



Hand in Hand Micro Finance Boosting Rural Entrepreneurship Through Telecentres

Vignesh Sornamohan and Aditi Pathak

Photo Credit: Hand in Hand Micro Finance



H K Pamarthy
CEO
Hand in Hand Micro Finance

Hemanth Kumar Pamarthy, CEO, Hand in Hand Micro Finance, Tamil Nadu, India talks about initiatives and involvement in the domain of telecentres. Hand in Hand Micro Finance is an NGO dedicated to the development of disadvantaged groups, especially rural and tribal, through grassroots action, research and education. The organisation works in ten districts of Tamil Nadu, India, and aims to build self-reliance by alleviating poverty through sustained income generation programmes. It complements income generation interventions by building and disseminating knowledge through research and documentation, and capacity building of practitioners. In this interview, Pamarthy elaborates upon the methods adopted by the 'Citizens' Centres Enterprise' for establishment, mobilisation and sustenance of telecentres.

►► **What is Hand in Hand Micro Finance doing in the field of telecentres?**

Hand in Hand Micro Finance is a non-profit organisation registered in 2002 as a Public Charitable Trust. Though the activities of Hand in Hand started with Child Labour Elimination, gradually we set up village knowledge centres. In Hand in Hand Micro Finance, we call them as 'Citizens' Centre'. We combine enterprise, knowledge and services. We call it an enterprise mainly because of the knowledge imparted and the services rendered. We charge a nominal fee, which is an income for the person in-charge of the centre. This makes the centre sustainable in itself. In a Citizens' Centre, our interest is basically to help inculcate grassroots democratic values and to impart Information and Communication technologies (ICT) to the people who are interested.

In the beginning, we first start a children's centre in the village. We encourage children to come to the centres. The children are encouraged to work and play on the computers. Then slowly, the children are driven to learn the computer system. In rural areas, small children in the 5th grade are now quite comfortable with the mouse, monitor and keyboard. That's how we impart knowledge. Secondly, when the children come to the middle school level, we encourage them to take a one-month basic certificate course. We teach them MS Office and Windows. In the long run, these children develop interest in being new generation entrepreneurs for our expanding Citizens' Centres. We provide children education and if they perform well, then, we provide some sort of backward integration by taking them again in our organisation. We ensure a sustainable income generation and a knowledge generating enterprise.

We encourage women and men to gather in front of the centres every month to discuss various activities and issues they face. We create awareness among the people on the importance of using their franchise. The Health and Hygiene programme had facilitated around 400 Medical camps benefiting about 56,000 patients. This becomes a

feat for not only real ICT knowledge imparting but for general knowledge imparting, whereby people can improve their lives.

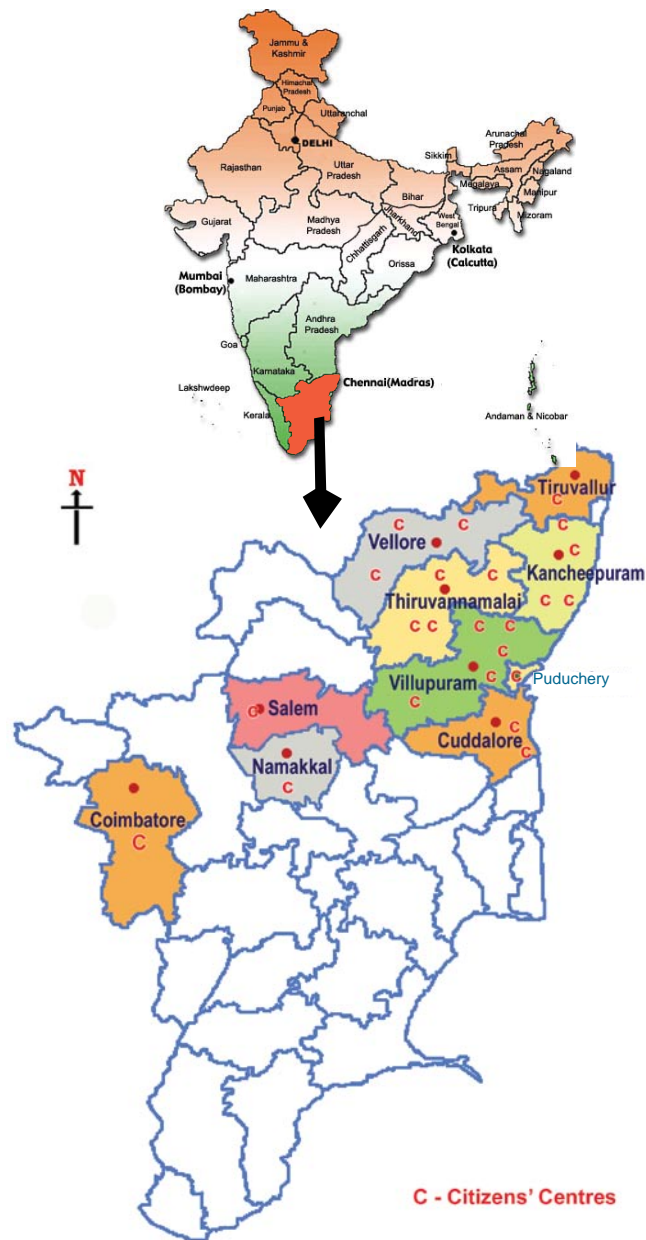
►► **Could you share your experiences on moving from a social development model to social enterprise model?**

After studying several existing village knowledge centre models, Hand in Hand had formulated an integrated model of ICT in its Citizens' Centre which typically has an IT kiosk with Internet, a functional library with information made available also on IT

related subjects, and a tuition centre.

The centres' goal is to inculcate the values of grassroots democracy by conducting familiarisation of government programmes, socio-economic-health issues and facilitating discussions on relevant topics. The important goal, though, is making IT facilities available to the disadvantaged needy in rural areas, in an affordable manner (significant amount of concessions are extended to the Scheduled Caste/Scheduled Tribes students).

What started in a small way in



A map of Citizens' Centres presence in Tamil Nadu, India

Source: <http://www.rishalpub.com/images/india-map.jpg>

Source: Hand in Hand Micro Finance

Kancheepuram (Tamil Nadu) in April 2005 is now being scaled up through replication. Many of the Citizens' Centres found favour with Panchayats (local governance bodies) who could identify a good location to setup the centres, run for the benefit of the

"We encourage women and men to gather in front of the centres every month to discuss various activities and issues they face. We create awareness among people on the importance of using their franchise"

respective villagers. However, on a micro level, especially while scaling up the centres, there are challenges. The scaling up has to be in depth that is by expanding equipment and facilities within the centre and in width.

We realised maintaining our centres with recurring costs such as salaries, peripherals, etc., with little returns, proved to be unsustainable. This made us innovate in making the Citizens' Centres, the "Citizens' Centre Enterprises" (CCEs) by providing not only knowledge, but also the finance and equipment needed to start such an enterprise.

Through this process, we identify enthusiastic entrepreneurs from our Self Help Groups and build their capacity through training. We later support them with micro finance to set up their Citizens' Centre Enterprise in a suitable and viable locality, normally nearer to either a Panchayat office or a Registrar's office or a High school, to enable the entrepreneur get steady and regular business opportunity. The entrepreneur is expected to invest a small portion of the total investment to ensure continued interest in the project. The micro loan is extended in the form of basic equipment such as a good computer with a CD drive, a printer and important software. The entrepreneur in turn will have to repay the loan with the most affordable interest rate in over 30 months.

▶▶ Who pays for the operator?

Once it becomes an enterprise, the operator pays for it. The operator draws

an income after meeting the costs and other expenditure.

▶▶ How many centres do you run presently?

We have established over 750 Citizens' Centres Enterprises in the six districts of Tamil Nadu and Puducherry namely, Kancheepuram, Tiruvallur, Vellore, Tiruvannamalai, Villupuram and Cuddalore.

▶▶ What is the cost of setting up a centre and how do you support them?

It is well within USD 1000. We provide basic computers with CPU, monitor, keyboard and printer. We build the capacity of the operator, which is free of cost, where they learn about operating the computers. We also provide them with knowledge on the tariff that they can charge from the customers,



Photo Credit: Hand in Hand Micro Finance

so that it becomes, by and large, uniform services across the centres. The telecentres located in semi and peri-urban areas are forced to charge a little extra because of the rentals that they have to pay as compared to the other places; and because of this, there is no uniformity in the tariff charged from customers.

▶▶ What about the content? Do you look for content from outside?

Presently, we have limited content and it is distributed by Hand in Hand Micro Finance. We procure content from

"Many of the Citizens' Centres found favour with Panchayats who could identify a good location to setup the centres, run for the benefit of the respective villagers. However, on a micro level, especially while scaling up the centres, there are challenges. The scaling up has to be in depth, that is, by expanding equipment and facilities within the centre and in width"

outside in bulk and then we distribute it. For example, if we want to preach total sanitation and health care, we procure CDs for our requirement and later we distribute it to our centres.

▶▶ Who are the major suppliers of content for you?

An organisation named Sankhya in Hyderabad. They have been providing us the content. Another organisation

Franchising the Citizens' Centre Enterprises

- The cost of setting up a Citizens' Centre is well within USD 1000
- It expects the entrepreneur to invest a small portion of the total investment in order to ensure continued interest in the project
- It extends micro-loan in the form of basic hardware and software
- The entrepreneur can repay the loan in affordable interest rates over a period of 30 months
- In case of an SHG, loan is given to only one member, but the entire group is mobilised for collateral support



Children using a Citizens' Centre

called Dove InfoTech, the brand is Pebbles, comes out with a lot of content related to elementary education.

►► What about connectivity?

Connectivity is a big problem because at many places there is no Internet. But wherever there is connectivity, dial-up Internet connection is provided.

►► What are the key challenges in upscaling?

The scaling up has to be in-depth that is by expanding equipment and facilities within the centre and in width that is by expanding in more geographical

“The organisations Sankhya and Dove InfoTech provide us with the majority of the content”

locations. The challenges faced in this regard are the finance needed for scaling up (where micro finance helps the start-ups), finding suitable human resources for teaching, training and handholding and availability of electricity in the rural areas. While these are the challenges, the impediments are certification/accreditation issues for the courses offered, language related issues for imparting and comprehending the

courses and restricted or insufficient reach of Internet.

►► To what extent is the social objective balanced with the economic benefits?

In the centres run by us, it is always social responsibility that is on the forefront. We are not going for any economic pursuit, except for very nominal charges to cover the cost, and not for profit. For instance, our centres are unique in a way. If for a minute, you imagine that you are a villager and need to go for a birth certificate or agriculture income generation certificate, what will you do? You may go to the Panchayat (local governance bodies) office, maybe the nearest municipal office, and go round and round in circles. In the community, where our citizen centres are operating, our people are empowered in such a way that they know what is to be done. If they have to go for a birth certificate, they will say, ‘OK, here is an application to be filled. Go to this particular office and pay at this counter; go there fifteen days later with this much money and ask for the certificate. It should be ready. If it’s not ready, then go to that counter and ask them what has happened?’

This type of knowledge is being

imparted on a social basis and we were charging a nominal fee. Whereas, today, in the Citizens’ Centre Enterprise, they may take a little extra money, so that it can make their enterprise sustainable.

►► What is the average income and expenditure per month?

We are still in a pilot stage and, probably, I will not be able to comment on that. When we start a new Citizens’ Centre, the income can be as low as USD 9.5. This is absolutely location-centric. A new centre may generate USD 9.5 as

“We realised maintaining our centres with recurring costs such as salaries, peripherals etc., with little returns, proved to be unsustainable. This made us turn the Citizens’ Centres into “Citizens’ Centre Enterprises” (CCEs) by providing not only knowledge, but also the finance and equipment to the entrepreneurs”

income after the expenditure and a six months old centre may generate USD 70.9 as income, because they also do a lot of other work.



“A new centre may generate USD 9.5 as income after the expenditure. A six months old centre may generate USD 70.9 as income because they also do a lot of other work. This type of income occurs over a period of time”

This type of income occurs over a period of time, and the CSCs usually make USD 70.9 - USD 94.5 after expenses.

▶▶ How do you link micro-finance and telecentres?

We lend money to the Women

Self Help Groups (SHGs). We have designed our product in such a way that it takes 30 months of repayment. This means specific tailor-made, customised products have been made and micro-finance is provided to individuals who are part of the SHG's collateral. In a group of twenty, may be only one member would like to open a Citizens' Centre. We give the loan to only one member and try to bring in the collateral of the entire group. In the states of Tamil Nadu and Andhra Pradesh, the spread of SHGs are very high. The SHGs have to make accounts of their subscription and internal loans. These accounts can be computerised. For example, in a particular village, we have 8 SHGs and other NGOs have 15 groups in the village. These 23 groups can come to this centre, use the services of this centre to computerise their accounts, put it on the system and take a CD every month. So this acts as another micro-finance link. The third link is, we have recently developed a software called 'Kulunidhi' means 'group fund'. Through this software, the SHGs will be linked to the banks. The SHGs can be rated by the bank,

who are giving them loans, or any other financial institution, from their own offices without even moving from their own offices. This is an innovative product, which we hope will succeed.

▶▶ Do you have any idea about telecentre.org programme?

Yes, I heard that it has been doing a wonderful job in the creation of telecentre networks and bringing them together. The networks in turn, facilitate in the packaging of content and services for the telecentres. This will ultimately result in the sustainability of the telecentres. □

Quick Scan

- The CCE model proves to be a good example of financial inclusion through telecentres
- Users of a CCE telecentre pay a nominal fee for using its services. This is an income for the person in-charge of the centre

Women and children working on computers at a Citizens' Centre

