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# URBAN EMPLOYMENT PROGRAMMES

**Policy Brief**

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# Introduction

Urban Employment Programmes have been emerging as a response to the crisis of employment faced in Indian urban areas. The quantity of jobs being generated has been inadequate, as the following statistics indicate. Employment trends highlight an urban unemployment rate of 6.6 percent, accompanied by a 23.4 percent unemployment rate for youth urban females and 15.9 percent for youth urban males (PLFS Rate of Unemployment, April – June 23)<sup>i</sup>. New research by Azim Premji University’s Centre for Sustainable Employment (CSE) notes that over 42 percent of India’s graduates under 25 were unemployed in 2021-2022<sup>ii</sup>.

In addition, the quality of employment has been poor, especially for most workers in the informal economy that have experienced stagnant real wage growth over the past decade. These are not new trends. Urban vulnerabilities precede the COVID-19 pandemic which exposed and exacerbated existing fault lines as well as inadequate and patchwork systems of urban social protection<sup>iii</sup>. By social protection, we mean both universal safety nets for food, old age pension, health, education, and housing as well as work-based protections and entitlements that improve the quality of work.

While rural India has benefitted from the Mahatma Gandhi Rural Employment Guarantee Act (MGNREGA) since 2005 (with demand for works peaking in July 2021 and continuing to remain high)<sup>iv</sup>, for decades, the urban imagination was able to overlook the pressing need for an urban counterpart. It was the loss of livelihood and migrant exodus that resulted in strong calls for state action, with one response being Urban Employment Programmes (UEPs).

UEPs in India have existed as early as 2009. Kerala’s Ayyankali Urban Employment Guarantee Scheme (AUEGS), Tripura’s Urban Employment Programme (TUEP), and West Bengal’s Urban Employment Scheme were India’s frontrunners. The next set of programmes emerged in Odisha and Jharkhand during the pandemic. Both states eventually extended their responses into full-fledged UEPs. In August 2021, the Parliamentary Standing Committee on labour stated that there is an ‘imperative need for putting in place an Employment Guarantee Programme for the urban workforce in line with MGNREGA’<sup>v</sup>. While a national framework was not put in place, many other states such as Rajasthan, Tamil Nadu, Himachal Pradesh, and Madhya Pradesh launched versions of UEPs offering employment in urban areas.



# The Policy Brief

Many UEPs in India borrow from the MGNREGA, which affects the scope and design of these programmes, the nature of permitted works, and delivery mechanisms. However, urban areas have core differences in the organisation of their labour markets, the spatial structuring and requirements of work, the presence of inadequate infrastructure, services, and housing as well as the differential capacity of Urban Local Bodies (ULBs) compared to panchayats. We argue that UEPs can improve employment outcomes, but also be leveraged to take on broader questions of urban inequalities: by providing work but also using this work to improve neighbourhoods and communities, by addressing housing and infrastructure deficits, and by expanding governance capacities in cities and towns.

This policy brief examines UEPs in India offering insights into these differences (between the urban and the rural) and suggesting changes and modifications towards the design and operationalisation of UEPs. This brief builds on a report published by IHS for the UNDP<sup>vi</sup>. Based on a review of recent state level programmes, international experiences, and national level proposals for employment guarantee programmes, we offer a framework that (I) *summarises the features of UEPs in India*, (II) *and categorises these into three models: Job and Wage Guarantees that borrow primarily from the MGNREGS, Urban Works Programmes that shift focus from a wage and work guarantee to the creation of community assets and infrastructure, and Decentralised Urban Employment Programmes that solve problems of urban service delivery, while offering possibilities for training and skill-building*. While this categorisation is not water-tight, it helps policymakers assess the implications of the model on other aspects such as scope and design, delivery mechanisms and governance, and nature of benefits and permitted works.

The brief concludes by offering (III) *Recommendations for states that are at the ideation state or the early stage of launching a program*. In our recommendations, we position UEPs as capable of solving problems beyond the creation of wage and work. The extension of UEPs to solving basic infrastructure deficits, offering social protection, creating better neighbourhoods, and skilled workforces, while capacitating local bodies is an innovative approach making the framework useful for partners and governments.



## MODELS OF URBAN EMPLOYMENT PROGRAMMES

### Job and Wage Guarantees

borrow from the MGNREGS and provision fixed number of work-days (between 50 – 125) for beneficiaries. These programmes are implemented almost exclusively by ULBs.

**States:** Tripura, Rajasthan, Kerala, Himachal Pradesh, Tamil Nadu, and Madhya Pradesh;

**Proposals:** Azim Premji University's National Urban Employment Programme (NUEP)

### Urban Works Programmes

Three aspects set programmes in this category apart:

- (i) a primary focus on the creation of community assets and infrastructure;
- (ii) no component of work guarantees; and
- (iii) stronger collaboration or co-implementation with community-based organisations (CBOs).

**States:** Odisha and (to an extent) West Bengal

### Decentralised Employment Programmes\*

Offered through 'job stamps' and other avenues using which public institutions (such as ULBs, educational institutions, hospitals, etc) and other bodies can provide direct employment. Additional objectives can include solving problems of urban service delivery and offering training and skill-building opportunities.

\*Based predominantly on Jean Drèze's Decentralised Urban Employment and Training (DUET) proposal DUET and the State Voucher Programme in Belgium

## 1. SCOPE & DESIGN

### Eligibility and Inclusion criteria<sup>1</sup>

With 'the exception of Jharkhand and Himachal Pradesh, UEPs in **Job and Wage Guarantees** offer tight definitions restricting eligibility to 'permanent residents'. These are applied through rigid documentary requirements; for example – Jan Aadhaar<sup>2</sup> cards (Rajasthan) and local Aadhaar/Ration/ and EPIC cards (Kerala and Tamil Nadu).

In **Urban Works Programmes**, eligibility criteria are looser with employment open to 'all wage seekers and residents of the state' and 'urban unemployed persons'.

### Determining Wage rates

Across models, UEPs peg wage rates significantly lower than market rates and aligned typically with minimum wages set by the state. Wages though are equal irrespective of gender.

In **Job and Wage Guarantee Programmes**, wages range from 177 to 382. APU's NUEP proposal fixes wages at ₹500 based on factors such as the 2018 overall median daily wage.

**Urban Works Programmes** offer categories such as unskilled, semi-skilled, and skilled. In Odisha, wages range from ₹333 to ₹483 while in West Bengal, the range is from ₹202 to ₹404<sup>3</sup>.

In both the models above, wages are paid by the state. **Decentralised Employment Programmes** are unique in that costs can be divided between employers and the state. Wages are in-line with minimum wage provisions.

<sup>1</sup> The DUET (part of our Decentralised Employment Programmes classification) is a proposal and provides minimal information on eligibility stating that 'all eligible residents above the age of 18 should be eligible to register'.

<sup>2</sup> Jan Aadhaar is Rajasthan's 'one number, one card, one identity' scheme

<sup>3</sup> All wages derived from the current minimum wages in states, as of September 2023



## 2. NATURE OF BENEFITS & PERMITTED WORKS

### Promotive Aspects

Across models, associations with skilling and training of workers is weak. Although not part of guidelines, because **Urban Works Programmes** mix workers with varied skills, elements of informal learning can exist.

In **Job and Wage Guarantee Programmes**, Himachal Pradesh is an exception facilitating skill enhancement and encouraging entrepreneurship. Linkages with the Deendayal Antyodaya Yojana – National Urban Livelihood Mission (DAY-NULM) are a critical pathway.

Both the NUEP and the DUET proposal are strong proponents of apprenticeship, skilling, and training for beneficiaries.

### Permitted Works

Existing works across the three models cover (i) development of community spaces & infrastructure, (ii) environment & natural resource management, (iii) heritage conservation, (iv) livelihood work & infrastructure, (v) risk & resilience, (vi) sanitation, (vii) service & maintenance, and (viii) convergence categories with the SBM, AMRUT, and Housing schemes such as the PMAY<sup>4</sup>.

Most **Job and Wage Guarantee Programmes** offer a finite set of works implemented through the ULB. Kerala and Rajasthan are exceptions offering an expansive list of work.

**Urban Works Programmes** on the other hand prioritise infrastructure and services and are implemented jointly with CBOs such as slum dweller associations.

**Decentralised Urban Employment Programmes** tend to think of work differently with a core focus on the maintenance and repair needs of public and private institutions.

## 3. DELIVERY MECHANISMS & GOVERNANCE

### Governance and Provisioning

Across models, ULBs and other state actors play strong roles.

**Job and Wage Guarantee Programmes** are run exclusively by ULBs with minimal roles for non-state actors.

**Urban Works Programmes** assign stronger roles to CBOs both in design and implementation. In Odisha, for example, slum dweller associations can serve as implementing agencies.

In **Decentralised Urban Employment Programmes**, placement agencies (in case of the DUET) or other intermediaries ensure beneficiaries work directly institutions, or households or residents (as in the service vouchers programme in Belgium).

### Worker Registration

Centralised registration and allocation of work is more prominent in **Job and Wage Guarantee Programmes**. In other models, ULBs and other state actors work along with intermediaries and CBOs to facilitate registration.

### Worker Benefits

Across models, guidelines offer work-place benefits such as resting spaces, toilets, and drinking water.

Because they guarantee work, **Job and Wage Guarantees Programmes** can offer unemployment allowances (as available in Jharkhand, Tripura, Kerala, and Himachal).

### Grievance Redressal

Across models, very few UEPs in India offer details on grievance redressal or social audits.

<sup>4</sup>Categories created by the IIHS research team for classification.

# Recommendations

## 1. SCOPE AND DESIGN OF THE PROGRAMME

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### 1.1 Eligibility and Inclusion Criteria

Urban areas are defined by high rates of inter-and intra-state migration and migrants hold significant economic and social vulnerability<sup>vii</sup>. UEPs must serve as safety nets and be imagined with universal coverage, expanding the definition of the term 'resident' to include anyone who has an intent to reside<sup>viii</sup> and work in urban areas.

- Documentation requirements must be relaxed, expanding access to migrants, residents of informal settlements, and tenants.
- Replicate practices from Himachal Pradesh, Jharkhand, and Odisha. These states open access to all wage seekers and urban residents and expand documentary requirements to include bank passbooks, electricity receipts, driving licences, and residency certifications from a competent authority.
- To this list, we suggest the addition of non-local Aadhaar, voter ID, and occupation IDs (street vendor ID card, waste worker ID card).

### 1.2. Determining Wage Rates

Across UEPs in India, wage rates are aligned with the minimum wages set by the state and are thus significantly lower than the prevailing market wage rates. We offer the following:

- UEPs should provide for living wages instead of minimum wages. A living wage should be determined collaboratively.
- Living wages should account for various input factors, including the nature and location of work, requisite skills associated with the work.
- Wages must be revised regularly keeping pace with inflation.
- Additional wages (at least 10% of the wage amount) in cases of delayed disbursement of payment and when work-allocation is beyond a specified radius of 2-3 kms.

## 2. NATURE OF ENTITLEMENTS AND PERMITTED WORKS

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### 2.1. Permitted Works and Program Implementation

The list of works in most UEPs are finite, and restricted to sanitation works, and the maintenance of pathways, educational institutions, open spaces (such as gardens and parks), and lakes. An expanded list can meet multiple objectives:

- UEPs should primarily build, maintain, improve and repair core urban infrastructures and services with special focus on areas where beneficiaries live, work, and seek leisure. States such as Odisha prioritise infrastructure and services by collaborating with CBOs who partake in both the design and implementation of the programme.
- Convergence with central schemes such as the Swachh Bharat Mission (SBM), the Pradhan Mantri Awas Yojana (PMAY), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) can help in the development of communities, neighbourhoods, and settlements. In Kerala, additional possibilities have been demonstrated by converging with the Haritha Keralam Mission for interventions in sanitation, and the Indira Awas Yojana for housing.
- A secondary set of works (borrowed from the NUEP and the DUET proposal) can include creating, rejuvenating, and maintaining urban commons; monitoring environmental quality; strengthening municipal capacity through apprenticeships; and provisioning of care for children and the elderly.
- UEPs must design works that can cater to varying skill sets, work-requirements, and people with disabilities. Apart from a larger list of works, flexible workhours, components of skilling and training, and lending support to entrepreneurial and enterprise related activities can be included. In Himachal Pradesh, the programme provided workers with training through a linkage with the DAY-NULM.

## 2.2. Benefits and other Promotive Aspects

As a key component, UEPs must ensure work-place benefits, while considering promotive aspects which include skilling and economic mobility. All UEPs must offer:

- Standard work-place benefits such as resting spaces, toilet facilities, drinking water provisions, first-aid, and child-care facilities.
- Social protection such as pension (with flexible monthly contributions), insurance and maternity benefits.
- Specific benefits aligned with the nature of the work within programmes. Insurance for construction workers, for example, must cover occupational hazards such as injuries.

# 3. DELIVERY MECHANISMS AND GOVERNANCE

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## 3.1. Governance and Provisioning

While work-provisioning remains the primary objective of UEPs, a strong secondary objective should include the enhancement of municipal services and capacity, and deeper engagement and partnerships with worker groups, CBOs, and CSOs. As noted above, a larger set of permitted works serve as a starting point.

- We recommend engagement with a broad spectrum of stakeholders for the design and implementation of UEPs. This includes beneficiaries, ULBs and elected representatives, public institutions, private enterprises, community organisations, worker groups, and platforms.
- Borrowing from Odisha, a special role should be envisaged for CBOs who should identify and propose work as per local needs. Incrementally, with capacity-development, CBOs can monitor the quality of work and eventually implement work at smaller-scales.
- UEPs must capacitate ULBs in line with the provisions of the 74<sup>th</sup> amendment. This is possible either through recruitment into municipalities or by training beneficiaries to play key roles in areas where there is a shortfall of staff and capacity such as administrative and survey work. The NUEP proposal offers directions to meet this goal.

### 3.2. Worker Registration Processes

Many UEPs currently offer online channels for worker registrations. While this is a good starting point, we offer the following recommendations:

- Worker registration processes must be decentralised and made available through multiple channels and modes, both online and offline.
- These must include worker organisations and CBOs.
- Kerala partners strongly with Kudumbshree, while Odisha's programme delegates worker registration to Self Help Groups (SHGs) and CBOs.
- Registration processes must also offer the possibility for easy updates, so that workers can update their locations and availability of work.

### 3.3. Grievance Redressal

Most UEPs offer very limited details on grievance redressal. With UEPs expanding, redressal becomes a key part of the puzzle. These processes must be determined consultatively and are important for transparency and accountability.

- Both grievance redressal and social audits must be constituted with support from external independent agencies and CBOs. To an extent, Odisha and Rajasthan offer clues towards such a system.
- Grievance redressal processes must support multiple channels, both online and offline, and must ensure complaints are solved in a timely manner (up to 7 days).

# Endnotes

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