



## From Carpentry to Couriers: India's Rural Job Portals Are Taking Off

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A few years ago, a job portal for rural India would have been unthinkable. Internet penetration was extremely low -- even today, there are only 12.8 million Internet subscribers among the country's 1.2 billion people, according to the Internet Service Providers Association of India. What's more, a study by market research firm IMRB International found that there were 45.3 million active Internet users as of September 2008, of which 42 million were urban. Even given a growth rate of 30%, the rural numbers wouldn't look very exciting today.

Yet several rural job portals have been launched over recent years. At the forefront was ruralnaukri.com, which began in 2001 by advertising job opportunities at corporate and non-governmental organizations in rural areas (see "[Ruralnaukri.com's Ajay Gupta: 'Rural Jobs Can Provide Momentum to the Wheel of the Economy'](#)"). Its founder and CEO, Ajay Gupta, more recently went on to launch villagenaukri.com for village youth looking for jobs in urban areas.

These sites are now facing growing competition from established companies such as ITC, the tobacco and fast-moving consumer goods giant. ITC has partnered with global online employment firm Monster to set up rozgarduniya.com (roughly translated from Hindi as "employment world"). "I believe this market will grow explosively in a couple of years," says S. Sivakumar, chief executive of ITC's agribusiness division, which is spearheading the rozgarduniya initiative. Sanjay Modi, managing director of Monster in India, the Middle East and Southeast Asia, adds: "Rozgarduniya will act as a catalyst and play an instrumental role in the government's vision of inclusive growth in India."

Another competitor is Srei Sahaj e-Village, a subsidiary of Srei Infrastructure Finance, which recently launched chaakri.in. (*Chaakri* means "job" or "livelihood.") "We believe in the potential of rural India. Its hour has arrived," the portal's CEO, Sabahat Azim, says.

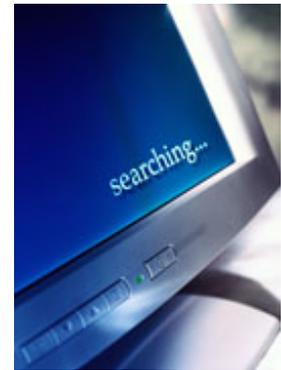
### For-profit Firsts

Rural jobs have been in focus for some time. In 2006, the Union government set up a large program under the National Rural Employment Guarantee Act (NREGA), promising 100 days of employment per year to rural households. The program was launched in 200 districts and has gradually been extended to the entire country. In the recent Union Budget, expenditure under the NREGA was increased 144% to US\$8 billion and the minimum wage was set at around US\$2 a day. According to the Ministry of Rural Development statistics, the NREGA programs have already provided jobs to 30 million families.

There have been other endeavors involving non-governmental organizations (see "[A Fresh Start: How a Public-private Program Is Helping Rural Job Seekers Find a Brighter Future](#)"). But with rozgarduniya and Srei Sahaj e-Village, this is the first time that the corporate sector is getting into this arena, with for-profit models. "Charity does not work here," says Azim of Srei Sahaj. "People don't value something they get for free."

"This is a for-profit venture," states Sivakumar of ITC. "We get a share of the revenues generated through the business. Currently, employers pay -- as is the case in Monster's traditional model ... for posting job advertisements, access to [our] database and advertisements. In due course, we will also explore delivering certain value-added services to jobseekers and charge them."

ITC and Srei also bring infrastructure to the table. ITC will leverage its large network of e-Choupals, the



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village-based Internet kiosks that have become a key grassroots component of local supply chain management since they were launched in 2000 (see "[Marketing to Rural India: Making the Ends Meet](#)"). "We have over 6,500 e-Choupals in 100 districts, spread across 10 states," says Sivakumar. "While we have operationalized 10 districts in the pilot phase [of rozgarduniya], we intend to expand to 5,000 e-Choupals in 80 districts very rapidly, [with] the key states being Uttar Pradesh, Rajasthan, Madhya Pradesh and Maharashtra."

Why the partnership with Monster? "First, our missions match," Sivakumar notes. "ITC e-Choupal's mission is to improve the quality of life in rural India. Monster Worldwide, the parent company of Monster India, is striving to inspire people to improve their lives. With a local presence in key markets in North America, Europe and Asia, Monster [connects] employers with quality jobseekers at all levels and [provides] personalized career advice to consumers globally.... We are able to build a winning solution for rural India, which leverages the capability of Monster in the employment solution space and ITC e-Choupal in the service delivery space."

Srei's backbone, on the other hand, is a network of common service centers (CSCs) in public-private partnership with the central government and seven state governments. Some 15,000 CSCs are already up and running, more than halfway to its goal of eventually opening 27,000. "Our scale is huge," says Azim. "This is possibly the largest such network in the world."

Each CSC is run by an entrepreneur who is required to contribute 25% of the US\$3,000 start-up costs. Srei provides the communications infrastructure. "To start with, a host of business-to-consumer services [such as railway bookings, banking services, insurance services and prepaid mobile account refills] will be rolled out," Azim notes. "These will generate quick revenue for a village-level entrepreneur. In the next stage, we will start government-to-consumer services" such as issuing birth and death certificates. Srei has also enlisted the help of banks to provide loans and financial advice to the entrepreneurs.

On the employment front, Srei starts by finding vacant jobs. Next, it locates the candidates, helping them to fill any skills gaps through its Sahaj Academies. The customer-facing operations of the academies are run from CSC premises. Some 50 academies are ready to go, while another 50 CSCs are moving to larger premises to accommodate the demand for these services. The centers enroll students, collect fees and provide the infrastructure. (Often, the CSCs have the only computer and Internet connection in a village.) The model is based on e-learning: From a virtual studio, teachers provide lessons which are broadcast to the CSC classrooms. Students then receive hands-on training through, for example, local apprenticeships. "We are building an ecosystem in education," says Azim.

Ruralnaukri.com focuses heavily on training. The portal is partnering with training provider Franklin Covey South Asia to offer programs teaching a wide range of soft skills, including basic English and etiquette. Then there is the Ruralnaukri Institute of Agribusiness Management, which aims to increase the managerial capacity of agribusiness professionals in rural India, targeting a different audience than Sahaj centers.

Rozgarduniya has similar plans. "ITC e-Choupal will partner with appropriate service providers to bring...skills-building services to rural India to complement rozgarduniya," says Sivakumar. The website, which has just been launched, "will be run as a pilot for about three months to refine business processes, after which we're planning a rollout across all the e-Choupals. At this time, we hope to source 10 candidates with relevant qualifications for every job. And every job seeker should find at least one relevant job suiting his profile."

What will keep these portals going are both demand and the fact that they are in the business to make money. Azim notes that without a focus on making a profit, people lose enthusiasm -- as can happen, for example, with government programs."Each activity of ours must be profitable. The offline revenue is earned by the entrepreneurs, while Srei earns from online revenues. This joint sharing makes the system sustainable and widens its influence for the benefit of all. A number of the Sahaj centers earn more than US\$1,000 a month." Srei's initial plan was to invest US\$60 million, with the final half currently being spent. At least another US\$100 million will be invested over the next three years.

The numbers are impressive. At Srei, some 25,000 rural youth have been placed so far in jobs in cities. That may sound like a lot for a business that is still in launch phase, but Azim points out that, with 15,000

centers, that's barely two per CSC.

### **Cultivating 'Raw Territory'**

"Initiatives like chaakri.in create employment opportunities," says Sudhakar Balakrishnan, managing director of Adecco India, the local arm of an end-to-end global HR company. "The target jobs for the rural youth in this initiative include carpenters, plumbers, electricians, courier boys, drivers, security guards, masons and barbers. For rural women, the target jobs could be village computer operators, data-entry operators, beauticians and health care assistants." According to Azim: "The first job [Srei] arranged was for a barber who found employment at Eyecatchers, a unisex skincare and hair salon in Calcutta."

The portal companies are not worried about growing competition. "The rural employment business today is in the Stone Age while it has potential to reach the Information Technology Age," says Gupta of ruralnaukri. "Considering the enormous size of the Indian rural spread, this terrain is yet free of the economic term 'competition.' Even large projects, like e-Choupal, are a drop in the ocean. Hence, initiatives such as rozgarduniya are likely to only help each other in terms of reducing the inertia at each level, be it for government support or in mentally preparing prospective candidates or corporate employers. A huge number of players are required to cultivate the raw territory."

According to Gupta, the high level of activity in the rural employment niche is the result of three developments. "One relates to the often talked-about saturation of urban markets, because of which there is a move to [focus on rural markets]. For catering to these markets, local employees bring better results ... [because] they are cheaper, and unlimited numbers are available. The second factor relates to cost-cutting pressure: The difference in wages between urban and rural youth facilitates viability and growth [for a company]. The third factor pertains to the emergence of an innovative business model through corporate social responsibility, wherein one feeds the other."

[Rajesh Chakrabarti](#), assistant professor of finance at the Hyderabad-based Indian School of Business (ISB), has a slightly different take on the increased activity. "First, launching portals is a low-investment business so the downside risk is somewhat low," he says. "Most of the expenses come from promoting the portal. Second, and probably more importantly, the mindset about rural India is changing. While trickle-down may be far from perfect, there is no denying that there are pockets of affluence and widespread movement into the middle-class bracket in Indian villages. Also, infrastructure development has linked semi-rural towns with villages much better than before, so isolation has gone down. All this brings a lot of people in the formal job-seeking category along with connectivity and word-of-mouth spread of web portals among the rural youth. And low- and medium-skill job opportunities in urban centers have been booming as well, with a huge demand for labor that can only be met from rural areas."

India is currently facing 7.8% unemployment, says Balakrishnan of Adecco. "According to the last census, around 750 million people in India live in rural areas. With over 65% of India's population under the age of 35, the country needs to create 60 million jobs over the next five years to prevent the unemployment rate from gaining unmanageable proportions.... This clearly translates into a huge opportunity for job creation and growth."

According to Manish Sabharwal, cofounder and chairman of TeamLease Services, India's largest staffing company, "All this activity reflects an overdue realization that India's labor market is going through five transitions: farm to non-farm, rural to urban, unorganized to organized, subsistence self-employment to decent wage employment, and school to work. These transitions represent journeys to a better life for most Indians," he says. However, "most of the activity in rural job portals reflects a market opportunity created by the failure of employment exchanges to provide effective matching. Last year 1,400 of these 'arthritic' government centers gave 250,000 jobs to the 40 million people registered."

The private-sector initiatives are indeed "taking on the role of the virtually defunct employment exchange system in the country," says Chakrabarti of ISB. "While the exact impact is difficult to assess currently, [the portals] do a great job in linking rural people to jobs."

Sabharwal of TeamLease, however, isn't entirely convinced. "The jury is still out as to whether rural jobseekers are using the Internet as actively as all this activity seems to assume," he says. "The base camp

for them should be something [using] cellphones or SMS, which can be morphed as Internet penetration and usage deepens."

### **Parallel Universes**

But even if the employment exchanges have failed, isn't the government doing enough through the NREGA? "They are servicing parallel universes," says Sabharwal. "The NREGA, in its current form, is only applicable and attractive to unskilled labor."

Yet neither the NREGA nor the job portals are an answer in and of themselves for India's rural unemployment problems. "Ultimately [the solution] would be in sustained long-term growth of the economy," says Chakrabarti. "If India grows at 9%-plus rates for two decades, benefits just have to spread out and the rural-urban divide will be largely gone in 10 to 15 years. People will have to move away from agriculture, but that should happen voluntarily rather than by land grab of cultivable land by industry and special economic zones (SEZs). That spawns unrest."

Meanwhile, the state has "to create opportunities through incentives for setting up SEZs and agri-based industries in rural areas," says Balakrishnan of Adecco. The Union cabinet approved a National Policy on Skill Development on February 23 this year, which, too, could go some way towards alleviating rural unemployment. "But all these initiatives need to be sustained over the long term to bear fruit."

"The only long-term solution is to make rural areas a better habitat for job creation," notes Sabharwal of TeamLease. "In the short run, we can't take jobs to people so we will have to take people to jobs -- migration. The current infrastructure deficit reinforces an already skewed geography of work by amplifying job clustering to existing cities rather than creating new ones. India has only 34 cities with more than one million people but has 600,000 villages, of which 200,000 have less than 200 people. The only sustainable, long-term solutions lie in an integrated approach to the 3Es -- education, employability and employment -- that will arise from the reform of current regimes in infrastructure, education, skill development and labor laws."

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