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**Village voice**
**Rural BPOs have the potential to transform the employment landscape of Indian villages**  
[Nandita Datta](#)
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In the city, I could never hope to get a job with an Infosys or a Wipro because of my educational background. So, I did odd jobs for companies that didn't pay much and, worse, offered me no career growth. Today, I can support my family and am looking forward to becoming a team-lead soon. I'm also saving money for a skill upgradation course."



This is not some disgruntled employee moaning about his career graph, but a twenty-something associate working at a rural business process outsourcing (rural BPO) firm in north Karnataka recounting his four-year struggle to come good in Bangalore.

Currently viewed more as a social responsibility rather than a real business opportunity waiting to be capitalised, rural BPO has definite potential to change the face of rural India. Especially, in addressing its unemployment problem and countering distress migration to urban areas.

**Opened windows:** Most of the jobs are level 1 works like data extraction services

To understand just how, one must talk to Jayaram K Manivannan, the man in charge of Hyderabad-based Byrraju Foundation's rural BPO initiative, GramIT. Manivannan, believed by many to have pioneered the concept in India, says 15% of his 520-strong staff are people who have returned to their villages from various cities and towns in Andhra Pradesh.

And, his isn't an isolated case. HOV Services, a specialised finance and accounting BPO firm with more than 11,000 people spread across 40 delivery centres in India, China, Mexico, Canada and the US, says it has over a hundred rural BPO employees (out of a total of 4,000) who have voluntarily opted to return.

As one woman employee writes: "This opportunity has given me a chance to fulfil my ambition of being part of the IT sector and to live happily with my family." Another middle-aged man tells us that had he got this opportunity earlier in life, he would never have migrated to Chennai and scrounged there for a livelihood.

Apart from its social connotations, rural BPO makes for tremendous business sense. "High operating costs in cities, coupled with uncontrollable attrition and margin pressures (on account of falling realisations and the rupee-dollar mismatch) are forcing all of us in the industry to do a rethink of our business models," says Suresh Yannamani, President & Chief Operating Officer, HOV Services.

HOV is partnering with academia to offer a BPO module to final-year graduate students. It is also putting in place a rural BPO network to take care of Level 1 work: data extraction services like capturing account opening data for a bank, or formatting the data captured in a marketing survey carried out by an insurance company.

**Test Your B-Quotient**

**A business started by Roy Raymond in 1977, subsequently owned by Limited Brands and Sun Capital Partners. Its endorsers are called Angels. They sign-up customers for a credit card called the Angel Card. Which business are we talking about?**

- a) Victoria's Secret  b) Barbie Dolls  c) Prada

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A rural BPO is also not about some extra cash in the hands of unemployed villagers. "If you really look at it, the rural BPO salary isn't that great. In fact, during peak season, an agricultural labourer earns more than Rs 150 per day, which is marginally more than what we pay our entry-level guys," says Manivannan of GramIT. "Of course, our salaries aren't seasonal!"

Rural BPO is more about employment and wealth creation in a village. Earlier, most rural initiatives focused on delivering services to a village by outsiders, but rural BPO is all about employing the local population and exporting services out of the village.

So, what is the cost advantage that a rural BPO enjoys over its urban counterpart? Manivannan explains: "One obvious differential is salary (an entry-level rural BPO employee earns a gross salary of around Rs 4,000-5,000, which is less than half of what his urban peers take home each month) and the other is rental (this is difficult to estimate because real estate prices vary from place to place)."

But the cost of extra power back-up and last-mile connectivity in some areas offsets the cost arbitrage. Even so, it could be 50% less expensive to run a rural BPO than an urban one.

But the catch is that a customer looks at the total cost of ownership vis-a-vis the service level when it wants to outsource a process to a third-party, urban or rural. "If they doubt the quality of your work, no amount of cost advantage will help you," Manivannan concedes.

Cost arbitrage apart, rural BPOs score over their urban counterparts in terms of employee attrition, which is almost non-existent. "Rural BPO jobs are a source of livelihood for most of our employees; they view this as a career and not just a job that earns them a fast buck," Yannamani says. "In fact, many see this as a route to their salvation, so the effort they put in is much more."

Sai Seva Business Solutions, which currently runs one rural BPO facility in Puttaparthi (Andhra Pradesh), is another rural BPO that has taken off. With long-term engagements from clients like HDFC Bank, micro-credit firm Basix and US-based ReaSource Info Systems under its belt, it has grown from four employees two years ago to 75 today.

The biggest challenge facing rural BPOs is not HR-led but business development related, says Sai's Board Member R Sujatha, who also runs another BPO company, Trayee, in Chennai. "It is a myth; there is absolutely no dearth of talent in our villages. I currently have 400 resumes with me, what more proof do you need?"

Significantly, Sujatha says, the key HR challenge rural BPOs face is grooming raw talent. An entry level associate in an urban BPO centre becomes billable in one to two weeks; in a rural BPO this can take up to three months. "Apart from technical skills and written language proficiency, we need to train them in soft skills and social etiquette," she says.

The bigger challenge is to build a sustainable business by expanding the basket of service offerings and focusing on long-term client engagements. "Because rural BPO are perceived as a corporate social responsibility initiative (which it is not), our sales cycles are longer. There aren't too many chief information officers who understand the business of a rural BPO. That poses a big problem," Sujatha says.

This perception, however, is beginning to change. "Once your capabilities are demonstrated by consistent delivery quality, clients will follow. But in the initial start-up phase, the going is not easy," Manivannan says.

GramIT was lucky in that it had Satyam Computer as a ready client when it started off in 2005. Satyam outsourced a few of its non-core HR and finance processes to it and, today, GramIT works on 25 processes for Satyam. The rural BPO has also added two reputed telecom companies, a large FMCG firm and various government departments to its client list.

The Byrraju Foundation currently runs four GramIT centres in Andhra Pradesh. It plans to open six more by the year-end, taking its total employee headcount

**BPOs in villages enjoy the cost advantages of comparatively lower salaries and rentals**

to 1,500.

There are more than 15-20 rural BPO initiatives, including one incubated by IIT Chennai, but most of them are pilot ventures. However, two recent entrants to this space are now attempting to scale up their operations. One is Noida-based Drishtee and the other, Bangalore-based Comat Technologies.

"We have established proof-of-concept and are now looking to scale," says Sriram Raghavan, Co-Founder & President, Comat Technologies. By using the company's existing infrastructure (rural IT kiosks in Karnataka and elsewhere that deliver a range of rural services) during the night for data entry work, Comat is helping an American bank to clear cheques that remain unprocessed by its high-speed scanner. Comat is now in talks with a domestic telecom major and a bank to replicate this success.

Kunal Chawla, who heads Drishtee's rural BPO initiative, says his organisation's focus is on digitisation services. "We are looking at building a competitive edge in this space before the market gets crowded," he says. Although Drishtee has just one rural BPO centre in Bihar's Madhubani district, it is looking to replicate this model across its other centres.

Because most of the rural BPO work in India has been pioneered by social organisations, a chunk of their profits are used to subsidise other rural initiatives. "Our rural BPO idea was born out of the need to create an economic surplus for our initiatives like healthcare services, rural education, rural sanitation and water management. But this does not necessarily mean GramIT is a social initiative. We are a for-profit business and we intend to stay that way," Manivannan points out.

On the other hand, Yannamani says HOV's rural BPO foray was born out of a business necessity to shift low-end work to more cost-effective locations. "There were no social compulsions for us—it was driven by hard-core business reasons." Even though the idea behind Sai Seva Business Solutions was a mix of business and social factors, Sujatha says the company is run just like any other business.

Saloni Malhotra, the 25-year-old CEO of rural BPO firm DesiCrew, which employs mostly women in its eight centres in Tamil Nadu, sums it up best. "At the end of the day, business has to make sense; the social side will automatically get fulfilled."

Rural BPO may be a still-evolving business model, but it seems to be slowly gaining traction. And if it can deliver on the promised numbers, Indian villagers could get to tap one more avenue for employment.

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