Introduction
Grameen bank flouted conventional banking practice that stipulated the need for collateral as a condition to provide a loan. Instead it pioneered a micro-finance model that provided the means for the poor – those without access to collateral -to participate in the banking system. This innovative model relied on social pressure to support payback. [http://www.grameen-info.org/](http://www.grameen-info.org/)

Micro-finance is, today a global profitable business. It has withstood the financial crisis and has allowed millions to climb out of poverty. It proved the model of making profits whilst making a difference and has inspired the development of a multitude of similar type enterprises.

Palma Interface is an initiative in Tamil Nadu, India. It is driven by established charity PWDS. [http://www.pwds.org/home.htm](http://www.pwds.org/home.htm)

It follows many of the same principles as Grameen – it is dedicated to supporting a community through leveraging market mechanisms. In essence, it is a new model to provide sustainable livelihood options to the poor through better collaboration between the informal sector and the profit market.

Context

*Endemic poverty*: Although India is experiencing GDP growth of over 9%, many people are still trapped in poverty. Recent figures show that 34% of the countries billion people – one out of every three people – earn less than one dollar every day.

*Barriers to poverty alleviation*: There are extreme difficulties for people trying to move out of subsistence. They are hindered by the urban/rural divide, by lack of access to information and markets and few relevant skills.

*Lack of a sustainable approach*: There have been excellent governmental and social initiatives to reduce poverty, however the intrinsic “grant for project” approach
of these institutions mean that they struggle to address issues on a sustainable basis.

**Emerging opportunity:** The success of micro-finance has provided incentive for commercial players to examine the low ticket but high number opportunities at the “bottom of the pyramid”. However, they lack the knowledge, strategies, and mechanisms to reach this potential market and the ethos to win trust and sustain relationships.

**A new approach:** This new model consists of building partnerships between business and poor communities. It is a self-sustaining model that provides skills and income to the poor and opens new markets for the commercial sector. It requires a strong networked and trusted third party to provide a platform to set-up and monitor the partnership. This is Palma Interface.

**Paradigm Shift**

Palma Interface develops profitable companies that fulfil specific social needs within its community. This established community reaches approximately 3 million people. It then partners with companies to bring in skills and scale. These partnerships are based on mutual value. It repositions the poor from being beneficiaries to being clients and partners for mutual benefit. They are entrepreneurs and shareholders, able to pro-actively solve local problems and build strong futures.

This approach uplifts communities and reverses the “pyramid” in the long term. It actively builds future markets by developing income streams, skills, and access to low-income groups. Whilst the initiative may begin with a CSR perspective, ultimately it relies on commercial return to sustain success.

**Model**

Palma Interface facilitates business development from finding the idea through commercialisation to exit. It leverages networks and partnerships in order to extend its capabilities and resources. It is a facilitator, rather than responsible for operations.
and delivery. Each enterprise is owned by the community or jointly owned and delivered by the corporate.

**Portfolio**

Palma Interface has three proven business concepts:

- **Micro-finance**: The Social and Profit Sectors Come Together to Provide Rural India with Access to Credit, A Joint Venture: Indian Association of Savings and Credit (IASC) [www.iasc.in](http://www.iasc.in)


- **Seed collective**: A farmer’s federation producing and marketing certified seeds

In addition it has a number of new initiatives:

- **Palma Retail**: This initiative links the community to a large retail chain to set-up local outlets. These outlets will be co-owned and operated by the community and provide community members with both quality products and the pride of being employees and shareholders. This is an extension and formalisation of the current retail project currently operated by Sangamam Federation in Thiruchendur by 200 women self-help groups with a contribution of Rs.10,000 by each group.

- **Low Carbon Agriculture**: A pioneering initiative that uses the voluntary carbon market to provide finance for the provision of low carbon farming skills to local farmers. It creates farmer groups which concentrate market power and improves farmer conditions. Ultimately it reforms farming towards greater food security. The pilot is already initiated in Tirunelveli district of Tamil Nadu by Centre for Agriculture and Rural Development Services (CARDS) with the support of Fair Climate Network.
Emerging initiatives include:

- **Palma Hygiene**: Making markets work for rural women's hygiene and sanitation
- **Palma Energy**: Promoting community managed renewable energy solutions
- **Palma Water**: Promoting community based drinking water solutions

**Next Steps**

Palma Interface is looking for corporate partners wanting to explore current or new opportunities, Volunteers and expert organisations to help develop the businesses and Organisations with expertise that could guide fundraising. Can you get involved?

**For further information, please contact:**

**Palma Interface-CCDS**

AI – 147, New No.12, First Street, 8th Main Road,
Anna Nagar, Chennai – 600 040
Tamil Nadu, India

Contact Person: T. R. Shyam Sundar, Programme Manager
Phone: +91 44 45500068
E-mail: insundar@yahoo.co.in

Contact Person: B. Rajadurai, Programme Officer
Mobile: +91 98651 11177
E-mail: mitharaj@gmail.com