

CREATING JOBS FOR RURAL YOUTH IN ANDHRA PRADESH, INDIA

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The EGMM program started small - and those trying to start similar employment generation programs should perhaps also begin with smaller pilots which will allow them flexibility and customization to local needs -today, EGMM has emerged as the single largest jobs mission for the rural poor in India. Its programs, such as Rural Retail Academies command a strong brand name. In four years of operation, 226,909 youth have been trained at 450 EGMM training centers that are located in rural and tribal areas. Forty-five percent of these are girls and 37 percent are from the most vulnerable groups of scheduled castes and tribes.

One job per poor rural family. This is the goal of the Employment Generation & Marketing Mission (EGMM), which was established in 2005 by the Andhra Pradesh Rural Poverty Reduction Program (APRPRP)¹. Andhra Pradesh's unemployment rate (6.7 percent) is slightly higher than that of India (6.0 percent), but these numbers do not give the full picture of employment challenges. Rural areas are plagued with low incomes and under-employment with many people working in the informal sector, manual labor or seasonal small scale farming. EGMM's mission is to respond to this problem by facilitating employment in the formal sector — which offers more stable and higher incomes—for economically underprivileged rural youth so that poor households can leave poverty within one generation.

EGMM recruits unemployed or under-employed youth from poor households by working through the institutional network of rural self-help groups (SHGs) and their federations developed by APRPRP. By offering an end to end employment solution (training — placement — post-placement support — alumni network) to rural youth, EGMM enables the poor to find jobs in the organized sector on better terms, with better skills, and higher wages. Altogether 185,784 youths have been trained and linked to jobs.

To achieve its goal of generating employment for rural youth, EGMM works with the state government, the private sector, and community institutions of the rural poor. Accurate targeting is an important component of the program. EGMM targets rural youth from poor families of SHGs who are between 18 and 28 years of age. Their education levels vary – from having limited

Box 1: The 5 key elements of a successful job promotion strategy

1. Aggregating demand of the rural labor force
2. Scanning the Market to Identify Employment Opportunities
3. Setting up Market-Linked Job Academies
4. Matching job seekers with job placements
5. Providing Post Placement Support

¹ Jointly financed by the World Bank and the Government of Andhra Pradesh, the objective of APRPRP is to enable rural poor and their organizations to improve livelihoods and quality of life. The project invests in building self-managed grass root level institutions and federations of poor rural women. Ten million women have been organized into 850,000 Self-Help Groups comprising of 10-15 women in each.

ability of just being able to read and write to having graduate degrees. Targeting is highly enhanced by a database of unemployed youth from the poor communities which has been systematically gathered and updated from remote areas. Of those who received training, about 80 percent have been linked to jobs. While the EGMM program started small - and those trying to start similar employment generation programs should perhaps also begin with smaller pilots which will allow them flexibility and customization to local needs -today, EGMM has emerged as the single largest jobs mission for the rural poor in India. Its programs, such as Rural Retail Academies command a strong brand name. In four years of operation, 226,909 youth have been trained at 450 EGMM training centers that are located in rural and tribal areas. Forty-five percent of these are girls and 37 percent are from the most vulnerable groups of scheduled castes and tribes.

Table 1: The Scale of EGMM

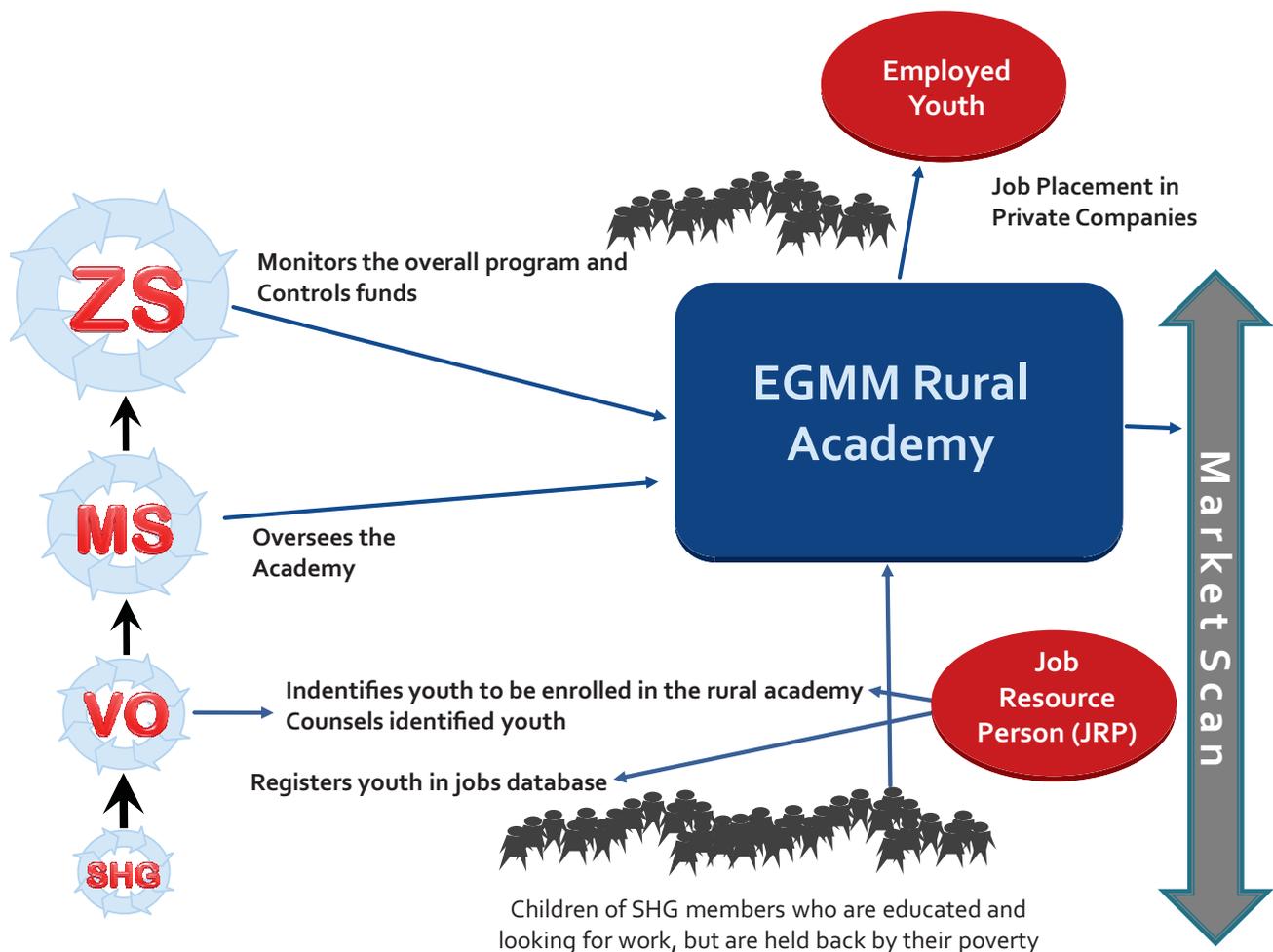
Year	No of Youth Trained	No of Youth Placed
2005-06	12,320	11,200
2006-07	38,194	33,800
2007-08	74,750	65,000
2008-09	101,645	73,891
TOTAL	226,909	183,891

The Institutional Framework

SHG Networks as The Core Backbone

EGMM was piloted by Society for Elimination of Rural Poverty (SERP), the implementing agency of APRPRP, to enable the poor households to diversify their sources of livelihoods. SERP

Figure 1: Employment Generation Model of EGMM



relies upon the extensive network of 800,000 SHGs — groups of 10 to 15 poor women who save and rotate funds together, and carry out various livelihoods activities — to target the poorest youth in the communities, disseminate program information and penetrate remote village areas. EGMM recruits children of SHG members in its program. Between 2000 and 2006, during the first phase of the APRPRP program, members of SHGs invested 204 percent more in educating their children than before. This program makes it possible for them to reap the benefits of their investments.

The institutional platform of the poor and the governance mechanism used by SHGs to run and monitor other community programs is used in the jobs program as well. Village Organizations (VOs) — the initial federation of SHGs within the village — are responsible for overseeing the identification of youth for employment and for counseling them. Working with them is a new cadre developed and trained by the EGMM called Job Resource Persons (JRP). At Mandal Samakya (MS) level — the first tier at which VOs federate — a three member “job committee” is formed that discusses and shares experiences of the EGMM jobs program across the villages with the vision of creating unemployment-free *mandals*. The highest level of federation of SHGs at the district level, the Zilla Samakya (ZS), is responsible for monitoring SHGs, VOs, and MSs and it controls the funds flowing down to the communities. ZS manages logistics such as providing bus passes to youth when they travel to cities for jobs and arranging their accommodations. They also facilitate parent meetings and counsel parents to send their youth, especially girls, to enroll in training centers. This three tiered structure of rural institutions results in a bottom-up approach and ensures ownership of the program from the community.

Public-Private Institutional Structure

EGMM has an executive committee with senior government officers and an executive director with experience from the private sector. In the field, government officers such as District Collectors, Project Directors of the District Rural Development Agencies (DRDA) and Project Officers of the Integrated Tribal Development Agency (ITDA) support the program. A core private sector team in EGMM at the state level builds links with the private sector and incorporates their feedback into the programs of the academies. This unique institutional structure that incorporates governance mechanisms and knowledge from both the private and public sectors is critical for a market-led program like EGMM.



Five Key Elements of the Job Promotion Strategy

1. Aggregating Demand of the Rural Labor Force

APRPRP piloted the EGMM out of realization that there is a high demand for formal sector jobs in rural areas among young people who are educated but have limited resources and information to pursue them. Assessing the nature and volume of job demands is critical in designing the training programs and the job placements.

Job resource persons (JRPs) play an important role in demand assessment and demand creation among the rural youth. JRPs are also members of SHGs. They raise awareness about the job program in rural areas, facilitate the process of identifying the poorest youth eligible for the program, counsel them, and recruit them into the EGMM program. Trained by the EGMM, these JRPs visit every household in the villages and compile a database of unemployed and vulnerable youth for monitoring and targeting purposes. This database is fed into the EGMM software, which assigns a unique registration number for every youth. Based on their qualifications and the job demand in the market, registered youth are screened and enrolled in the local training centers.

The VOs play an active role in identifying the eligible youth for the job program and counseling them.

2. Scanning the Market to Identify Employment Opportunities

Based on secondary source research and data from market scan reports, growth sectors—industries which are experiencing relatively higher growth for next three years— are identified and targeted for employment opportunities. EGMM officials visit potential companies for employment with a view to

Box 2: Recruitment at the HDFC Banks' Rural BPO

HDFC Bank needed to quickly set up deliverables for new customers for services such as opening bank accounts, issuing credit cards, etc. The Bank set up back room operations in nine larger cities but faced the twin problems of attrition and the high cost of infrastructure. When the Bank decided to set up a rural BPO, it approached EGMM for manpower. Says A. Gopinath, Vice President, "This is the best model the Bank has seen in 13 years of its existence. Productivity is 200% higher than other BPOs- they fill 400 forms versus 75 in operations based in cities. Absenteeism is minimal. Work ethics taught by EGMM is amazing."

understand their entry level employment needs and their specifications of trained manpower. Training centers tailor their courses accordingly. Market scans for assessing the job market are important elements of the strategy for creating jobs for rural youth. Trainings for retail, sales, security guards, restaurants business, data entry, electrical operations, plumbing, sanitation, carpentry, painting and decoration, heavy equipment driving, apparel, etc, have been set up in rural and remote tribal areas. Students are matched for trainings according to their education level and interests. For instance, those who have limited literacy skills are trained in

construction and textiles. Meanwhile those with eighth grade to graduate level literacy are linked to new economy sectors such as sales, retail, tourism, hotel industry, business process outsourcing (BPO), and other skilled sectors.

3. Setting up Market-linked Job Academies

Rural academies for retail, security guards, English classes, work readiness, and computer operations, have been set up in partnership with industry. A training course typically lasts from 15 days to three months. Industry associations help with curriculum development and teach at the EGMM academies as guest lecturers. In addition to the sector specific technical trainings in classrooms, techniques such as role plays, mock job interviews, and grooming of the trainees are necessary and are used to help students fit in their new job roles. Emphasis is also given to soft skills development such as grooming, personality development, time and money management, and goals setting. Local teachers are great resources who have been trained to become trainers at these academies. Meanwhile, involving the private sector in creating training modules ensures buy-in from them and matches the supply of labor produced by the academy to the market demands. Hence, most youth are placed with jobs immediately after completion of their programs. In just three years' time EGMM academies have become a quality brand name among employers.

To broaden the range of training offered, use the best resources available, and make strategic placements through well-established networks, partnerships have been developed



The partnership between EGMM and Hindustan Unilever's Pureit is a pioneering effort that seeks to bring together the capabilities of EGMM and Hindustan Unilever to help secure the future of unemployed rural youth by providing them a sustainable and fulfilling livelihood. EGMM's comprehensive training processes equip these youth with the key skills that are required to make them employable. Further, the facilitative role played by EGMM in terms of accommodation and an initial period stipend have played an important role in helping to settle these individuals in their new roles.

Yuri Jain, Director Hindustan Unilever

with other organizations that offer employment training. EGMM has forged partnerships with organizations such as Tally and National Academy of Construction, among many others. EGMM works continuously with partners to improve program quality and the curriculum. For example, EGMM trained all trainers of their 14 partners in all 22 districts in “counseling” and “coping with migration”.

4. Matching Job Seekers with Job Placements

Networking with reputable private companies that need entry level manpower is an important element of the placement strategy. The market scan, solicitation with companies with employment opportunities and trainings designed to meet the job market needs form a strong platform for the placement part of the job creation strategy. Job fairs or “*job melas*” are organized in rural training centers creating a platform for many companies to showcase themselves and meet their labor needs. EGMM organizes recruitment fairs at EGMM campus locations only. The purpose behind this practice is to sensitize the companies to EGMM, its vision and mission, and inspire them to be mentors of the program.

By employing rural youth, private companies take advantage of recruiting in a more cost-effective manner compared to high urban salaries — a rural workforce can be employed at a more competitive price. This model also allows companies to fulfill the government mandate of providing employment to scheduled caste people and fulfill their corporate social responsibility. Additionally, the comparative advantage of a well-trained and motivated workforce makes hiring EGMM graduates an attractive option for the private companies. Today EGMM supplies 80 percent of entry level manpower in Andhra Pradesh to large retail chains like Aditya Birlas, fast food chains like McDonalds and Café Coffee Day, and Pureit sales of Hindustan Unilever, among others. EGMM is also a dedicated manpower supplier to the manufacturing unit of Apache, of the global giant Adidas shoes.



Companies recruit from EGMM both for the quality of trainees and support offered to the youth post-placement, which reduces attrition that is a high cost to companies. In retail companies, hiring EGMM trainees has reduced the attrition rate from 55 percent to just 5-10 percent.

EGMM periodically rates companies according to the salary offered; benefits extended such as boarding and lodging, insurance, etc; and the sensitivity of supervisors toward their employees. It blacklists companies with polluting work environment—such as scraping of jeans in textile factories, or in companies where salaries are below the minimum wages prescribed by the state, and does not place the youths in such companies.

A month after placement, arrangements are made for the mothers of the rural youth to visit their children in their workplace in the cities. The sense of pride they feel is unmatched. This also raises awareness of the program and helps in the scaling up process. Additionally, government officials are taken on exposure visits to understand the changing needs and expectations of companies so that they can provide support accordingly.

Experience has shown that when these newly employed youth return home, they become powerful agents of recruitment themselves. They counsel and motivate their friends and families to enroll in EGMM. Each returning employed youth, brings at least ten new trainees to EGMM. This enables the approach to become cost effective in the long run.

5. Providing Post Placement Support: Orientation, Microfinance Products, Social Support, and Alumni Network

Orientation: Once the trainees are offered jobs in companies, EGMM offers them orientation to their new workplace and the new environment. The module includes money management, coping with city life, and other counseling services. Research shows that just placing the trained youth with companies is not enough. Their transitions from rural surroundings to the urban cities need to be carefully managed.

Microfinance Products: In many cases in the past, newly placed youth quit their jobs within early days of the placement due to the high expense of city living in the first month of employment. They were unable to cope when they had not yet received their salaries. To prevent monetary constraints from being the source of dropping out, EGMM facilitates provision of financial tools to smoothen the cost of transition to the city life. It offers micro-loans through federations of SHGs to cover living expenses of the first month in the city. The interest on the loan is decided by the federations and payments are made in small installments.

Social Network: Youth are usually placed in groups in private companies. Having people with similar backgrounds and similar goals prevent a sense of isolation that youth might otherwise feel in a new city environment. Additionally, a

help line with counselors is established to provide support and guidance. When necessary, the counselors also facilitate discussions with the management to address work issues. This mechanism helps in supporting the new employees and boosting their confidence in the city.

Alumni Network: The EGMM maintain a network of the alumni and keep them engaged as role models for the trainees. Senior alumni share their experience in the training classes as guest lecturers and build the confidence of trainees before job interviews. Alumni also provide tips on how to deal with customers, cope with city life, and plan their career or goals for higher education. This is very effective for coaching the trainees because most of the youth are first generation white collar workers whose parents are agricultural or other wage laborers, from whom they can get limited guidance when it comes to city jobs.

Using Information Technology to Monitor the program

Monitoring a program of this scale is a challenge. To overcome this, EGMM uses transaction based software (www.egmm.ap.gov.in) that gets training, placement and post placement data from each training centre. This software allows EGMM to monitor and analyze its performance even at the village level. Placement and dropout analysis is done seamlessly using this EGMM developed software. This IT backbone has helped bring quality and transparency into the program.

Impacts of EGMM

Increased Income: On average EGMM trained youth earn an income at or above Rs. 42,000 per year in urban areas and about Rs. 30,000 per year in rural areas. This amount is three to four times higher than the average income earned by a rural family in agriculture, which is about Rs 10,000 per year. Fifty-one percent of trainees received incremental pay increases within six months of employment. The average increment of the trainees was about Rs. 550 per month.

Remittances: Surveys show that almost all of the working youth send 20 percent of their earning back home. Remittances have tremendous effect in improving the financial condition of the families. Those who receive remittances use 38 percent of this additional money to clear previous high cost debts at high interest rates. Twenty-three percent is deposited as savings and 19 percent is used to create assets such as adding

Box 3: Impact on Stakeholders

The Rural Community

- Fixed income, new skills, and self confidence
- Remittances for the rural families
- Lowering of caste stigma
- Eradication of poverty within a generation's time in a sustained manner

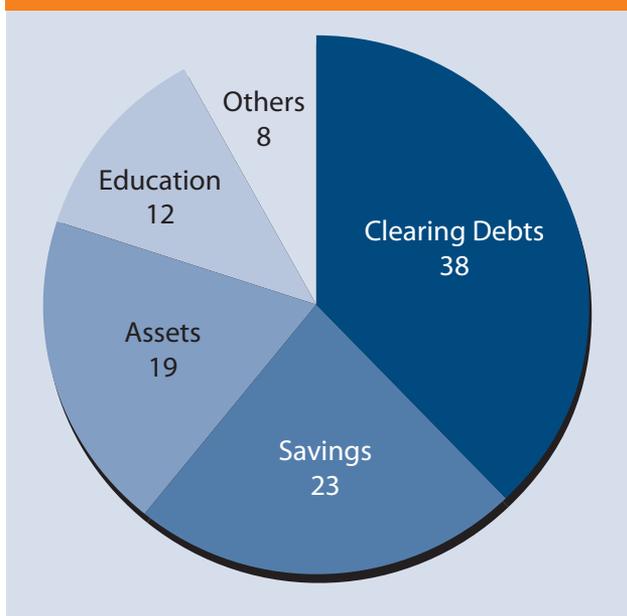
The Government

- Employment creation for rural youth
- Poverty alleviation
- Prevention of social unrest from high underemployment in rural areas

The Private Companies

- Competent, loyal, cost-effective workforce
- An opportunity to fulfill its social responsibilities

Figure 2: How Households are using the Remittances (in %)



a room to the house, buying land, colored televisions, etc. Twelve percent is used to educate younger siblings, and 8 percent for other purposes.

Improved quality of life: An impact study of youth² trained as security guards placed in a multinational company—G4 Securitas—showed that the quality of life of their families has improved because of one family member working in the city. Ninety-four percent of the households say that they are able to afford more nutritious food and 30 percent of the families have invested the money to improve their housing conditions.

Less dependency on money-lenders: Financial conditions have improved since household dependence on money lenders reduced from 74 to 14 percent among the family members. Meanwhile, 92 percent of the households say that their dependence on local moneylenders has reduced.

Return on Investments (ROI)

EGMM invests Rs. 8,992.63 per trainee on average for the job training program. Each trainee after placement earns Rs.3487.35 per month on average. Therefore, ROI is 365.36 percent³.

Table 2: Training cost per person and ROI (unit: Rs)

Training Program	Training cost	Monthly Starting Salary	Annual Salary	ROI (%)
Average	8,992.63	3,487.35	41,848.20	365.36
Construction	6,178.33	3,564.78	42,777.36	592.38
EWRC	9,525.00	3,677.71	44,132.52	363.33
IKP Labs	8,450.00	3,149.81	37,797.72	347.31
Security	4,390.00	3,730.47	44,765.64	919.72
Skylark	10,525.00	5,116.67	61,400.04	483.37
Textile	5,416.67	2,934.00	35,208.00	549.99
Other Services	10,236.11	3,750.67	45,008.04	339.70

Note: EWRC: English Work Readiness & Computer Academy

Creating Intellectual Assets and an Inclusive Society

The intellectual assets generated through EGMM make additional benefits to the society. The skills and the knowledge generated from the training is a permanent asset, components of which are transferable across jobs. The impact on girls is marked with reduction in child marriages in rural and tribal areas as girls opt for a career in hitherto male dominated sectors like sales. Meanwhile, the rural-urban divide and the unorganized-organized labor divide reduces as rural youth get trained to work white collar jobs.

Way Forward

Educational products for the youth: EGMM is exploring educational products so that the young people can continue higher education, if they choose, while continuing their jobs. With higher education, these youths will be able to ascend in their jobs and make higher incomes.

Microcredit products: To make the job training cost affordable, microcredit products are being developed. The microcredit will be offered through the federations of the SHGs at a lower interest rate with manageable repayment schedules. This will

² Intellectap Study of Youth trained and placed by EGMM

³ Mariko Katsura, Goldman School of Public Policy, University of Berkeley EGMM data

Box 4: Future in the Service Sector

Sudharani is from Old Chintalapudi Village in West Godavari District. She could not complete her college education as her father an agricultural laborer could not afford her college fees. Her mother, an SHG member told her about EGMM English and computer centers. After three months training she was placed at Big Bazaar, the largest retail chain in the country earning a salary of Rs. 3500 per month as a customer service associate. Recently, she returned to her home district to work as a cashier with Coromandel Fertilizers which brings in Rs. 5,000 per month. Sudharani says, “Now I will complete my graduation from the university.” She enrolled both her brothers in the EGMM Academy. Today the three working youths have enhanced their family income from Rs. 10,000 year to Rs. 144,000 a year.

make the program accessible to more youth in future who are in need of employment.

Support Alumni Company: For its entrepreneurial alumni, EGMM is looking into supporting alumni run companies through financial investment products and business advisory services.

Scaling Up

As countries' economies transition from agriculture-

based to include other sectors services, manufacturing, and the like, the rural poor risk falling into the poverty trap of unorganized, non-farm employment. Hence, skills development programs are a critical element of the livelihoods agenda in areas that are transitioning from agriculture. Based on the experience of Andhra Pradesh, the EGMM approach has been replicated in Indian states such as Bihar, Orissa and Rajasthan; and similar approaches are adopted in other states such as Tamil Nadu.

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