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Economy and Politics **RSS**

Rural twist to BPO story

Sai Seva in Andhra village offers solution to cost and attrition worries of firms such as Royal Sundaram, HDFC

Pankaj Mishra



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Puttaparthi, Andhra Pradesh: G Shekarappa, a 44-year-old farmer in drought-hit village of Veeranjaneypally near Anantpur district in Andhra Pradesh was struggling to support his family of three despite four acres of land and four buffaloes.

That is, until last year, when his only son, G. Hari Babu, a commerce graduate, got a job with a back-office solutions firm, Sai Seva Business Solutions, which is based in Puttaparthi, just five kilometers from Shekarappa's home.

Babu, who still sells milk in the morning hours around his village, could now be seen processing account opening forms for Mumbai applicants of the country's second largest private bank, HDFC Bank Ltd, out of Sai Seva's 1,000 sq. ft office, along with around 50 colleagues, including a barber's son and the local postman's daughter.

Babu is among hundreds of educated youths from across nine villages around Puttaparthi who have a desire to earn more to support their families reeling from frequent droughts, but who might have had to migrate to cities such as Bangalore and Hyderabad for lack of opportunities in their villages.

Until they were hired by Sai Seva.

"Not only am I able to bring cash every month for basic needs, but I can also stay with my father and support my family," said Babu, who has recently also enrolled for a master's in computer applications course from Indira Gandhi National Open University.

Founded by four friends Sai Narain C.D.K, Sujatha Raju, R. Prasanth and Prasad Avvagari in May 2006, the venture was built around the notion that "around 80 lakh educated rural youths are still unemployed and Gartner (a research outfit) said that India could lose 70% of the BPO opportunities to more cost-effective countries by 2010," according to Narain.

Narain, who was a marketing director with Citibank NA in Taiwan and head of consumer banking at Standard Chartered Bank in Bangalore, along with his friends, invested around Rs850,000 to buy 40 work stations and also rent an office space for the BPO.

Prasanth, who has an MBA and a thriving tech-support venture called Travee Solutions, and Avvagari, a systems manager with Hewlett Packard Co. in California, are the other two directors.

Initially, the venture waited for word-of-mouth to bring in customers, but "we are now looking at seriously marketing the advantages of outsourcing to potential clients not only because we are 40-60% cheaper, but also because we do not have to face the urban challenges of high attrition," said Narain.

The pitch appears to be working.

In addition to HDFC, Sai Seva also processes insurance claims for microfinance company Basix as well as Royal Sundaram Finance.

When HDFC chief information officer C.N. Ram first came across this venture, he immediately pitched for it to the top brass at bank. "We were battling with high attrition rates at our back office, and it was becoming an unviable proposition," he said. "We have lent around Rs500 crore to a million families in villages under our

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microfinance business, providing a huge opportunity to scale up on outsourcing.

HDFC has started with outsourcing of data capture for account opening forms and would look at more activities such as data filling and other forms processing if the pilot project with Sai Seva goes well, he said.

"We can replicate this model endlessly across many destinations," added Ram. "Whatever we are outsourcing is a critical piece for our business."

Meanwhile, existing customers, such as Royal Sundaram, are already talking about giving new work around their entire national retail health-care venture. Currently, the BPO is processing over 1,000 claims every month for Royal Sundaram.

Lower costs is clearly one reason.

Raju, one of the co-founders, notes that while per seat cost in an urban location, such as Chennai, hovers around Rs15,000, it could be as low as Rs10,000 in the village. "Beyond salary costs, one can also save a lot on infrastructure costs and attrition costs," she said.

A 1,000 sq. ft office in Chennai could cost as much as Rs35,000 a month when compared with a monthly rent of around Rs10,000 in Puttaparthi.

While many would argue that getting employable youths in such villages could be a challenge, "we have already got over 250 CVs and still get almost five job enquiries every single day," said Sai Krishna, project manager with Sai Seva, who left his job at MMC Infotech in Chennai to manage the operations of the village BPO.

Candidates such as Sai Prasad, 21, who joined as an office boy at the venture a few months ago, was recently inducted as a full-time employee working on the HDFC project. "He showed a lot of interest in moving to the operations role, and even picked up typing speed from nowhere to around 62 words per minute," said Krishna. Adds Raju: "We want to take these jobs to the villages and not get them to migrate."

Employees such as Babu and Prasad are paid around Rs3,500 each month apart from Rs500 that goes into their bank accounts. They are also eligible for a bonus and medical insurance.

Most of the employees at the BPO now speak fluent English. "We put a box in the hall, wherein anybody speaking a word in Telugu has to donate Rs5. After the first few weeks of utter silence, now many are speaking good English," said Krishna.

With an eye on expansion, Sai Seva has already started training local village youths on basic computer skills such as Microsoft Office, "as it also helps build a pool of resource for any future new business," said Krishna, noting that "it would be difficult to go beyond 200 seats in Puttaparthi."

With new business coming in, Sai Seva is looking at more rural centres in locations such as Bagepally and Kuppam in AP, "and will have centres in over 25 villages across the country in the coming few years," said Narain.



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jeetendra Said:

Thats a great story showcasing the untapped potential in the rural hinterland. Should do more such stories to show the self employment route to rural youth. In my opinion, the urban enterprises should pitch in with support for such ventures.

Posted On 8/14/2007 3:05:48 PM

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KA Said:

I am impressed with the initiative of the youth. I am sure with their encouragement even if a few can guide their future, it is a great achievement.

Posted On 8/30/2007 11:15:04 AM

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