure, and functioning of CSCs, while the exploratory component enables an in-depth understanding of emerging challenges and policy implications associated with rural digital entrepreneurship. This design is appropriate as the study aims to interpret existing knowledge rather than generate primary statistical evidence.

Data were collected through documentary analysis, which involved a systematic review of relevant literature, policy frameworks, and institutional reports. The collected material was critically examined to identify patterns, themes, and relationships related to CSC performance, digital inclusion, and rural entrepreneurship. This secondary data was collected from multiple credible sources such as government reports and policy documents published by the Ministry of Electronics and Information Technology (MeitY), reports and publications related to the CSC scheme, academic journals and peer-reviewed research articles, books and edited volumes on e-governance, digital inclusion, and rural entrepreneurship, working papers, conference proceedings, and institutional reports, and authentic online databases and digital governance portals.

Findings and Discussion

The secondary data analysis revealed that common service centres have undergone a significant functional transformation from government service delivery points to integrated platforms for rural digital entrepreneurship. This transition reflects a broader shift in India's digital governance architecture, wherein CSCs now function as hybrid institutions that combine e-governance, financial services, and grassroots entrepreneurial activity. The findings indicate that this evolution has contributed meaningfully to strengthening rural digital ecosystems, particularly through the Village Level Entrepreneur (VLE) model, which has enabled localized service delivery and self-employment.

A key finding of this study is that CSCs play a substantial role in promoting digital inclusion in rural areas. Secondary evidence suggests that CSCs have improved access to essential digital services, such as banking, insurance, telemedicine, education, and

government welfare schemes. This has significantly reduced the dependency on distant administrative centers and enhanced citizens' ability to engage with digital platforms. In this context, CSCs act as critical intermediaries that bridge structural gaps in digital infrastructure and literacy, thereby facilitating last-mile connectivity. However, despite these achievements, the level of digital inclusion remains uneven across regions, primarily because of infrastructural disparities and socioeconomic constraints.

Another important finding relates to the contribution of CSCs to rural economic development. The literature indicates that CSCs have created local employment opportunities through the VLE model, thereby promoting self-employment in rural areas. This aligns with broader theoretical perspectives on digital entrepreneurship, which emphasize the role of technology-enabled platforms in fostering decentralized economic activity. CSCs also indirectly contribute to rural economies by facilitating financial inclusion through digital transactions and banking services. Nevertheless, the income stability of VLEs remains a concern because of fluctuating service demand and low commission structures.

This study further identifies several structural and operational challenges affecting CSC performance. Persistent infrastructural issues, such as poor Internet connectivity, irregular electricity supply, and inadequate digital infrastructure, continue to hinder service efficiency. Operational challenges, including technical glitches in government portals and limited technical support, further constrain the effective delivery of services. Financial constraints, particularly delayed payments and insufficient remuneration, significantly affect the sustainability of VLE-based entrepreneurship. These challenges collectively limit the full realization of CSCs' potential as engines of rural digital transformation.

From a policy perspective, the findings indicate a gap between policy formulation and implementation. Although government initiatives under Digital India have strengthened the CSC framework, inconsistencies in execution and regional disparities persist. Although training and capacity-building initiatives exist, they are not uniformly accessible, resulting in variations in service quality and entrepreneurial outcomes. The absence of strong institutional convergence between implementing agencies further limits the efficiency of CSC operations.

Overall, the findings suggest that while CSCs have made notable contributions to digital inclusion and rural entrepreneurship, their long-term effectiveness depends on addressing structural inefficiencies and strengthening institutional support systems.

Policy Implications

This study examined the role of Common Service Centres in promoting rural digital entrepreneurship, focusing on digital inclusion and rural economic development. Based on secondary data analysis, the study concludes that CSCs have emerged as significant

instruments of digital transformation in rural India. They have not only enhanced access to government and financial services but have also facilitated the emergence of localized entrepreneurial ecosystems through the village-level entrepreneur (VLE) model.

However, the effectiveness and sustainability of CSCs are constrained by infrastructural deficiencies, financial limitations, operational inefficiencies, and uneven policy implementation. These challenges highlight the need for a more robust and integrated approach to rural digital governance that goes beyond service delivery and actively strengthens grassroots entrepreneurial capacities.

The study's findings suggest several important policy implications for strengthening CSC-led rural digital entrepreneurship.

First, there is a critical need to improve rural digital infrastructure through enhanced broadband connectivity, a stable electricity supply, and upgraded technological systems. Without adequate infrastructure, the potential of CSCs cannot be fully realized. On the other hand, financial sustainability of Village Level Entrepreneurs must be prioritized. This requires the revision of commission structures, timely payment mechanisms, and the introduction of income stabilization support models to ensure the long-term viability of CSC operations.

Therefore, capacity-building initiatives should be strengthened through continuous and structured training programs focusing on digital literacy, service diversification, cybersecurity awareness, and entrepreneurial skill development. Such interventions can significantly improve operational efficiency and the quality of services.

Furthermore, stronger institutional convergence between central and state-level agencies is essential to ensure uniform implementation of CSC policies. A more coordinated governance framework can reduce regional disparities and enhance accountability. The integration of CSCs with broader digital economy ecosystems, including start-ups, fintech platforms, and MSME networks, should be encouraged to expand the entrepreneurial scope of VLEs and promote innovation-driven rural development. Finally, a robust monitoring and evaluation framework should be established to regularly assess the performance of CSCs. This would help identify gaps, improve service delivery, and ensure that CSCs continue to function as effective instruments of inclusive digital governance.

Conclusion

CSCs have made a meaningful contribution to bridging the digital divide in rural India by enhancing accessibility, improving service delivery mechanisms, and promoting digital awareness among rural citizens. In addition, CSCs have played an important role in fostering rural economic development by generating employment opportunities, supporting financial inclusion, and facilitating participation in the emerging digital economy. However, the overall

impact remains uneven owing to persistent infrastructural deficiencies, financial constraints, limited digital literacy, and inefficiencies in operations. Despite their growing importance, CSCs continue to face structural and systemic challenges that restrict their full potential as instruments of rural transformation. These include inadequate digital infrastructure, inconsistent policy implementation, low and delayed remuneration for VLEs and limited institutional support. Such constraints highlight the need for more coherent and strengthened governance mechanisms to ensure sustainable functioning of CSCs. Overall, the study establishes that CSCs represent a critical institutional innovation in India's digital governance framework. Their dual role as service delivery platforms and entrepreneurial hubs positions them as key drivers of inclusive rural development. However, their long-term effectiveness depends on sustained policy attention, infrastructural strengthening, and improved institutional coordination to ensure that the benefits of digital transformation reach all segments of rural society.

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