



# Socioeconomic Upliftment of Urban Poor: A Study on The Ayyankali Urban Employment Guarantee Scheme.

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## ARTICLE INFO

## ABSTRACT

The Ayyankali Urban Employment Guarantee Scheme is an important policy initiative implemented by the government of Kerala. It aims to create employment opportunities and promote livelihood security for the urban poor in Kerala. The purpose of the current study is to analyze the scheme's impact on the socio-economic improvement of the urban poor and to evaluate its effectiveness in reducing urban poverty and unemployment. This study is based on secondary data collected from economic reviews, EPW, and AUEGS websites. It highlights the necessity and relevance of the urban wage employment program, the objectives of the scheme, and an analysis of its impact on urban development.

**Keywords:** AUEGS, Employment generation, poverty, urban poor

## Introduction

There is a growing demand for urban wage employment in response to the employment crisis urban Indians face. According to the latest periodic labor force survey published by the Ministry of Statistics and Programme reported that Kerala has recorded the highest unemployment rate (31.8%) among the 15-29 age group in urban areas, with 46.6% unemployment for urban females and 24.3% for urban males (PLFS rate of unemployment January-March 2024). The PLFS (periodic labour force survey) statistics report indicated that the quality and quantity of employment have been poor and inadequate, especially for most urban workers in the informal economy, who have experienced stagnant real wage growth over the past decade. On the other hand, rural India reported a significant improvement in living conditions and employment in rural areas, attributed to the introduction of the MGNREGA Act 2005. The loss of livelihood and rising urban unemployment led to an emerging demand for urban employment programs. In August 2021, the Parliamentary Standing Committee on Labor stated that there is an imperative need for Urban Wage Employment Schemes (UWES) in India. UWES has existed as early as 2009, with Kerala, Tripura Urban Employment Program (TUEP), and West Bengal Urban Employment Scheme being India's frontrunners. The nature and scope of the UEPS-permitted works are derived from the MGNRES Act. The UEPS program can improve employment opportunities for vulnerable people in urban areas. The works under the program address housing and infrastructure deficits, creating public assets, and expanding governance capacities in cities and towns.

## Need For Urban Wage Employment Programs

Developing and underdeveloped countries prioritize establishing a safety net, such as basic income or employment generation, especially during economic shocks or structural changes. The modern welfare economy aims for full employment; the case for full employment is not only a matter of social and economic necessity but also essential for ensuring social equity and welfare. Urban job guarantee schemes aim to boost the urban economy by providing employment opportunities to the urban poor and creating public infrastructure.

In the current scenario, the Indian economy is experiencing a rise in urban unemployment, prompting policy experts to reconsider the establishment of urban wage employment. In 2019, the Azim Premji University Center for Sustainable Employment (CSE) proposed a national urban wage employment program (NUEP) to strengthen small and medium towns. Jean Dreaz has suggested creating a Decentralized Urban Employment and Training (DUET) scheme. The DUET model expands upon public works schemes aimed at improving the lives of vulnerable urban populations and providing social protection for informal urban workers. Dreaz

proposes that establishing an urban wage employment scheme similar to the MGNREGA model would be a positive step toward reducing urban poverty and developing public infrastructure. More recently, with the COVID-19 pandemic and the subsequent lockdowns, the idea of implementing an urban wage employment program has once again become a prominent topic in political and policy debates in India. However, some states, such as Kerala, Himachal Pradesh, Odisha, and Jharkhand, have already initiated schemes similar to urban wage employment. Among these implementing states, Kerala was the first to launch an urban wage employment program called the Ayyankali Urban Wage Employment Guarantee Scheme, which is modelled after MGNREGA.

### **Ayyankali Urban Employment Guarantee Scheme**

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has significantly transformed rural India by effectively addressing issues of poverty and unemployment. In light of its success, the government of Kerala has opted to implement analogous wage employment programs in urban areas, responding to the elevated unemployment rates within the state. During the Eleventh Five-Year Plan period (2007-2012), the Kerala government initiated the Ayyankali Urban Employment Guarantee Scheme (AUEGS). This program aims to enhance livelihood security for the urban poor by providing 100 days of wage employment to unskilled urban laborers.

In its inaugural year, the scheme was allocated a budget of 20 crores. The successful implementation of the AUEGS has resulted in a discernible upward trend in budget allocations for the program. For the fiscal year 2022-2023, the budget of Kerala has earmarked 125 crores for this initiative. It is noteworthy that the AUEGS is a state-funded program, reflecting the government's commitment to improving urban employment opportunities.

### **Objectives of AUEGS**

The Ayyankali Urban Employment Guarantee Scheme (AUEGS) is designed to achieve several key objectives aimed at enhancing the socio-economic conditions of urban residents in Kerala:

#### **1. Creating Employment**

The primary objective of the AUEGS is to provide income security and livelihood support for the urban poor by guaranteeing 100 days of wage employment for urban households willing to engage in unskilled manual labor. In the fiscal year 2023-24, the scheme successfully generated 995,867 person-days of work across various municipalities and corporations, benefiting 49,823 households, including 48,789 women.

#### **2. Creating Public and Private Assets**

AUEGS seeks to establish durable public assets and infrastructure within urban areas to enhance the quality of life and productivity of the urban population. The scheme has been integrated with other welfare initiatives in Kerala, such as the Life Mission, Pradhan Mantri Awas Yojana (PMAY), and Haritha Keralam, to facilitate the development of additional public and private assets.

#### **3. Enhancing the Quality of Life for the Urban Poor**

The scheme aims to improve the overall quality of life for urban residents by empowering them through income generation. By creating employment opportunities, AUEGS enhances purchasing power and consumption levels among participants, thereby contributing to their economic well-being.

#### **4. Ecological Development**

A significant objective of AUEGS is to promote environmental protection and ecological balance through activities focused on water conservation, tree plantation, land development, and other sustainable practices. The scheme aspires to foster a greener urban environment in Kerala, with a substantial portion of its initiatives dedicated to environmental stewardship.

#### **5. Promoting Gender Equality**

AUEGS is committed to promoting gender equality and social inclusion by ensuring equitable wages and active participation for women, Scheduled Castes (SC), Scheduled Tribes (ST), and other marginalized groups. This objective underscores the program's dedication to fostering an inclusive labor market.

#### **6. Addressing Poverty and Unemployment**

A principal aim of the AUEGS is to alleviate urban poverty and reduce unemployment rates in Kerala. By providing guaranteed employment for 100 days, the program seeks to mitigate the high levels of unemployment and poverty, thereby supporting the broader goal of uplifting urban communities in the state.

### **Guidelines and Features of the Ayyankali Urban Employment Guarantee Scheme (AUEGS)**

According to the guidelines established for the Ayyankali Urban Employment Guarantee Scheme (AUEGS), all adult members of urban households who are willing to undertake unskilled labor are entitled to apply for

employment under the program. Upon receipt of an application, the designated coordinator is responsible for issuing a job card to all registered households within a timeframe of 15 days.

Each adult member whose name appears on the job card has the right to request unskilled manual work for as many days as necessary, subject to a maximum of 100 person-days per registered household. The scheme is designed to promote gender equity, ensuring that 50% of employment opportunities are reserved for women and providing special consideration to underprivileged groups.

Employment opportunities are guaranteed within a five-kilometer radius of each individual's residence, thereby facilitating access to work. The program also guarantees equal wages for both men and women, alongside additional benefits that include on-site facilities, medical support, and unemployment allowances. The Ayyankali Urban Employment Guarantee Scheme is a state-funded initiative, with allocated funds utilized to create durable assets within urban local self-governments (LSGs). This approach not only addresses immediate employment needs but also contributes to the development of sustainable infrastructure in urban areas.

### **Budget Allocation and Employment Generation under AUEGS**

In the beginning, the budget allocation for the scheme was relatively low. However, the funding was increased to 100 crores in 2021-22 and further to 125 crores in 2022-23. In 2010-11, 20 crores were allocated for AUEGS, and 16% of the funds were spent, creating 704-person days in various municipalities and corporations. In 2021-22, 100 crores were allotted for AUEGS, and the entire amount was spent, resulting in the creation of 46,33,552-person days of work. During this period, job cards were issued to 1,89,911 workers from the general category, 51,425 from SC, and 3,995 from ST. Additionally, 9,690 households and 9,645 women were provided employment. In 2022-23, the budget outlay was 125 crores, and 88.99 crores were expended, resulting in the creation of 41,11,897.5-person days of work. During this year, 85,310 households and 79,766 women were provided employment. As of 2023-24, the scheme has created 9,95,867-person days of work, with 49,823 households and 48,789 women being provided employment.

Year	Fund outlay	No. of person days
2010-11	20 crores	704
2011-12	40 crores	58931
2012-13	10 crores	23744
2013-14	12.16 crores	396176
2014-15	30 crores	377847
2015-16	15 crores	374613
2016-17	15 crores	383325
2017-18	25.1 crores	846432
2018-19	48.92 crores	1668195
2019-20	75 crores	2680660
2020-21	75 crores	942837
2021-22	100 crores	4633552
2022-23	125 crores	4111897

**Source: Economic Review 2023 volume 1**

The overall trend and pattern of financial allocation for AUEGS show that in the first year, 2010-11, Rs. 20 crores was allotted, but only 16 % was utilized. In the subsequent years, the budget allocation for the scheme fluctuated, and total expenditure slowly increased. However, with the change of government in 2016-17, there has been a steady increase in budget allocation and utilization, leading to employment creation. Since the financial year 2016-17, there has been remarkable progress in implementing AUEGS.

### **Empowerment of Socially Disadvantaged Groups under the Ayyankali Urban Employment Guarantee Scheme (AUEGS)**

A fundamental objective of the Ayyankali Urban Employment Guarantee Scheme (AUEGS) is to empower socially disadvantaged groups, particularly women, Scheduled Castes (SC), and Scheduled Tribes (ST). The majority of activities undertaken within this scheme are aimed at uplifting vulnerable urban populations.

The AUEGS places significant emphasis on the inclusion of SC/ST individuals and women across various stages, including awareness-raising, the planning process, implementation of works, and the monitoring of progress and quality.

To ensure effective oversight, a nine-member vigilance and monitoring committee is mandated for establishment in each division. This committee is responsible for supervising the progress and quality of the works executed under the AUEGS. Importantly, there is a provision to include representatives from women, SC, and ST households in this committee, thereby fostering greater participation and representation.

The table below illustrates the registration and participation rates of women and SC/ST beneficiaries under the AUEGS from 2019 to 2024.

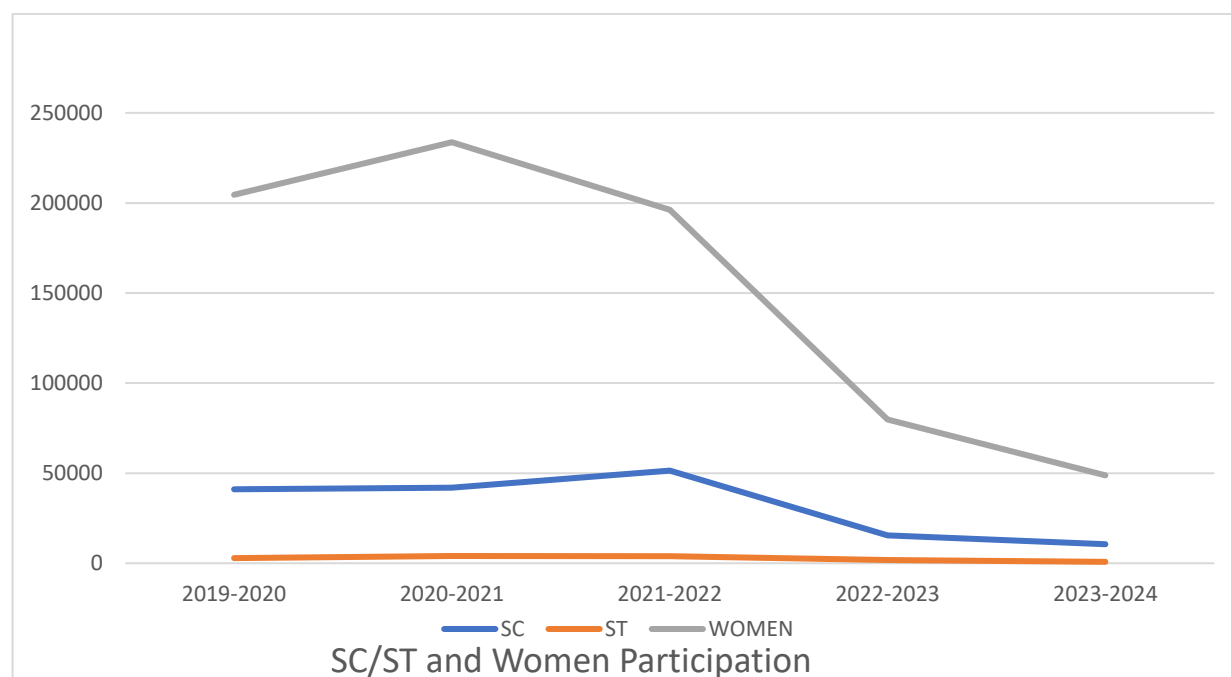
<b>Participation of SC/ST and women</b>			
Year	Frequency of registration		
	Women	SC	ST
2019-2020	204586	41049	2905
2020-2021	233701	41987	4027
2021-2022	196271	51425	3995
2022-2023	79766	15531	1714
2023-2024	48789	10570	788

**Source: Economic Review 2023 volume 1**

The table above presents data on the registration and participation of Scheduled Castes (SC), Scheduled Tribes (ST), and women under the Ayyankali Urban Employment Guarantee Scheme (AUEGS). Initially, the scheme did not exhibit a significant impact on the economy. However, the onset of the COVID-19 pandemic led to a marked increase in demand for AUEGS services.

The data clearly indicates that registration rates for SC, ST, and women were notably high from 2019 to 2021. Following this period, there has been a gradual decline in the registration of vulnerable households. In the current fiscal year, 2023-2024, the trend indicates a continued decrease in registrations among SC, ST, and women.

Despite the fluctuations in registration, the program has successfully facilitated the participation and benefits for a majority of women and SC/ST individuals. Notably, AUEGS has contributed to reducing gender and wage discrimination, particularly in the realm of public works. This has had a positive effect on the socio-economic status of women, enhancing their economic agency and improving their overall quality of life.



### **Impact of AUEGS on Urban Kerala**

#### **Women Empowerment**

The Ayyankali Urban Employment Guarantee Scheme (AUEGS) has significantly enhanced women's access to economic resources and paid employment, thereby improving the socio-economic status of the urban poor. The implementation of AUEGS mandates that a minimum of one-third of the beneficiaries be women who have registered and requested work. Furthermore, the scheme ensures equal wages for both male and female workers, with payments directly deposited into the workers' bank accounts. This initiative has facilitated the financial inclusion of women, contributing to their economic independence.

#### **Reduction of Urban Poverty**

A primary objective of AUEGS is the reduction of urban poverty. The scheme provides 100 days of guaranteed wage employment to unskilled urban laborers in Kerala, thereby offering a crucial opportunity for the urban

poor to earn income, fulfil their needs, and enhance their standard of living. Consequently, AUEGS has positively impacted poverty alleviation in urban areas.

### **Decent Work and Economic Growth**

The majority of participants in AUEGS comprise women and individuals from SC/ST backgrounds, most of whom live below the poverty line and face financial challenges. By providing local employment opportunities, AUEGS has played a significant role in improving their economic and social status. According to the guidelines, employment is to be provided within the local area, and the availability of essential worksite facilities further facilitates access to these employment opportunities.

### **Sustainable Urban Development**

AUEGS also aims to foster a greener urban environment in Kerala. The scheme prioritizes activities such as road construction, tree plantation, land development, and waste management. These initiatives not only contribute to the creation of public assets and the reduction of environmental pollution but also promote social inclusion, gender equity, and environmental protection. Additionally, the scheme seeks to enhance the capacity of local governments and communities to plan and implement sustainable development projects.

### **Conclusion**

This study focused on the interrelationship between employment and urban development through the AUEGS, revealing significant improvements and impacts in urban Kerala. Launched in 2010, the AUEGS was designed to provide employment opportunities and livelihood security for the urban population, thereby reducing poverty and seasonal unemployment. The findings indicate that AUEGS has had a transformative effect on urban areas, generating employment and empowering the most vulnerable populations. The study underscores the role and impact of AUEGS on urban development, concluding that it has positively affected beneficiaries and urban areas by empowering economically disadvantaged groups. Through employment generation and poverty reduction, AUEGS contributes to achieving inclusive and sustainable development in urban settings.

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