Drishtee

**IT for Change
2008**

This case study is part of a research project that sought to analyse how different telecentre models approach development on the ground, proceeding to elaborate a typology based on the cornerstones of participation and equity. To conduct this assessment, four telecentre projects were examined: the Gujarat government's *E-gram* project, the corporate-led venture by ITC called *e-Choupal*, the private enterprise model of *Drishtee*, and the community-owned telecentres of the M.S. Swaminathan Research Foundation (MSSRF). Two main criteria were used in selecting the case studies – the diversity of ownership models, and the requirement of a sufficient scale of the intervention. In addition to the field research conducted in 2008 using qualitative methods, the research also built on secondary sources.

A review of the literature in the field of Information and Communication Technology for Development (ICTD) showed that while telecentres are viewed as contributing positively to development in general, they are largely not really seen as a space for catalysing transformative social change. Instead, there remains in the notion of telecentres for development a perpetuation of market-led approaches, wherein telecentres are viewed as a strategic means for expanding markets in rural areas, especially for corporates. In this approach, poor communities are repositioned as an opportunity for business, with ICTs as the most effective way of connecting them to the global market system. This espouses a version of inclusion that instumentalises disadvantaged sections, overlooking the potential of telecentres to serve as a tool for equitable and participatory development. Such subjugation of local development and the local community to the neo-liberal ideology can be seen as the 'Walmartisation' or 'marketisation' of development (Gurstein, 2007:6).[1]

A critical question for telecentre related policies and programmes therefore examines how ICTs can trigger structural-institutional changes that promote overall human development, going beyond exclusive market frameworks. Based on a critical analysis of findings from the field, the research attempted to examine two hypotheses. The first relates to the need for the communitisation of ICTD, as is a strong move towards communisation in other areas of development, like health, livelihoods, education, etc. Second, the development of an ICT governance regime favouring an open, inclusive and participatory socio-technical architecture. The latter seeks to empower the peripheries, acting against the strong tendency towards centralisation of power of the unregulated use of ICTs.

The following analysis of the *Drishtee* project will be situated within this larger debate.[2]

Background and approach to development

Drishtee is a for-profit company which aims to create new ICT-enabled distribution networks and access points for retail products and services in rural India. Seeking to 'connect communities village by village', *Drishtee* aims to capitalise on the ability of ICT-based platforms to enhance efficiencies and remote-manage large systems. Thus, it plans to do away with the number of individual intermediaries involved in providing products and services in rural areas. By streamlining processes through a single *Drishtee* channel, rural communities gain access to traditionally difficult-to-obtain commercial, health, education and government services.

Drishtee's approach to enabling the opening up of rural markets is operationalised through a franchise and partnership-based business model.

The *Drishtee* model was piloted in 2001 in the state of Haryana and has spread to over 12 states including Assam, Meghalaya, Manipur, Arunachal Pradesh, Bihar, Orissa, Uttar Pradesh (UP), Uttarakhand, and Tamil Nadu. This model aggregates local

markets around an individual micro-enterprise, while providing ICT and non-ICT-based income generating potential for rural entrepreneurs.

As of December 2007, the *Drishtee* network had 2,059 kiosks, each catering to approximately 1,200 households. The direct delivery supply chain has resulted in significant cost and time savings, and *Drishtee* aims to reach 10,000 villages before 2010, thus consolidating its position as a profitable rural supply chain for last-mile retailing. With a clear profit-based business strategy, the kiosk operator (KO) is a village businessman, and an entrepreneur with the freedom to innovate on the scope of the services provided. Further, the *Drishtee* accent on the provision of community development services in education and health casts the KO in the mould of a social entrepreneur, who, in the words of one KO "[...] can earn an income and also help people at the same time".

Drishtee aims to fulfil its development vision by unlocking the potential of rural markets in a way that makes business sense for the company. ICT-based kiosks and KOs are the foundations on which this 'win-win' model of development is constructed. Drishtee's market-based ICTD model – relying on the trickle-down effect – is positioned as a driving force for bringing about positive social change. This trickle-down approach encompasses Drishtee's long-term 'model village' vision, wherein the mature ICT kiosk operator trains and supports other village

members to initiate independent enterprises to leverage the ICT infrastructure of his centre.

Implementation model and actors

ICT kiosks are established by *Drishtee* under the ownership of village entrepreneurs. These kiosks provide access to online information like government records, agricultural data, and commodity product rates education services like computer courses, and spoken English programmes; and digital processing of health insurance and the purchase of consumer durables. Kiosk selection follows a cluster approach, with a single kiosk serving a radius of 4-5 villages. *Drishtee* staff collaborate with the *sarpanch*[3] of the *panchayat*[4] to identify villagers for this role, the majority of whom are relatively well-off men with the ability to undertake capital investment. Replacing an initial model of financial support provision to KOs for kiosk establishment, *Drishtee* currently selects community members with existing basic infrastructure and some computer skills for the role of KOs. Initial training on marketing, sales and accounting is provided by *Drishtee*, and technical support is provided on a need-only basis. Kiosk space and recurrent costs are borne by the KO, with fixed revenue sharing for services provided through the *Drishtee* channel. *Drishtee* also has variable revenue sharing agreements with service providers.

Computer literacy training through *Drishtee's* Centre for Education and Entrepreneurship

Programme (CEEP) is the most popular ICT-based activity at the kiosks, attracting village youth, and particularly young girls. In Haryana, in collaboration with the state Chief Information Commissioner (CIC), *Drishtee* is piloting online Right to Information (RTI) case filing because it is an easily digitised process, and contains high demand potential. For the KOs however, higher revenues accrue from selling non-ICT related products and services. This includes insurance schemes, small electronic goods and other fast moving consumer goods (FMCGs), which are introduced into the supply chain through decisions taken at the *Drishtee* Headquarters. The company establishes contractual or revenue sharing agreements with national-level corporates for routing products and services through ICT kiosks. KOs are free to decide on market rates for these services, with *Drishtee* receiving a fixed percentage. Any non-*Drishtee* services at the kiosks like mobile phone recharging, provide one hundred percent income to the KOs. With average monthly earnings of Rs. 5,000-6,000, the kiosks are popular as a one-stop shop for rural retail needs, contributing directly to rural market expansion.

In a strategy to integrate marginalised groups into the *Drishtee* model, the company is also targeting a lower entry point for economically disadvantaged men and women KOs in the states of UP and Assam, with minimal initial capital investment. *Drishtee* is also tailoring products and

services for women KOs, with an emphasis on health and micro-finance related offerings. Although this deliberate targeting is working to attract a fair number of women to take up the role of KOs, the initiative is still in its infancy.

As an early pioneer in the field of the digital provision of governmental services, *Drishtee* has largely withdrawn from the governance arena because of failed undertakings, other than a few successful kiosks in the state of UP. The failure of the government services venture occurred in the context of accountability concerns and monitoring gaps vis-a-vis KOs. Furthermore, Internet-based government service provision usually reaches a plateau after an initial demand surge following its introduction. It is unable to remain viable as a strategy for the long-term revenue generation of kiosks, thus the "[...] bread cannot come from government services, only the butter can [...]", according to Satyan Mishra, Co-Founder and Managing Director of *Drishtee*.

In UP however, recent connections to district collectors have facilitated the establishment of *e-Prashasan Kendras* (e-governance centres, EPK), which are managed at the district level by *Drishtee* in the role of an outsourcing hub for governmental services. EPKs assume responsibility for the delivery of a pre-determined set of government schemes and services through the Internet, with the processing of applications and benefits front-

ended through individual KOs at the village level. *Drishtee* gains fixed revenues from the district administration for service provision, a percentage of which is disbursed to participating KOs.

For the KOs involved in *Drishtee's* second wave of government service provision, adhering to a strict online daily monitoring system is mandatory to enable the identification of discrepancies in revenues and any underlying corruption surrounding the delivery of government services. *Drishtee* attempted to engage with service delivery through e-governance initiatives in Kurukshetra and Fatehabad in Haryana. Built on a commission model, the KOs providing these services allowed corruption to seep into the system, resulting in the local public administration revoking the license given to *Drishtee*.

The key difference between the initial and this second (current) wave of e-governance service delivery are the stringent monitoring systems introduced throughout the *Drishtee* system coupled with centralised control mechanisms for government service delivery. However, *Drishtee* has not involved itself with India's flagship e-governance telecentre scheme, Common Service Centres (CSCs), where the government is providing an initial subsidy for running telecentres. This is instructive both of *Drishtee's* focus on profitability, independent of the kind of services it provides, as well as its doubts about the sustained

viability of the commercial front-ending of government services.

Market as a panacea for development

On the market based model

The market-based development model that *Drishtee* subscribes to is best reflected through excerpts from interviews of members of the organisation. Satyan Mishra, co-founder and MD of *Drishtee*, explains the reasoning behind adopting this approach. He states, "[...] we want to work with efficient kiosk operators who perform at a high level and use them as a hub for developing other village operators. If we groom them, we will be able to make a fundamental impact on the larger economy of the village, through the creation of an ecosystem where enterprise can thrive." He adds that entrepreneurs have had to struggle to survive, so the focus now is to engage better-off villagers to form a company and make initial investments. Villagers can use their own equity to start a company and provide basic infrastructure, in addition to which rural enterprises can be run. This village company can sell power, water and space in the village hub for shops, for which they will charge rent.

On the difference between Drishtee business and development

Ramesh Kumar Kharab, a district level Executive, states, "We make rural centres urbanised. All [other] forms of development are in the hands of the *panchayat*, but there are deficiencies in their functioning."

He adds that *Drishtee* charges money for services, but although villagers have developmental needs, to address and meet these needs, linkages have to be created with the government, and these directives must come from the head office. Another district level Executive, Ajith Kataria affirms the limited developmental focus of *Drishtee*, "On one hand there is income generation, and on the other hand there is social development. You need time for the latter, and relationships have to be built. You cannot do both together, as one is income focused and the other is [development] assistance and there is no income from development. […] *Drishtee* only provides an indirect benefit to development from our other services".

The problem is therefore not with what *Drishtee* is doing, but what such a model of development is seeking to replace – traditional development practice that centres on social marginalisation and relying equally on collectivist strategies as on individual economic development. Working independently as a new kind of rural business strategy is not a wrong approach to adopt. In this regard, it could learn from government agencies in charge of entrepreneurial development.

However, to posit itself as a model of delivery of social development as well as governance services tends to take attention away from focused efforts that are needed to use ICTs for devising development models that are based on equity and social justice and seek to disproportionately address the concerns of the weakest sections. This is especially true when despite the fact that this model has shown little real governance or social development impact, it has been celebrated as an ICTD and telecentre model, winning numerous awards. The false sheen of being a 'social entrepreneur' attracts considerable donor and other public interest funds, whereas it is difficult to see, even in *Drishtee's* own pronouncements, how this is different from a normal business. A greater accent on building social relationships for successful business in rural areas may be more of a requirement than generosity, as a KO comments, "KOs will move towards income generating aspects that *Drishtee* provides, but they will not refuse any developmental related assistance that villagers approach him for, or else he will get a bad name in the village".

Presenting such rural business models as development models, and pushing them through well-orchestrated publicity claims has the impact of propping development ideologies without any real supporting proof, on the ground. In this regard, it is surprising that the Indian government in coming out with its flagship e-governance telecentre project by relying on the hype of such market-based models rather than examining the fact that they have almost universally failed in providing government services in a manner that governments are mandated to. This fact is clearly reflected in the *Drishtee* case study.

Endnotes

1 This case study is part of a broader research undertaking funded by the Social Science Research Council (SSRC), an independent non-profit organisation based in New York. The study was commissioned under the Collaborative Grants in Media and Communications: Necessary Knowledge for Democratic Public Sphere programme of SSRC

2 Gurstein M. (2008), 'Towards a Critical Theory of Telecentres: In the Context of Community Informatics ', IT for Change: Bengaluru

3 *Sarpanch* is the head of the *panchayat*

4 *Panchayat* is an administrative unit of the government at the village level

IT for Change (ITfC) is a non-profit organisation located in Bengaluru (India) that works for an innovative and effective use of ICTs to promote socio-economic change in the global South. IT for Change's research and advocacy work in gender, education and governance aims to influence the information society discourse and policy spaces at global, national and local levels, seeking to build cutting edge theoretical concepts and policy responses from a pro-South standpoint. More information on www.ITforChange.net.