



NEED OF URBAN EMPLOYMENT GUARANTEE SCHEME IN INDIA

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ABSTRACT

At present India is said to be third largest economy in the world in terms of PPP. However, we still need to find out solutions for high poverty, income inequality and large unemployment. Poor health, malnutrition and low literacy rate are other issues. Provision of employment can solve most of these issues. Hence, in this paper it is tried to focus on the possibility of urban employment guarantee scheme in line of MGNREGS. So that urban labour needs not to go back to rural area in distress situation like recent covid19.

Key words:

PPP-Purchasing Power Parity, MGNREGS- Mahatma Gandhi National Rural Employment Guarantee Scheme.

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INTRODUCTION

India as An Emerging Global Power:-- As per table 1, India is 6th largest economy in the world in 2021, with a GDP (Nominal) of \$ 2.94 trillion, however, GDP PCI (Nominal) is \$ 2116 PA is lowest ranking 150th¹. As per Table 2, India is 3rd largest economy in the world in 2021, with a GDP (PPP) of \$ 10.18 trillion, however, GDP PCI (PPP) is \$ 7314 PA is lowest ranking 129th.

The long-term growth perspective of the Indian economy remains positive due to its young population and corresponding low dependency ratio, healthy savings, and investment rates, increasing globalization in India and integration into the global economy. The economy slowed in 2017 due to introduction of GST and due to shocks of "demonetization" in 2016. In 2020, pandemic has affected trade and India. With 500 million workers, the Indian labour force was the world's second-largest as of 2019.

India's economy is distributed as below

- Agriculture: 17.4% of GDP, 49% of employment;
- Industry: 25.8% of GDP, 20% of employment;
- Services: 56.9% of GDP, 31% of employment.

Agriculture sector is part of rural India and industry & service sectors are part of semi-urban and urban India. It seems semi-urban and urban India provides almost 50 % of total employment.

Poverty in India:-- The poverty level has increased in India, even though we don't have an official estimate of it since 2011. In December last year (2021), the NITI Aayog released an index, which used health, education and standard of living as indicators to gauge the poverty level and its intensity. It says 25.01 per cent of India's population suffers from multidimensional poverty. Pew Research Center, using World Bank data, has estimated that the number of poor in India (who earn \$2 per day or less at purchasing-power parity) has more than doubled to 134 million from 60 million in just a year due to the pandemic-induced recession. This means, India is back in a situation to be called a "country of mass poverty" after 45 years². India has to meet the Sustainable Development Goals (SDGs) by 2030, most of them have been taken under the India@75 objectives. According to the United Nations Millennium Development Goals (MDG) programme, 80 million people out of 1.2 billion Indians, roughly equal to 6.7% of India's population, lived below the poverty line of \$1.25 in 2018-19³. Poverty is still a major challenge. However, poverty is on the decline in India. It has around 84 million people living in extreme poverty which makes up ~6% of its total population as of May 2021. However, the COVID-19 pandemic is expected to drive an additional people into extreme poverty, Depending on the severity of the economic contraction⁴.

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Table 1

Country/Economy	GDP (Nominal) Ranking									
	GDP (Nominal) (billions of \$)					Growth (%)		GDP per capita (Nominal) (\$)		Continent
	2020	Rank	2021	Rank	Share (%)	diff	2021	2021	Rank	
United States	20,893.75	1	22,939.58	1	24.2	-	5.97	69,375	5	North America
China	14,866.74	2	16,862.98	2	17.8	6,077	8.02	11,891	64	Asia
Japan	5,045.10	3	5,103.11	3	5.38	11,760	2.36	40,704	26	Asia
Germany	3,843.34	4	4,230.17	4	4.46	873	3.05	50,788	17	Europe
United Kingdom	2,709.68	5	3,108.42	5	3.27	1,122	6.76	46,200	22	Europe
India	2,660.24	6	2,946.06	6	3.10	162	9.50	2,116	150	Asia

Source International Monetary Fund World Economic Outlook (October - 2021)

Table 2

Country/Economy	GDP (PPP) Ranking									
	GDP (PPP) (billions of Int. \$)					Growth (%)		GDP per capita (PPP) (Int. \$)		Continent
	2020	Rank	2021	Rank	Share	diff	2021	2021	Rank	
China	24,191.30	1	27,071.96	1	18.7 %	-	8.02	19,090	75	Asia
United States	20,893.75	2	22,939.58	2	15.9 %	4,132	5.97	69,375	8	North America
India	8,974.74	3	10,181.17	3	7.04 %	12,758	9.50	7,314	129	Asia

Source International Monetary Fund World Economic Outlook (October - 2021)

Income inequality: --- A report on equality published by Oxfam India in January says the richest 98 Indians control as much wealth (\$657 billion or Rs 49.15 lakh crore) as some 555 million poor people in India. The World Inequality Report 2022, says India stands out as a “poor and very unequal country, with an affluent elite”, where the top 10 per cent holds 57 per cent of the total national income while the bottom 50 per cent’s share is just 13 per cent. The average annual national income of an Indian adult was Rs 2,04,200 in 2021 but the bottom 50 per cent earned just Rs 53,610, while the top 10 per cent earned over 20 times more (Rs 11,66,520), as per the report⁵.

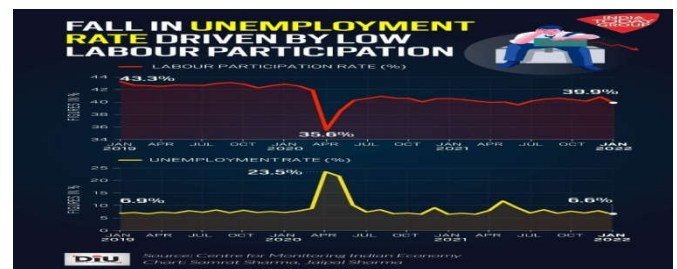
Unemployment:--- The unemployment rate in India in January 2022 fell sharply to 6.57%, according to the data from the economic think-tank, the Centre for Monitoring Indian Economy (CMIE). This is the lowest rate witnessed since March 2021. In December 2021, the unemployment rate rose to a four-month high of 7.91%.

Unemployment Rate 22 Mar 2022*	
India	7.5%
Urban	8.1%
Rural	7.2%
*30 day moving average	

Source: CMIE

However, the reason behind the dip in unemployment is not the addition of jobs — rather, it was caused by the decline in the number of people looking for jobs. To increase per capita income and thus the overall economy size, India@75 vision targets include obtaining employment level, particularly to increase the female labour participation rate to at least 30 per cent by 2022-2023. Here as well, going by government’s data, it was just 16.9 per cent in January-March, 2021. According to the Centre for Monitoring Indian Economy’s unemployment data for December 2021, of the 35 million unemployed in the country who were actively looking for jobs, 23 per cent were women. Monthly income of agricultural households has increased by 59 per cent since 2012-2013. So, it is an annual growth rate of 7.8 per cent. To get a real sense of this growth one has to factor in the annual inflation rate. The inflation-adjusted growth rate in income is 2.5 per cent. The survey also shows that income from cultivation has come down during these two survey rounds — during 2012-2018.

In the total income of an agricultural household, cultivation accounts for just 38 per cent, a steep decline from 48 per cent in 2013. Wages and livestock incomes dominate the economic profile of this sector. Wage is the biggest contributor to household income.



Climate change and global warming is and will create problems in agriculture sector and in rural India. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) will take care of rural unemployment in future. However, unemployment problem in urban India will be critical due to natural calamities and global warming. Covid19 pandemic and lockdown has shown to us critical problem of urban unemployment and food security to these unskilled urban labors. Hence, we have to think about urban employment guarantee in line of MGNREGS.

Laws related with Employment Guarantee:--- In India, employment provision has been used extensively as a tool for protecting entitlements for centuries. Since the fourth century B.C., when Kautilya, the ancient Indian political economist, wrote his Arthashastra, India's rulers and governments have emphasized public relief works, particularly during famine. Employment in public works later became the main element of strategies for famine prevention in India and it has proved effective (World Bank 1990)⁶.

Job Guarantee draws from a social justice tradition of RIGHT TO WORK, such as the United Nations Universal Declaration of Human Rights and the US Employment Act of 1946, and an early form was proposed by Hyman Minsky.

The Employment Act of 1946 is a United States federal law. Its main purpose was to lay the responsibility of economic stability. The Act stated: there will be useful employment for those able, willing, and seeking to work; and to promote

maximum employment, production, and purchasing power. The Job Guarantee (JG) is based on a buffer stock principle whereby the public sector offers a fixed wage job to anyone willing and able to work thereby establishing and maintaining a buffer stock of employed workers. This buffer stock expands when private sector activity declines, and it declines when private sector activity expands. Since the JG wage is open to everyone, it will functionally become the national minimum wage.

Constitution of India and Employment Guarantee:-- The Right to Food is inherent to a life with dignity, and Article 21 of the Constitution of India which guarantees a fundamental right to life and personal liberty should be read with Articles 39(a) and 47 to understand the nature of the obligations of the State in order to ensure the effective realization of this right. Article 39(a) of the Constitution, enunciated as one of the Directive Principles, fundamental in the governance of the country, requires the State to direct its policies towards securing that all its citizens have the right to an adequate means of livelihood, while Article 47 spells out the duty of the State to raise the level of nutrition and standard of living of its people as a primary responsibility. The Constitution thus makes the Right to Food a guaranteed Fundamental Right which is enforceable by virtue of the constitutional remedy provided under Article 32 of the Constitution.

Employment Guarantee Scheme (EGS) of Maharashtra State:----After India's independence in 1947, there were many central government-sponsored schemes, beginning with the Rural Manpower Program in 1960. The most important program at the state level is the Maharashtra Employment Guarantee Scheme (EGS), which was introduced in 1972. The Maharashtra EGS is one of the most researched and discussed programs in the country and in the world. The United Nations Development Program's (UNDP) Human Development Report (1993, P43) commends Maharashtra's EGS as one of the largest public programs in the developing world. Compared to the programs in other countries, the EGS has been in existence for a long time till today—54 years. The rest of the states in India and the other countries in Asia and Africa are eager to learn from the scheme's success, particularly its sustainability over time. Due to constraints and backwardness, the employment provided by the agriculture sector in Maharashtra is not sufficient for laborers to earn an adequate living. Hence, employment in agriculture needs to be complemented by government intervention. The EGS is one attempt to enlarge the scope of employment in order to alleviate poverty in the state. The EGS began in 1972; it received statutory basis in 1977 when the Maharashtra Legislative Assembly unanimously voted it a law of the land. The law became operative from January 26, 1979, with the consent of the President of India, and Maharashtra became the first state in the country to guarantee work. This law declares that "every adult person in the rural areas in Maharashtra shall have a right to work, that is, a right to get guaranteed employment in accordance with the provisions of this Act and the Scheme made there under" (Maharashtra, Planning Department 1981, 907). The EGS provides a guarantee of employment to all adults above 18 years of age who are willing to do unskilled manual work on a piece-rate basis. The scheme is self-targeting in nature. It is totally financed by the state government. The main objectives of the EGS are to sustain household welfare in the short run (through provision of

employment) and to contribute to the development of the rural economy in the long run, through strengthening rural infrastructure. Works undertaken by the EGS have to be productive. The EGS has reduced the intensity of poverty and increased the food security of many households in Maharashtra.

Mahatma Gandhi National Rural Employment Guarantee Act (Mgnrega) 2005:---- National Rural Employment Guarantee Act (NREGA) No. 42 OF 2005, [5th September; 2005.] "An Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work". The Indian Parliament passed the Mahatma Gandhi National Rural Employment Guarantee Act on 23rd August 2005. It came into force on February 2, 2006 in 200 backward districts. The remaining districts were included under the Act with effect from April 1st, 2008. Currently, the Act is under implementation in 644 districts of the country with substantial rural population. On 2nd October 2009 an amendment was made in the National Rural Employment Guarantee Act 2005, to change the nomenclature of the Act from NREGA to MGNREGA.

Mgnregs Present:----- A NCAER study of 2015 showed that the Act helped in lowering poverty by almost 32 per cent between 2004-05 to 2011-12 and prevented almost 14 million people from falling into poverty. The World Development Report 2014 has described the Mahatma Gandhi National Rural Employment Guarantee Act as a "stellar example of rural development". At the heart of the World Bank's endorsement is the direct cash transfer (to bank and postal savings accounts) component of the rural employment programme. World Bank's annual report credits the government's flagship rural employment programme for not just unleashing a "revolution in rural India" but establishing a model of inclusive development. "India's Mahatma Gandhi National Rural Employment Guarantee Act illustrates how good governance and social mobilization go hand-in-hand,"⁷.

Present NDA government was not a big advocate of the scheme in the initial days. Prime Minister Narendra Modi, in fact in one of his address to the Parliament had very categorically said that he would keep the Act alive to showcase it as a monument of Congress incompetence (2014). But, then came two consecutive droughts; interspersed with a historic low in farm prices due to slump in the global commodities market. This forced a worried NDA government to revert back to the old UPA scheme of MGNREGA to bailout rural India (2015-16). The scheme's ground work and reach among the rural labour was considered to be an apt mechanism to remove rural distress. Narendra Modi government, which earlier appeared critical of the UPA's flagship rural job scheme, soon hailed the measure saying the achievements of a decade are a "cause of national pride and celebration (2016)". The BJP government in Gujarat has hailed the scheme as a "lifesaver" for migrant workers who returned to their native villages in the state due to the corona virus lockdown last year. The state government praised the scheme in its report 'Implications of COVID-19 on Gujarat on Energy, Emissions, Climate and Development Perspectives', which was released by chief minister Vijay Rupani on the occasion of World Environment Day⁸. Implications of COVID-19 on Gujarat on Energy,

Emissions, Climate and Development Perspectives Report by the state's climate change department together with IIM Ahmedabad and IIT Gandhinagar said that---- "Under the MGNREGA, the minimum wage paid is Rs 224 per day, which has been increased from earlier wage of Rs 198 per day. On a brighter note, living in their own village made them save more money, which otherwise was spent in travelling and rents". The report cited the "positive role of MGNREGA in helping people vulnerable to pandemic sustain livelihood" through examples of villages in tribal-dominated Dahod district, which offered the largest number of employment under the scheme during that time. According to the report, the COVID-19 lockdown last year saw "approximately one lakh" migrant workers return to their villages in Dahod. It said that though the government has been working towards generating employment opportunities, "MGNREGA has been a lifesaver" for these labourers -- the *Indian Express*.

Need of Urban Employment Guarantee:---The Self Employment Programme (SEP) of urban poor is a component of the National Urban Livelihoods Mission (NULM). It provides financial assistance to individuals / groups of urban poor for setting up gainful self-employment ventures / micro-enterprises, suited to their skills, training, aptitude and local conditions. An individual 18 years and above, no minimum educational qualification, is required for prospective beneficiaries under this component. However, where the identified activity for micro-enterprise development requires some special skills, appropriate training must be provided to the beneficiaries before extending financial support. The group enterprise should have minimum 3 members with a minimum of 70% members from urban poor families. The percentage of women beneficiaries under SEP is to be not less than 30 percent. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population of poor. A special provision of 3 percent reservation is being made for the differently-abled and at least 15 percent is earmarked for the minority communities.

Since the onset of the pandemic and multiple lockdowns across the country, millions of people have been rendered jobless, have lost their savings and experienced reduced incomes and a fall in the quality of jobs. While the job loss has shifted to men during the second wave, the first wave saw disproportionate job loss among women in urban areas. Urban women account for about 3% of total employment, but experienced 39% of total job losses in the first wave, according to a July 2021 report by the Centre for Monitoring Indian Economy. Under the circumstances, has the time come for an urban employment guarantee scheme that can offer social security to the urban poor, particularly women? What is needed is an urban employment guarantee programme specifically targeted at women and unskilled labour.

India needs national policy commitment to preventing urban workers from falling into poverty, noted a September 2020 analysis by the London School of Economics and Political Science. A survey conducted in May 2020-July 2020 found that nearly 70% of urban workers in India had no guarantee of a minimum number of days of work in a year, and more than two in three among them "would like to have a guarantee of 100 days of work, primarily to overcome the livelihood insecurity from Covid-19", it said. "An urban employment guarantee makes even more sense during the pandemic when there is large unemployment," said Amit

Basole, economist, at Bengaluru-based Centre for Sustainable Employment.

Governments in Odisha, Himachal Pradesh and Jharkhand initiated urban employment guarantee schemes in 2020, though these have no special provisions for women. The schemes were launched to fight the pandemic-related loss of income and livelihood in the urban population, high unemployment and migration of workers to their home state after the lockdown in 2020. Until March 2021, nearly 90% of 2,42,272 job card registrations in Kerala were by women. It generated 33 lakh persondays in 2020, the highest since the launch of the scheme in 2010 and 21% more than in 2019, according to the Ayyankali Urban Employment Guarantee Scheme data.

A 2019 Centre for Sustainable Employment⁹ proposal to create a National Urban Employment Guarantee Programme suggested that the Urban Local Body should be entrusted with administering the programme, with state governments collating and approving the annual work plans and sending expense estimates to the central government.

A Parliamentary committee has recommended the institution of an urban employment scheme at the national level. The Standing Committee on Labour stated in its report of August 3, 2021 that "there is an imperative need for putting in place an Employment Guarantee Programme for the urban workforce in line with MGNREGA."

CONCLUSION

Urban employment guarantee scheme will have almost similar guidelines of MGNREGS. It is demand driven, i.e. only in distress economic situation urban labour if registers himself or herself as unemployed then government should provide him or her minimum 100 days of employment guarantee of unskilled nature under which they will receive state declared minimum wages per day. At least one person of the household preferably female should be given such job guarantee. Central government with co-ordination of state government and local municipal council can identify productive works and assets to be generated like developing infrastructure facilities, construction activities, skill training, urban plantations and collaboration with private industries for short term work provision etc. Such urban employment scheme should not create shortage of unskilled labors to private sectors in the economy. Such scheme needs to be designed in such a way, that it should not be permanent burden on the government. It should work only in economic crises situation. It should not promote migration to urban area and over burden on urban resources.

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