

Glodyne offers exposure to Indian sector

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A Mumbai-listed company is giving global investors one of their first opportunities to gain exposure to the rapidly growing Indian social welfare system being developed by the Congress party-led ruling coalition.

Glodyne Technoserve, a private outsourcing group, has won a state contract to implement a management system for the National Rural Employment Guarantee scheme – Congress' version of the "New Deal" that provides paid work to India's poorest farmers.

"The government is very serious [about social welfare].

"The size of the entire sector will become very, very large," said Annand Sarnaik, chairman and managing director of Glodyne.

Rural voters are a key constituency for the Congress party, whose governing coalition, the United Progressive Alliance, won a second term in national elections in May.

About 60 per cent of India's 1.2bn people live in rural areas.

The government in the fiscal year ending next March is expected to spend \$20bn – or 1.6 per cent of gross domestic product – on social welfare schemes for the rural poor, of which the employment scheme is one of the key programmes.

This has increased from \$7bn a year earlier, presenting a growth opportunity for private sector companies that can gain access to the sector.

For the government, the participation of **India's outsourcing industry**, regarded as one of the country's most efficient sectors, could help counter growing criticism that much of its welfare spending is being plundered by corrupt local officials. Glodyne has been hired by the government of Maharashtra, the western state of which Mumbai is the capital, to implement the management system for the employment scheme in the district of Gadchiroli.

Under the contract, the company will pay wages to participants in the scheme into specially set up bank accounts.

Previously, participants were paid cash by local government officials, providing plenty of scope for funds to go missing.

"Any pilferages in the social system gets completely eliminated [by the automated bank payment system].

"There is no one in between – it goes straight into the bank account," said Mr Sarnaik.

But Glodyne, which has separately also implemented a call centre for the employment scheme in Bihar, one of India's poorest states, will face many challenges.

Not least is the fact that the Gadchiroli district is infested by Maoist rebels, although Mr Sarnaik claims they are not hostile to government schemes that benefit farmers.

This year, the company expects to earn about \$12m in revenue from supporting government social welfare schemes but Mr Sarnaik predicts this could rise to \$30m-\$50m in the next fiscal year.

"This might be an accelerated growth driver in the coming years," he said.

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