

## ELEVENTH ANNUAL POLESTAR AWARDS WINNER

### **E KUMAR SHARMA, Business Today**

With seventeen years of experience in Journalism, E Kumar Sharma is an Assistant Editor with Business Today. He has been with the India Today group for about a decade now.

A recipient of the Chevening scholarship, E Kumar Sharma has had a short stint as a reporter with the BBC Money Programme in London. He completed his Masters in Economics from the University of Hyderabad.

*E Kumar Sharma wins the PoleStar Award titled, 'Jury's Special Recognition', for 2008 for his articles: "On a (merit) roll", "The route to `dharmacracy'" and "Messiah or merchant?", that appeared in Business Today.*

## MICROFINANCE

**Messiah or merchant?**

“India needs game changers in microfinance”

**E KUMAR SHARMA**

Nov 27, 2008

Consider a company growing at a sizzling 200 per cent and backed by blue chip venture capital investors from Silicon Valley—such as Sequoia Capital and uber VC Vinod Khosla. A firm that has recently raised \$75 million (Rs 366 crore) in its fourth round of financing in one of the worst economic downturns in global history, posted consistent profits and in just a few years attracted a valuation of around \$400 million (Rs 2,000 crore).

**Vikram Akula**

You might think that this is perhaps a classic tech start-up—a firm that has probably developed the next generation “killer app” in a niche industry segment and one that might just redefine the way we go about doing things.

Sort of. SKS isn't a tech firm but one of India's new breed of microfinance outfits. Yes, it does stand a good chance of redefining the way a good chunk of India's population lives and its “killer app” is nothing but a shrewd business model that farms out millions of loans and other services to the poor, enhances their livelihoods and makes a tidy profit for its investors and senior management. Founded by Vikram Akula, a Ph.D in Political Science from that bastion of free markets—the University of Chicago—and an ex-McKinsey hand, SKS is firmly wedded to a for-profit model to tackle India's crushing rural poverty.

SKS has posted some spectacular

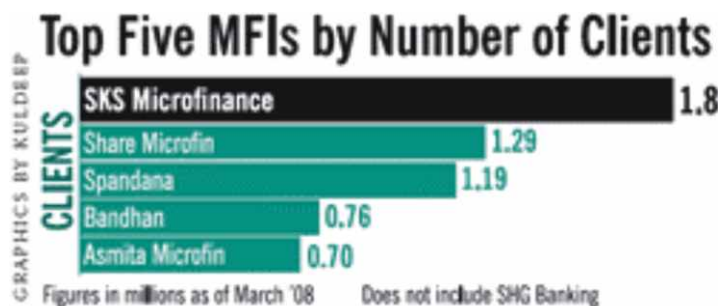
growth numbers. Since its founding in 1998, it has added 3.4 million members, disbursed close to \$1 billion (Rs 5,000 crore) in loans, established a 13,221 employee base and covered over 50,000 villages in India. “We definitely represent a new generation of microfinance— one that is using a commercial approach to scale rapidly and is keen on not just credit but the full range of financial services for the poor,” says Akula.

However, while the firm is growing rapidly, gobbling up as many poor rural clients as possible by issuing them 5,000-rupees loans on average, some veterans in the industry have become trenchant critics of the manner of growth that SKS and its peers have adopted (see accompanying story Leveraging the Poor.) The company also faces significant operational challenges, especially in managing attrition rates amongst its ballooning workforce and ensuring that its IT backbone can keep up with the firm's rapid expansion.

How exactly does SKS make all this money for its investors? The company has effectively melded the Grameen approach pioneered by Muhammad Yunus—the man who jump-started the microfinance industry by making small loans to groups of women—to a business model that keeps a firm eye on generating profits. This means seeking out and interacting with millions of

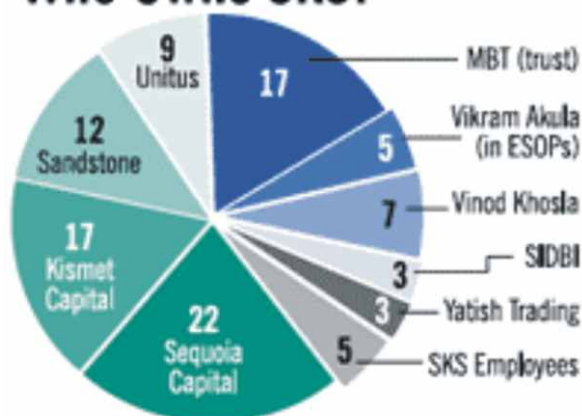
**Vijay Mahajan**

individual rural poor, assessing their needs and brainstorming an entrepreneurial solution to their cash flow problems. The reason firms like SKS are so popular in rural India is because the countryside is



starved of credit. Borrowing money means going to a local moneylender and seeking out a loan with an astronomically high interest rate—usually between 100-5,000 per cent.

## Who Owns SKS?



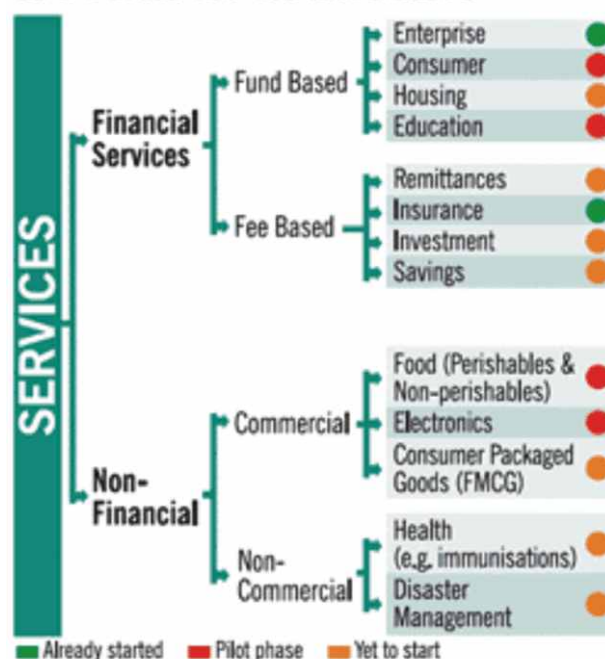
**Total shares:**  
60 million with a market price of around Rs 330 per share  
Source: BT sources, previous media reports

Consequently, the 24 per cent rate that SKS charges is small potatoes. However, the real magic behind SKS's revenue and profit figures is its ability to lock in a loyal, growing client base to which it can sell all manner of products in the future. "If Bill Gates' vision was a PC on every table, our vision is to get financial services on every doorstep in rural India," says 40-year-old Founder & Chairman Vikram Akula. A consummate salesman of the SKS vision, Akula loves tech analogies. In addition to invoking Microsoft's name a number of times in a conversation—not an ideal ploy considering the software company's reputation as a ruthless monopolist—Akula also loves to compare SKS to Google in an effort to further tease out his business model. Just as Google has made a fortune by becoming the gateway to the top tier of the consumption pyramid (affluent online consumers), says Akula, SKS sees itself as the Google for the bottom tier, namely India's rural poor. The firm sees itself as the last mile solution for anyone who wants to sell anything to this group—a massive market that companies in India are desperate to tap into. "We have the path to the pot of gold," says Akula. "Everyone has approached us, from tractor makers to people selling colour TVs, from water purifiers and diapers. We're creating brand new markets."

All of this is only possible if SKS manages to keep its human resources department efficiently humming along. Manpower is the lifeblood of SKS. The company is adding 3,00,000 new clients

monthly, which means opening up 100 new branches a month as well—in addition to the several million customers that SKS needs to monitor and service. This is a gargantuan task, requiring an assembly line approach to recruitment, training and placement of personnel, not unlike the highly standardised distribution process of Coke or McDonald's. Each loan officer that is recruited and trained, reports to a branch manager who in turn reports to a regional manager and so on. SKS has also recruited around 90 management graduates for senior positions who are all put through the same rigors as prospective loan officers and branch managers. For SKS to be able to be operationally efficient, it needs to manage its retention rates—currently 30 per cent amongst loan officers—and ensure that quality of staff doesn't take a dip in its frantic efforts to scale up.

## Selling to the Poor: SKS's Path to Profits for its Investors

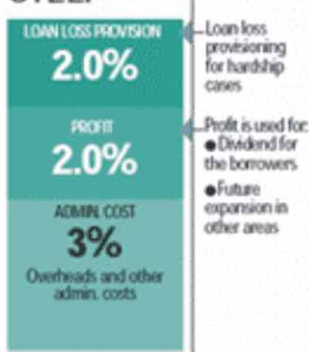


When Akula enrolled in a Ph.D programme at the University of Chicago's Political Science department in 1996, the college's free market environs must have made a deep impact on him. It was here that he began to seriously examine how one could devise a model for microfinance firms that could achieve scale—something that had never been done before. He realised that a for-profit model in an arena of private competition was the only way that microfinance firms could attract capital, grow in size and have significant impact on poverty levels. In 1998, Akula roped in his mother towards the microfinance cause and the two began

to hold a series of tea and samosa parties for friends and family in the hopes of attracting capital. Eventually, 357 people coughed up \$52,000 (Rs 26 lakh) and SKS was born.

The jury is still out on whether microfinance takes a dent out of poverty, but SKS's numbers tell a different story. "The poor in India are extraordinarily resilient. They have a very high rate of return on capital," says Akula. A 10,000-rupees loan to a woman who needs to buy a scale and baskets in the hope of becoming a vegetable seller, nets her a 52 per cent return on her loan. A loan to purchase a buffalo can bring in a 74 per cent ROI. A tailor makes 111 per cent and a potter makes a whopping 236 per cent on investment. The reason for these returns is because the poor don't have significant infrastructure costs. Most poor operate from out of their homes. They rely on their own labour and they operate in an informal economy where taxes and other legal costs are not applicable.

### WHY SKS'S INTEREST RATES ARE NOT THAT STEEP



For all of SKS's achievements, not everyone is thrilled about the way in which microfinance firms like SKS have gone about things. "This craze around outreach with very little depth and very little diversity of offerings is actually creating serious risk and certainly represents a deep opportunity loss in terms of what the

poor want," says Nancy M. Barry, formerly with the

World Bank and also former Head of Women's World Banking. She is also one of America's 20 most powerful women according to U.S. News & World Report magazine. David Gibbons, a pioneer in the field of microfinance and head of Cashpor, an MFI which works amongst the destitute in the states of Uttar Pradesh and Bihar, says that initially people like him were delighted about the huge increase in client outreach. "Then it became clear that something else was happening. They started targeting upmarket poor in search of larger loans. Those who lived below the poverty line were completely ignored." Akula says that his model isn't best suited for the ultra poor. Instead, philanthropic capital should be used to graduate the most destitute into a better-off segment before they can fully benefit.

SKS and Akula do have admirers in the industry, including Vijay Mahajan, Chairman of BASIX and a guru of India's rural economic development. Mahajan feels that Akula has made an invaluable contribution to Indian Microfinance. "He has taught the sector what is scale and sustainability while ensuring social impact," he says. Also, attracting capital is not easy, especially in today's severe downturn and perhaps the only hope for microfinance organisations—and, therefore, a large segment of India's poor—is to adopt a for-profit model which invariably involves establishing a large client base before more complex services delivery.

In just under 10 years, Vikram Akula has built SKS into one of the biggest brands in rural India. A survey that pitted SKS versus two big financial brands—ING and LIC—showed that borrowers preferred SKS in overwhelming numbers. Even those who weren't borrowers opted for SKS because of its reputation. "There's no one else that people trust," explains Akula. "Everyone interested in rural India has to come to us. If they don't, they're out of the game." Words to take note of.

## SKS milestones

1996: Akula's request for financing is turned down by major funders including the Ford Foundation. Akula is too young, inexperienced and American, they say. Akula convinces his mother to host tea and samosa (money raising) parties amongst friends and family. Eventually raises \$52,000 from 357 people.

1997: Akula forms SKS as an NGO in December 1997 and begins operations next year.

Aug. 2000: Pioneers SmartCard Pilot project that uses SmartCards at village level. It wins the CGAP Pro-Poor Innovation award as well as a \$50,000 prize.

Nov. 2001: SKS bags the Digital Partners SEL Award and a soft loan of \$25,000. The Grameen Foundation matches the award. Money used to invest in technology development.

June 2002: With help from friend Balachander Krishna Murthy, Akula deploys a scaleable MIS solution, supposedly the first in the industry.

April 2002: Receives the first ever loan of Rs 5 lakh from Friends of Women's World Banking, India.

Aug.-Sept. 2002: SKS receives loans from SIDBI, its first commercial borrowing, worth Rs 75 lakh.

2002: SKS approaches ace VC Vinod Khosla for funds, who says he is not yet ready to invest. Akula begins recruiting professional staff.

Sept. 22, 2003: SKS incorporated as an NBFC.

June 2004: SKS receives ICICI partnership loan of Rs 20 crore.

2004-05: Akula moves back to the US. Appoints Sitaram Rao as the CEO till he returns. Aug.

2005: SKS moves from being a non-profit organisation to becoming a for-profit company.

Last quarter 2005: SKS gets a soft loan of Rs 1 crore converted into equity from SIDBI

March 2006: Gets Rs 11 crore equity injection from Vinod Khosla, Ravi Reddy and Unitus Equity Fund. This is first round of equity infusion.

March 2007: SKS gets second round of funds to the tune of Rs 50 crore from Sequoia Capital, Unitus Equity Fund, Vinod Khosla, Ravi Reddy and Odyssey Capital (of Gokal Group from Mumbai).

Jan. 2008: The firm gets Rs 147 crore from Silicon Valley Bank, Columbia Pacific and Sequoia Capital in its third round of financing.

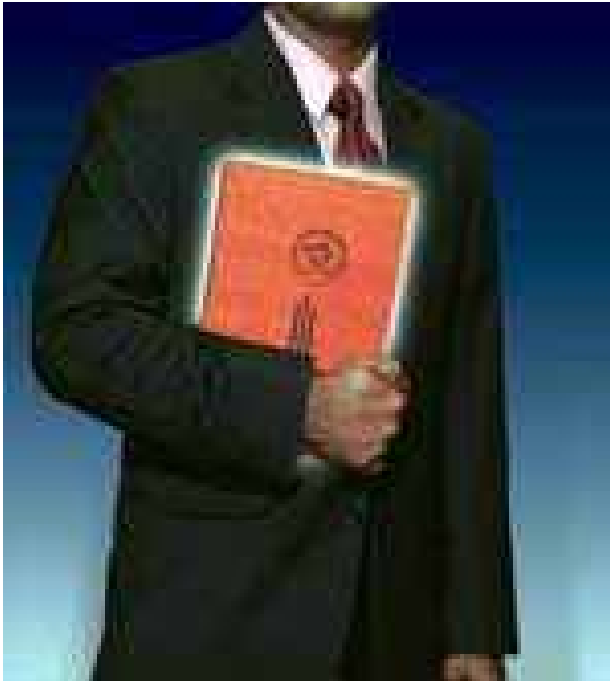
Nov. 2008: SKS concludes the fourth round of fund raising of Rs. 366 crore (\$75 million) from Sandstone Capital, SVB India Capital and Kismet Capital. This marks the largest Indian microfinance deal to date.

Dec. 1, 2008: Akula transitions from being a CEO to a Chairman.

# The route to 'dharmacracy'

**E. KUMAR SHARMA**

November 27, 2008



Come January and Vijay Govindarajan, Professor of Strategic Innovation and Management at Tuck School, Dartmouth, US, will be in India with a group of 50 US-based executives. His mission? "I have arranged for Sadhguru Jaggi Vasudev to spend a day with the executives. The Sadhguru teaches spirituality. I want western executives to understand how spirituality informs leadership," says Govindarajan, who feels there is a need to temper capitalism and individual gains with compassion. "We celebrate individual financial success. But I have seen executives who are successful on the outside they have multiple homes, fancy cars, etc. but these same executives are not happy inside. Spirituality is about seeking inner peace. It is needed more than ever now." In fact, in February this year, the Indian School of Business (ISB) set up a research centre called the Centre for Leadership, Innovation & Change, that, among other things, is looking at this area of Indian philosophy in management. The idea is to

research deeper into it, and, perhaps, include it in the management course.

Capitalism is facing a crisis and desperately needs a remedy. "There are many reasons for this," says Govindarajan, adding that a central problem is that there is something rotten at the core of American corporate values. It measures success by short-term personal financial gains. That needs to change.

**Balanced approach** This is where Indian philosophy, which balances the pursuit of wealth and material success with the mastery of the self and the quest for inner happiness, comes in, offering, as it does, an alternative to the "greed is good" ethos that has characterised the neo-conservative economic thinking pervading the corporate corridors of the US and much of the western world. The deeply introspective, yet practical, wisdom contained in ancient Indian texts such as the Bhagavad Gita, Mahabharat and the Vedas also stands in stark contrast to the language of conquest popularised by management theories based on Sun Tzu's sixth century BC classic, *The Art of War*.

Says T.V. Mohandas Pai, Member of the Board and Director, Human Resources, Infosys Technologies: "When people are in trouble, they always fall back on ancient wisdom to see what went wrong."

It is not without reason, therefore, that recently, the ISB's Centre for Leadership, Innovation & Change organised its first international conference on "Igniting the Genius Within." One of the topics discussed was Indian philosophy. "The idea," says S. Ramnarayan, Professor and Member of the Management Committee of the Centre, "was to expose students and management professionals to broader management vision and to look for integration of various perspectives."

## Inclusive capitalism

Vijay Govindarajan



So, what specifically does Indian philosophy offer that the current thought in management doesn't? Says V. Krishnamurthy, former Deputy Director, BITS Pilani: "The introspective qualities of ancient

Indian philosophy are missing in the modern materialistic corporate chase. The latter is always focussed on getting things accomplished (without bothering much about the cost)." It means that the cornerstone of corporate philosophy should be something bigger than money. This is not to say that businesses should stop, or even slow down, their pursuit of profits. It simply means that

corporate leaders should adopt a more holistic approach, incorporating the interests of all stakeholders like customers, employees, society, etc. instead of remaining focussed only on narrow shareholder value.

C.K. Prahalad, Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy at the University of Michigan's Ross School of Business, calls it Inclusive Capitalism. In this context, he says corporate social responsibility, so popular among companies and their spin meisters these days, is at best a transition phase for a company. "That's where you learn that there is more to business than just profit maximisation. The final stage will be reached when companies realise that dealing with the impoverished in the world is not something they should do only once in a while. The key lies in thinking differently about the very purpose of business," he says.

## Karma capitalism



The following are the major takeaways for modern management from Indian philosophy.

### Dharma or ethical code:

This is the very foundation of Indian philosophy, best exemplified by the phrase "Yato Dharmah Tato Jayah", which means "True victory comes from righteous conduct only".

**Balance:** The pursuit of artha (wealth) and kaama (pleasure) should be in tandem with dharma (righteousness) and moksha (liberation). Pursuit of the first two with no regard to the whispers of conscience leads to imbalance and chaos.

**Keeping sight of the larger picture:** Indian philosophy teaches the value of equanimity in pain and pleasure. Being steady, when changes around you are large and intense, gives managers the ability to make the best decisions.

**Focus on efforts, not results:** Focus on results often distracts people's attention from the goal.

Results are not based on one person's action alone and other people's efforts as well as your past actions work together to create the result.

**Clarity of intention:** Every activity must start with sankalpam, the goal. Once the goal is clearly defined and communicated, the means will follow.

**Appreciation:** Leaders should appreciate others' works and focus on encouraging optimism.

Divinity and uniqueness of every individual: Customise offerings for customers and cater to their unique requirements.

**Multiple perspectives:** Maitri (friendship), Karuna (compassion), Mudita (sympathy) and Upeksha (abstinence) are essential leadership qualities that encourage leaders to see things from others' perspectives.

**Self-control:** When feeling all-powerful, self-control is essential. When feeling vulnerable, give to others what you want most. When you feel upset and angry, be kind to others.

**Humility:** Another cornerstone of Indian philosophy, humility is considered one of the important qualities of a good leader.



### C.K Prahalad

Back to India,

Via the US But ISB's initiative is not really as path breaking as it looks. Ironically, B-schools and management thinkers in India have woken up to

the ancient wisdom contained in our holy books only after these ideas were embraced by the West. Leading management gurus of Indian origin such as Govindarajan, Prahalad, Ram Charan and Mohanbir Sawhney, McCormick Tribune Foundation Professor of Technology, Kellogg School of Management, among others, have disseminated this wisdom through their body of works for years now. In an article on the subject in 2006, BusinessWeek had quoted Dipak C. Jain, Dean of Kellogg School of Management, as saying: "When senior executives come to Kellogg, Wharton, Harvard, or Tuck, they are exposed to Indian values that are reflected in the way we think and articulate."

Business organisations have woken up to the value of Indian philosophy in a big way over the past six years, says Swami Chidananda, Joint Secretary, Rajghat Education Centre, Krishnamurti Foundation India. From a corporate perspective, we have to make decisions based on what is good for the customer and the community in other words, we have to think from an ecosystem perspective, says Prasad Kaipa, Executive Director, Centre for Leadership, Innovation & Change, ISB; and CEO Adviser & Coach, Kaipa Group. "Then, the Tata Group's takeover of Corus and Jaguar-Land Rover and its belief that it can turn those companies around, have made the western world quite curious about Indian management approaches," he adds.

It is early days still, but many other B-schools are looking at this space. IIM Calcutta has a management centre for human values, and the FMS in Delhi and some others are also looking at it.

### Prasad Kaipa

Ethical dharmacracy

M. Rammohan Rao, Dean of ISB, feels Indian philosophy is relevant "because business should not just be about one self but about the society and the environment it works within".



Pai of Infosys has an interesting take on the growing importance of Indian philosophy in management.

"The fact is that we are Indians; so, consciously or unconsciously, the country's value system resonates in what we do." And not only does it hold true for the companies but also for individuals leading them. He cites the example of Infosys Chairman & Chief Mentor N.R. Narayana Murthy: his philosophy of simplicity, many will argue, is really a reflection of pan-Indian values.

The Tata Group, which, arguably, practices inclusive capitalism with greater zest than any other business house, is another example. Says Radhakrishnan Nair, Chief Human Resource Officer, Tata Steel: "Wealth generation is important but it should be kept in trust to improve the communities in which we live. The Parsi motto of 'good thoughts, good words and good deeds' is extremely rich in its effort to elevate human suffering. A true Tata person believes in simple living, high thinking and being genuinely affectionate."

According to Prahalad, the idea is to develop a system that places the individual at the epicentre of corporate strategy. Such a goal, though, looks unattainable in the short to medium term. Can it ever be reached? That's impossible to answer with any degree of certitude, but if it is, then India would have made a defining contribution to management science. Says Kaipa: "It may be time for what a Los Angeles Times reporter proposed last year that the US should move towards Dharmacracy not Democracy."



# On a (merit) roll

**E KUMAR SHARMA**

Aug 19, 2008

Thallapalli Rekha, 17, has never been to a city before. The first time she came to Hyderabad just two months ago from Chirlavancho village, 250 km away, Rekha was pleased to discover a life where she could expect 24-hour power supply. Yet, away from the hustle and bustle of urban moorings, this village girl has a terrific academic record that puts her quite at par with the best in her age group. She passed her 10th standard examination with flying colours and a score of 519 marks out of 600. Today, she is pursuing further studies in Hyderabad at a private college known for churning out students for competitive examinations for engineering and medicine after the Higher Secondary examinations. Rekha, enrolled at a junior college of the Narayana Group, could well be one of them.



**Future secured: Merit has empowered these girl students to face the future with confidence**

The reason: despite coming from an impoverished background, she needs to focus only on her studies. Her father, 55-year-old farmer Chandraiah, does not shell out a penny for her education; he does not need to. Rekha's annual fee of Rs 35,000 (Rs 70,000 for two years) is being borne by the government (largely by the central government and a part by the state government).

Rekha's friend Alwala Soujanya has also made it to this college in Hyderabad with an impressive score of 482 out of 600 in her 10th standard. With choked voice and moist eyes, she says she would have scored much better had she not lost her father, Alwala Rajaiah, a small roadside eatery owner, last year.

In the same college, but a few blocks away, in a separate facility for boys, is Chavanlal Lavudya, 16, from the local Lambada tribe, who aspires to become a software engineer some day. Son of a farmer, he cleared his secondary examination with 500 marks out of 600, and is now enrolled in the college. So, what brings these three together? Rekha, Soujanya and Lavudya are three of the more than 8,200 students who got admission in July 2008, at the beginning of the new academic year, into 35 colleges spread across Andhra Pradesh, with financial support from the government.

What's common to all these students is just one factor—they are all meritorious and all of them come from poor households.

## **A helping hand**

In a country where education quotas are ubiquitous, these students are part of a unique programme that aims to "poverty-proof" them. "This is poverty-proofing with a financial support and no business model, at least, at the moment," says T. Vijay Kumar, CEO, SERP (Society for Elimination of Rural Poverty—SERP, in quickspeak, is funded by the World Bank and is backed by the state government and chaired by the Chief Minister).

SERP's goal is to improve livelihoods through its poverty alleviation strategies that work via empowerment of women self-help groups. It is also involved in microfinance under the Self Help Group model. In Andhra Pradesh, about 10 million rural households are covered under its Self Help Group network, each with a monthly income of less than Rs 5,000. The objective, says Kumar, is to ensure that at least one meritorious child from each of



### Merit and means: One meritorious child per poor household can have education

these households gets access to higher education.

The funding, at the moment, is from the RIADP (Remote and Interior Area Development Programme), a Government of India initiative, aimed at providing focussed development to those in remote and inaccessible regions. Other than funds under this centrally-sponsored scheme, additional resources for this project are being tapped from the SCP and TSP components of state budget (SCP—Special Component Plan—is for the development of scheduled caste population; and TSP—Tribal Subplan—is for supporting ST candidates. The norm is that 16.2 per cent of the annual Budget outlay of all state government departments is to be spent for the development of SCs and similarly, 6.6 per cent of the Budget has to go to STs).

The selection criteria is “merit and means” (poor and meritorious students who



**Chavanlal  
Lavudya**

have secured more than 400 marks out of 600 in their 10th standard school-leaving (SSC) examinations). On similar lines, the Department of Rural Development plans to support scheduled caste and scheduled tribe candidates who have studied in Social Welfare and Tribal Welfare

Hostels and Ashram schools and secured 450 marks and above in the SSC examination.

### A costly proposition

However, financing the education of these 8,200 students is not a piece of cake. The challenge—this model would not be sustainable if the money were to come only through grants. For this, a business model will have to be evolved.

Says Kumar: “It could happen in a couple of years once the rural households realise the benefits from this and see clear gains in investing and saving for this, much like they would do to buy a buffalo. After all, this is an investment with a high rate of return.” Therefore, he says, “from the point of a business model, I would say, it is still at a proof-of-concept stage.”



**Alwala  
Soujanya**

The fees (Rs 35,000 per annum), is lower than the amount normally charged. That’s the reason some private colleges were not very upbeat about this programme initially.

Typically, the fee is around Rs 45,000 to Rs 60,000. A bulk of the students (about 80 per cent) have taken admission into the Narayana Group of Colleges and those run by the Sri Chaithanya Educational Institutions, which offer two-year intermediate courses integrated with specialised coaching for IIT-JEE, AIEEE and EAMCET 2010, at a concessional rate of Rs 35,000 per year for both engineering and medical streams. The fee includes charges for training students to bring them into the mainstream with regular batches of students, quality instruction, focussed coaching, supply of course material, board and lodging.

Most of the education institutions are not complaining, for now. “The reason we opted for this was that we were not only able to get involved in a social cause, but also that we were getting some very bright students,” says K. V. Raghunath, Vice Chairman, Narayana Group of Colleges.

### Bridging the chasm



**Thallapalli  
Rekha**

However, disparities remain even for these bright students. Some Telugu-medium students are not quite comfortable with English. To bring them into the mainstream, colleges have drawn up special schedules. “To help some of us overcome this quickly, the college is handing out booklets, listing

out commonly used English words and their Telugu equivalents. That helps indeed,” says Soujanya, who has heard of Satyam Computer Services and wants to be a software engineer.

Colleges, on their part, are also making sure there is no lacuna. The performance of each student is being tracked on a weekly basis, and courses and content are being packaged accordingly. These



**Wholesome education: Food and lodging taken care of, focus can be on studies**

colleges are known for excellent coaching facilities for competitive examinations. At Narayana, for instance, there is parallel coaching provided for common entrance tests for engineering and medical colleges.

It's early days yet, but this education initiative promises long-term change. SERP has so far focussed on issues like livelihood, food security, health and nutrition through the route of women's empowerment.

Now, it is moving to the next level with an initiative that focusses on education. Reason: It is arguably the surest way out of poverty for such children. "This will help address the issue of equity in education as the poor and deserving will now be able to overcome the problem of poverty while

accessing high quality education at par with the privileged," says P. Sudhakar Rao, Project Manager, education, SERP. Surely, few will disagree with that.

**Poverty-proofing the next generation**

These poor and meritorious students struck it rich, thanks to IKP (Indira Kranthi Patham)—a poverty alleviation programme of the Society for Elimination of Rural Poverty (SERP). SERP is funded by the World Bank, backed by the Andhra Pradesh government and chaired by the Chief Minister. The students were all chosen by district-level bodies in the state—a district-level selection committee comprising the District Collector, Project Director of District Rural Development Agency (DRDA), Deputy Director, Social Welfare and District Tribal Welfare Officer.

Through advertisements in local media and through the Women Self-help Group Federation network of the IKP in Andhra Pradesh, the poor and deserving were zeroed in on for counselling sessions in the district headquarters. The high performers got screened here, and their marks matched with the data from the District Education Officer. Subsequently, the government asked the district collectors to identify good institutions in the private sector that offered high quality education with the necessary wherewithal to coach the students for higher studies. These institutions also cater to the needs of these students in terms of boarding and lodging. Next: a well-deserved place in a professional educational institution and a step forward into a secure future.