

Outsourcing reaches rural India

By [Simon Denyer](#), Published: July 15 | Updated: Sunday, July 17, 6:20 AM

MALLASAMUDRAM, India — The fact that a 23-year-old Indian engineering graduate is tutoring American high school students in math over the Internet is hardly unusual anymore.

But Pradeepa Mallur is not based in Bangalore, the capital of India's outsourcing industry, or any other big city. Instead, she lives with her parents in a small village in southern India and works in an air-conditioned office on a college campus in a village nearby.

After two decades of furious growth, Bangalore is showing signs of strain, and not just in terms of ever-worsening traffic congestion and [occasional social unrest](#). There, a shortage of skilled workers is driving up wages and rates of employee attrition.

But in small towns and villages all over India, a glut of college graduates either cannot or do not want to move to a big city. Many of them are young women like Mallur, who is from a conservative family and is reluctant to leave home before marriage.

Matching that demand for workers with the untapped supply has become the mission of four veteran former employees of Indian IT giant Wipro, who say their idea could unleash another wave of transformative growth and wealth creation across the Indian landscape.

“India has close to 2,000 good engineering colleges, all in small towns, and no jobs,” said Anand Talwai, co-founder and executive director of [NextWealth](#). “At the moment, they all have to come to the big cities. But why can't we take jobs to them? Even at a lower salary, the quality of life is better for them at home.”

Talwai and business partner Sridhar Mitta were the ninth and first employees, respectively, of Wipro Technologies in 1981, working out of a basement with founder Azim Premji.

Three decades later, the two men, nearing retirement age, decided they wanted to give something back to society.

With two other former Wipro employees, they started NextWealth, a company whose mission is to provide a social service while generating profits and encouraging entrepreneurship. The company aims to distribute some of the fruits of India's information technology success to the countryside, to fulfill the potential of ambitious, educated young people from small towns and villages.

Based in Bangalore, NextWealth is trying to create a network of partner companies in or around fast-growing towns and cities to provide highly skilled outsourcing at half the cost of India's big urban centers.

“We have reached a status in life where we are happy with what we have and can share with others,” Talwai said.

NextWealth works through local entrepreneurs, taking a 26 percent equity stake in their companies while providing the brand, expertise, experience and clients the companies need.

“It is a mixture of the experience of the elders with the energy and entrepreneurship of youth,” said Mallikarjun Huralikoppi, who has opened a NextWealth partner company providing payroll services in the city of Hubli.

Just as Mitta and Talwai once had to convince U.S. executives that they could reliably outsource work to India, now they must convince skeptical Indian urbanites that their hinterland is not the back of beyond.

“Fifteen or 20 years ago, when we went with Wipro to the U.S., we got a lot of questions and suspicion,” said Mitta, the company’s managing director. “We would draw a map of the world and show where India is. And people would ask, ‘How do people know English there?’ ”

“Today we are doing the same thing, but with executives in Indian companies, who ask, ‘Do people in Salem speak English? Do they have power? Do they have broadband?’ We have to keep answering and convincing them.”

Engines of the boom

India’s smaller cities and towns are fast becoming the engines of the country’s economic boom. Talwai and Mitta say they believe the IT industry can help “spawn a revolution” in small-town India just as it did in the once-sleepy southern city of Bangalore.

There are other companies that are also trying to take outsourcing beyond India’s big cities. [One of them, Sparsh](#), offers back-office processing as well as call-center services in all of India’s 15 official languages.

“There is no point in talking Delhi Hindi to consumers in Punjab or rural Maharashtra,” said Sparsh’s chief operating officer, Radhika Balasubramanian. “This helps in building support with customers.”

But NextWealth aims to go beyond call-center work, outsourcing higher-level tasks, in English, for multinational companies at a quality that can match what’s available in Bangalore.

Sensitive to the old accusation that [outsourcing merely undercuts existing jobs](#), NextWealth’s directors are at pains to point out that their model opens new opportunities for personalized work at rates that would not otherwise be commercially viable.

In the town of Chittoor in Andhra Pradesh, for example, clients can give their digital photos, perhaps of a vacation or special event, to NextWealth employees, who pick the best pictures, create a design with text, and ultimately produce a coffee-table book that no automated system could

match. “In Chittoor, we are doing that for \$3 an hour, which is profitable,” Talwai said. “That is work that didn’t exist earlier.”

More than seat-fillers

Down a rural road in the southern Indian state of Tamil Nadu, past paddies, coconut palms and small farming villages, the Mahendra Engineering College suddenly looms into view.

In a four-story building on the campus is the office of Mahendra NextWealth, where employees code health-care claims and, like Mallur, tutor foreigners in math.

Their spoken English might not be perfect, director Faustino Avinash Rosario says, but after completing an engineering degree in English, their command of the written language is excellent.

Instead of being swallowed up by the outsourcing industry in Bangalore, said some of the 250 or so employees of Mahendra NextWealth, they are treated like real people, not just seat-fillers.

“I love teaching, and I am very proud to work here,” said Mallur, sitting at her desk in her sari with jasmine in her hair, taking a break from writing equations that appear on a computer screen in Michigan.

“If I went to Bangalore, I would have to leave my family, but it is more comfortable to stay with my parents,” she said. “I also find it extremely safe.”