
A helping hand



By [Grace Segran](#)

Kancheepuram, some 80 kilometres south-west of Chennai, is well known for its 500-year-old heavyweight silk sari tradition. But chances were that its ornate, intricate pieces were woven by children between the age of five and 13, working 12 to 16 hours a day and bonded to a master weaver until their parents' debt was paid in full.

Since 2002, however, a charitable trust called Hand in Hand (HiH) has been working in Tamil Nadu with the aim of eradicating the chronic problem of child labour. When **Kalpana Sankar** took over the reins of the organisation as chief executive officer in 2004, she realised that the issue cannot be addressed in isolation.



“We need the support of the local government and community. So we trained youths and sent them to the villages to educate parents about child rights and persuade them that productivity would be enhanced if their children were allowed to go to school and complete their education; that they are only looking at short-term gains if they sent their child to work now,” Sankar told INSEAD Knowledge.

To date, 385 villages are no longer involved in child labour and some 35,000 children are going back to school.

Children who leave the factories initially attend a bridge school which prepares them to go to a government school. “Within 18 months, the children have caught up with their peers. They are intelligent and given the right environment, they are motivated to work hard into the night so that they have the privilege to go to school,” says Sankar.

Towards poverty reduction

Child labour is both a reason for, and consequence of, poverty. To help families escape the poverty trap, HiH also set up a self-help group and microfinance programme.

The only way to tackle the problem of child labour is via an integrated approach to poverty reduction, argues Sankar. “The principle is that we don’t give people fish; we train them to use a fishing rod and then lend them money to buy one. We provide a combination of microfinance and structured business training to support and motivate them to create their own enterprises.”

HiH equips the women involved by giving them not only training in running small businesses, but also by teaching them how to read and write, as well as the principles of saving and borrowing, and bookkeeping.



Bakiyam, Gajalakshmi and Amudhavalli are housewives and cattle-herders. Their families earn about 3,000 rupees (\$60) a month. Without much education or business experience, they decided to join a self-help group and were given some enterprise training. They took a 65,000 rupee (\$1,340) loan and set up a canteen in an engineering college just outside Chennai. Today, the canteen's turnover is more than 10,000 rupees (\$210) a day. The women have grown in confidence as entrepreneurs and talk of expansion plans. As is the case in microfinance organisations elsewhere, Sankar says they only lend to women to ensure that the loans are used for investment and not consumption.

To achieve its aim of eradicating child labour and reducing poverty through education, employment and income generation, and the empowerment of women, HiH has also implemented a community development programme that has five interconnected pillars covering child labour and education, microfinance, citizens' centres, health, and the environment.

Scientist-turned-social entrepreneur

Armed with a doctorate in theoretical nuclear physics, Sankar found that she had to leave her family in Tamil Nadu for the big cities up north if she wanted to work in her field of education.

To be closer to her family, she took up an assignment in 1992 with the government of Tamil Nadu that concentrated on microfinance and poverty reduction through the International Fund for Agricultural Development. Her involvement in developmental issues resulted in her getting another doctorate – this time in gender studies.

She joined HiH in 2004 because she “was particularly interested in the advisor Dr Percy Barnevik’s vision of a well-run non-governmental organisation with a focus on efficient delivery of services needed by the poor without bypassing government institutions.”

At that time, HiH had 10 full-time and 20 part-time employees. Sankar revamped the organisation, put processes in place and “revisited strategies.” She is now preparing a five-year plan. Today HiH employs 3,000 full-time staff and has an entire new outlook. She credits the board of trustees and the advisor for HiH’s growth and transformation.

Budget and revenue

HiH has an annual budget of \$5.5 million, with \$1.1 million set aside for tackling child labour and education. Some 85 per cent of its grants come from overseas.

In order to meet the demand for microloans in the communities, HiH now has its own for-profit non-banking finance company.

“Our microfinance operations will break even by 2010. We hope to implement a social investment model through our non-banking finance company where our investors will agree to give some part of the profits to the HiH Trust. This, along with grants and donations, will help us keep our projects running and also help us to expand in the coming years,” says Sankar.

Goals

HiH's medium-term goal for 2013-14 is to create 1.3 million jobs in India. In the long term, it aims to play a significant role in eliminating poverty by creating 10 million jobs worldwide by 2020.



“Our model has been very successful so far,” says Sankar. “We have created more than 200,000 enterprises, brought more than 30,000 children into school, taken solid waste management processes to more than 80,000 households, and educated more than 40,000 people in e-literacy. We have been invited to take our model to various countries across the world. We now work in Afghanistan, South Africa and Brazil, and will shortly move to four other Latin American countries.”

Challenges

“With the creation of the non-banking finance company, we are in a crucial phase in our operations,” says Sankar. “The organisation’s biggest challenge is to develop the strategic framework of the non-banking finance company in such a way that, while ensuring the sustainability of the banking operations, it can continue to reach out to the millions of poor women who directly benefit from our lending. This new dimension to how we deliver our promises comes with administrative and marketing challenges.”

Funding has become a challenge during the recession, although the organisation has had very supportive donors in the past. It also has a dedicated team working to tap possible resources.

“In addition, being a woman at the helm increases the challenges, as we always have to fight to establish ourselves in a man's world,” says Sankar.

Kalpna Sankar took part in the INSEAD [Social Entrepreneurship Programme](#) held at the school’s Europe campus in Fontainebleau recently.

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