

# Catalyzing Youth Employment and Rural Livelihoods in Telangana: Leveraging SHG Women Groups' Corpus and Capacity Building for a Skilled Workforce

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## Abstract

Telangana's robust economic momentum, driven by high-growth sectors, provides a unique opportunity to leverage its demographic dividend. This potential is anchored by the successful Telangana State Rural Livelihoods Mission (TSRLM) network, an implementation of the Central Government's Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), and the State's pioneering Indira Mahila Shakti Policy – 2025. However, this opportunity is constrained by a critical misalignment: a surplus of college graduates lacking market-ready skills and a centralized skilling ecosystem that fails to effectively reach the rural Youth and Girl Child cohorts.

## 1. Introduction

This policy brief recommends a strategic framework bridging high economic demand and rural youth supply. It proposes institutional convergence between the State Education Commission and the TSRLM's Self-Help Group (SHG) network, leveraging the financial muscle of SHGs (built through schemes like Vaddi Leni Runalu (VLR)) and the Lakhpati Didi Scheme's capacity-building goals. Key recommendations operationalizing this decentralized, financially innovative, and accountability-driven model include:

- **Financial Innovation:** Establishing the Youth Skill Development Fund (YSDF), linked to the SHG corpus, to provide catalytic soft loans and micro-venture capital for youth skilling and enterprise, extending the benefits of schemes like Pradhan Mantri Mudra Yojana (PMMY).

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- **Benchmarked Skilling:** Implementing a Skill Voucher system tied to high-demand, benchmarked sectors (e.g., AI, Robotics) and global placement opportunities, contingent upon course completion.
- **Structured Work Integration:** Mandating a three-stage work exposure model (On-the-Job Training → Unpaid → Paid Internships) to institutionalize job-readiness.
- **Decentralized Delivery:** Creating Rural Training-to-Placement Hubs (RTPHs) in all district headquarters for single-window mobilization, training, finance, and placement, ensuring mandatory SHG Federation representation and public participation in advocacy.

This framework shifts the paradigm to a demand-driven, financially integrated, and locally-supported skilling-to-livelihood model, securing a skilled career path for the **Girl Child**.

## 2. Performance Assessment and Benchmarks for strengthening constituencies in Government of Telangana:

### 2.1. Current Performance (Against National/Leading State Benchmarks)

**Table 1: Performance Assessment and Benchmarks for strengthening constituencies**

| Sector/Metric                  | Telangana Performance Context  | National/Leading Benchmark  | Gap/Opportunity Area  |
|--------------------------------|--|---|---|
| <b>GSDP Growth</b>             | Highest real GSDP growth among major states (e.g., 9.2% in FY24).  | High national GDP growth rate.  | <b>Opportunity:</b> Strong economic momentum provides high demand for skilled labor, especially in the Hyd cluster and surrounding districts.                                       |
| <b>Skilling Infrastructure</b> | Transformation of ITIs into Advanced Technology Centres (ATCs); establishment of Young India Skills University.                  | Capacity utilization in ITIs in Telangana is lower than leading states (e.g., 50% lower). | <b>Gap:</b> Underutilized/outdated infrastructure and poor trainer quality in traditional institutes, especially at the district level, limiting rural access to new ATC curricula. |
| <b>Employability</b>           | High enrollment in higher education (e.g., 1.1 lakh engineers annually), but persistent high unemployment due to skill mismatch. | High placement rates achieved by placement-linked skill schemes (e.g., DDU-GKY, PMKVY).   | <b>Gap:</b> Misalignment between graduate skills and market demands. A lack of mandatory, structured work exposure reduces job readiness and employer confidence.                   |
| <b>Financial Inclusion</b>     | Strong SHG-Bank Linkage model (DAY-NRLM), with SHGs  | NRLM states effectively using community   | <b>Opportunity:</b> SHG corpus is an untapped source for youth skilling/enterprise finance, which can   |

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|  | having a large corpus. Schemes like <b>VLR</b> bear the interest burden. | investment funds for livelihood support. | provide soft loans to SHG families and the success of Lakhpati Didi. |
|--|--|--|--|

## 2.2. Problem Statement:

Telangana's centralized skilling system is failing to realize the demographic dividend for rural Youth and the Girl Child. Key bottlenecks are the financial exclusion of the next generation from the SHG corpus for skilling/enterprise and an institutional last-mile gap—a lack of decentralized hubs to converge SHGs, finance, and industry for effective, demand-driven training and placement.

## 3. Aspirational but Realistic Targets

**Table 2: Realistic Targets for skilling and an institutional last-mile gap—a lack of decentralized hubs**

| Target Area               | Key Performance Indicator (KPI)  | Timeline             | Aspirational Target  |
|---------------------------|--|----------------------|--|
| <b>Financial Leverage</b> | Percentage of target youth from SHG families receiving YSDF/SHG Corpus finance support.            | 3 Years (FY 2026–29) | Mobilize ₹500 Crore from YSDF/SHG Corpus for youth skilling and enterprise.                      |
| <b>Skilling Quality</b>   | Percentage of skilled youth completing the 3-stage Work Integration model (OJT → Paid Internship). | 3 Years (FY 2026–29) | 85% of all trainees complete the mandatory Paid Internship, and 60% are retained for 1 year.     |
| <b>Rural Outreach</b>     | Operational Rural Training-to-Placement Hubs (RTPHs) in all District Headquarters.                 | 2 Years (FY 2026–28) | Establish and operationalize 100% RTPHs across all districts.                                    |
| <b>Placement</b>          | Annual Placement Rate in formal/organized sector for RTPH-trained youth.                           | 5 Years (FY 2026–31) | Achieve an overall 75% placement rate and 10% youth entrepreneurship rate for program graduates. |

- The policy targets measurable impact on youth employment and entrepreneurship over a five-year period, promoting **livelihood generation** and **financial inclusion** for Youth and Women SHG families.

To achieve targeted convergence, the following five policy measures must be implemented, linking Central schemes for **capacity building** and **digital literacy** with State implementation structures.

#### 4. Policy Measures for Implementation in Government of Telangana

**Table 3: Policy Measures an action orientation with target linkages**

| Policy Measure                                       | Action Steps & Implementation Authority   | Target Linkage                    |
|--|---|-----------------------------------|
| <b>4.1.Financial Innovation &amp; Corpus Linkage</b> | <b>Creation of YSDF:</b> Establish the YSDF as a blended finance vehicle under the Finance Department/Youth Commission. <b>SHG Corpus Mobilization:</b> TSRLM must design a framework to allow SHG Federation funds (built on DAY-NRLM and VLR success) to be used as catalytic soft loans for youth/Girl Child from SHG families. The YSDF offers matching grants/subsidies to secure SHG capital, extending the micro-credit model of <b>PMMY</b> . Authority: Finance Department, TSRLM.   | Financial Leverage (₹500 Cr.)     |
| <b>4.2.Skill Vouchers &amp; Accountability</b>       | <b>Rollout Skill Vouchers:</b> Implement a Skill Voucher system where the full training fee is redeemable by the PTP only upon the trainee's certification and three-month employment retention. <b>Mandate Market Alignment:</b> Issue a Government Order restricting funding to courses aligned with ATC areas (AI, Robotics, Cloud Computing), ensuring the skilled workforce meets modern needs, in line with the high-value focus of <b>Lakhpati Didi</b> (e.g., drone piloting). Authority: Youth Commission, Dept. of Skill Development. | Skilling Quality (85% Completion) |
| <b>4.3.Structured Work Integration</b>               | <b>Enforce 3-Stage Model:</b> Issue a Government Order making the three-stage work exposure (OJT → Unpaid → Paid Internship for minimum 3 months) mandatory for all State-sponsored schemes. <b>Employer Incentives:</b> Offer a targeted, one-time incentive (e.g., a 5% tax rebate) to employers who convert the paid internship to a formal, minimum one-year contract. Authority: Labour Dept., Skill Development Dept., Industry Dept.   | Placement (75% Rate)              |
| <b>4.4.Decentralized Institutional Support</b>       | <b>Establish RTPHs:</b> Telangana's skilling gap is due to a lack of decentralized <b>Rural Training-to-Placement Hubs (RTPHs)</b> , failing to integrate the <b>SHG network, finance, and industry</b> for effective rural youth training and placement.   | Rural Outreach (100% RTPHs)       |
| <b>4.5.Entrepreneurship Ecosystem</b>                | <b>Entrepreneurship First:</b> The system lacks mandatory <b>entrepreneurship training</b> in skilling courses and a formal, funded <b>SHG Mentor Network</b> to link youth start-ups (especially the Girl Child) with experienced <b>Lakhpati Didi</b> enterprise leaders and supply chains.   | Placement (10% Entrepreneurship)  |

#### 5. Conclusion

The creation of a dedicated, unified "One Stop Centre" for departmental convergence fundamentally reorients state from welfare to inter-generational enterprise. This strategic model leverages the collective financial power and social capital of Women's SHGs to drive the technical skill and entrepreneurship of the Youth and secure the Girl Child's future. By seamlessly integrating Central schemes like DAY-NRLM, Lakhpati Didi, and PMMY with State initiatives like the Indira Mahila Shakti Policy and VLR, this Centre establishes a potent, self-sustaining loop. Success, measured

by KPIs focused on high-value livelihood generation, will lead to durable income, enhanced public participation, and a skilled, digitally proficient female workforce, achieving a truly self-reliant rural Telangana.

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