

Guaranteeing Employment to the Rural Poor: Social Functions and Class Interests in the Employment Guarantee Scheme in Western India*

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Summary. — Numerous observers rightly term the landless rural population the 'most intractable development problem' in poor societies. Given the extraordinary political and administrative obstacles to redistribution of rural assets in India (the widely-recognized failure of land reforms), attention and finances have recently been focused on public rural employment programmes to alleviate rural destitution. Within India, the State of Maharashtra, with a size and population of a large European nation, has instituted a striking departure from traditional rural works programmes: a *guarantee* of employment to rural adults on demand. The Employment Guarantee Scheme in one state has since become a significant policy model, and the experience in that state provides something like a laboratory for its analysis. Based on analysis of previous studies and original field work in rural Maharashtra, the article argues that the scheme is something of a rare bird: a programme which seems to be in the objective and subjective interests of the rural poor, as well as consistent with the interests of the rural landed elite, despite their early political objections. The fiscal structure of the scheme is a direct contradiction of Lipton's (1977) model of 'urban bias' in Third World development strategies; the Employment Guarantee Scheme is rather more a manifestation of 'kulak power'. Though promulgated as an alternative to policies entailing redistribution of rural assets, and clearly superior to doing nothing about rural destitution, the scheme is inferior to genuine redistribution in terms of altering the rural political economy. The functions, if not the motivations, of the scheme are profoundly conservative in a structural sense, politically and economically; the philosophical underpinnings, and perhaps, potentially, the consequences for mobilization of the rural poor, are quite the opposite.

1. INTRODUCTION: POLITICAL JUSTIFICATIONS FOR A GUARANTEE OF EMPLOYMENT

What are regimes governing nations like India to do about the rural landless whose numbers increase menacingly every year, whose poverty is often unspeakable? The best estimate is that the incidence of absolute poverty (defined by a grotesquely low threshold) in India has remained roughly constant at between 40 and 50% of the population and that about five million are added to the ranks of the absolute poor each year (Ahluwalia, 1978); most of these people are landless or nearly so. The association between casual wage labour, unemployment and poverty is strong (Visaria, 1980).

Official reports and planning documents

from the time of Independence have echoed, ever more frequently, earlier fears of the social and political repercussions of a growing impoverished rural proletariat (e.g. India, 1969; 1973). Land reforms have been promised, but the rural landed elite have displayed formidable

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opposition; even assuming the emergence of uncompromised 'political will' for redistribution, land availability and considerations of productivity pose genuinely difficult dilemmas in terms of satisfying the landless (Herring, 1983, Chaps 9 and 10). Rapid growth in agricultural production in some analyses presaged the potential of full employment to rural labourers; but technical change in agriculture and uneven growth rates denied the supposed potential to millions of the underemployed. Moreover, it has been recognized for some time that even extraordinary rates of industrialization would make little dent in the growing numbers of rural labourers. Those labourers remain the truly 'awkward class' — peasants without land, with only their labour power to sell in a market that is highly seasonal and often glutted; simultaneously the decay of patron-client relations in rural India exposes the bearers of labour power to increased insecurity (e.g. Breman, 1974).

Though many agrarian nations present comparable dilemmas, India's situation is in some ways paradoxical. Although the Constitution, in Article 41, includes a Directive Principle that Indian citizens should be guaranteed the right to work, unemployment and underemployment are among the most striking features of the rural economy and the cause of inestimable human suffering. Citing this directive principle as justification, the State Government of Maharashtra has acted to guarantee the right to work to adults in rural areas through the Employment Guarantee Scheme (hereafter EGS).¹ This scheme has received considerable attention as a potential model both within and outside India (cf. Abraham, 1980). As President of the World Bank, Robert McNamara viewed the scheme in Maharashtra and generously praised it as a means of ending unemployment. When Mrs Gandhi returned as Prime Minister in 1980, she immediately commended the example of the EGS to the other State governments, suggesting that the guarantee of employment should be extended to the national level. Furthermore, the scheme received notable mention in the Central Government budget of that year, in telling contrast to the absence of emphasis on land reforms, perennially considered critical for both agricultural development and social justice. Other Indian states, most noticeably Tamil Nadu and Karnataka, have adopted certain principles of the EGS with great enthusiasm and specific references to earlier successes in Maharashtra.

The distinctive feature of the EGS in Maharashtra is the word *guarantee*. Public works

in particular rural areas during droughts and famines are recorded prior to the colonial period in India (Bhatia, 1967). Relief works in hard times are of course a feature of most contemporary societies, particularly conspicuous during the Great Depression. But a general public guarantee of employment at all times and places is rare in capitalist societies. In India, the EGS was the first serious operationalization of the Constitutional directive that the state guarantee the right to employment. The scheme also raises an apparent political paradox: farmers of the state, who wield overwhelming clout in both the Legislative Assembly and local politics, opposed the programme, fearing that labourers would flock to the EGS projects and thus become unavailable for wage labour on private farms. Yet the bill passed unanimously in a State Assembly which is frequently referred to, quite meaningfully, as 'the kulak lobby'.²

Through the EGS, the Government of Maharashtra has assumed responsibility for assuring that every adult in rural areas who is desirous of employment and willing to do unskilled manual labour will be given a job, at a minimum wage (assuming average effort). Such a guarantee is important if only for the size of the open-ended fiscal burden shouldered by the state; but more important is the philosophical underpinning of the guarantee. That anyone who wants work should have work, regardless of the structure of demand for labour power as generated and expressed by capital, is a more radical proposition than the (rather feeble) *aggregate* guarantee of some industrial societies that unemployment should not, in so far as possible, exceed some target rate (say 4%).

Why should the State Government make such an open-ended guarantee? With a population in excess of 60 million, three-fourths of whom are rural people, so unconditional an entitlement seems risky at first. Indeed, powerful doubts have been expressed; consider the views of Mr N. G. Abhyankar, former Finance Secretary, Government of Maharashtra, and Executive Director of the All-India Manufacturers' Organization:

Few schemes would involve such a large diversion of the scarce and limited resources to what may prove to be totally unproductive ends. All Governments in the world ardently desire to provide full, gainful productive employment to all their citizens. None of them, including those of the most advanced countries, have, however, found it practical and feasible to guarantee employment on a remunerative wage to its citizens. (Gadgil and Abhyankar, 1975, pp. 11, 19.)

These objections are not trivial, but were overcome by more compelling concerns, in particular the perceived consequences of *not* producing innovative policy directed at the rural poor. The problem is a very old one. In Maharashtra itself, elite public discussion of a similar scheme appeared in the 1844 series of *Dnyanoday* (Vol. III, 1844, pp. 142–143), a Christian periodical of Ahmednagar district. Rural unrest was the issue, and increasing the police force was seen as an unacceptably costly solution: taxes would have to be raised significantly. An alternative suggested by one member of a society meeting weekly to discuss 'the moral and social uplift of Hindoos' was a general offer of employment on public works to 'the lower classes who are prone to stealing'. For improving the roads at a wage of four rupees a month, 'such a number of men should be employed that no one in the country should necessarily be destitute of employment and consequently obliged to steal'. Besides work on roads, repairing village wells, cleaning and improving the streets, etc. could be taken up. The discussant went on to argue that 'the sepoy (soldier) does nothing to increase the revenue or improve the country'. In contrast, this scheme 'would be of great advantage not only to those who thus obtained employment but to ryots (farmers) and also to the government, for by means of these roads trade would be very much improved and the cultivars would realize a greater profit from their produce'.

This discussion from the nineteenth century captures the major themes of justifications for the EGS: a stable rural society cannot be built on widespread destitution, and public works profit both the farmers and the landless (through different mechanisms, of course) and benefit the rural economy in general. In answer to the worries of waste through public works, the Government of Maharashtra answers:

Putting employment at the center of economic planning is often regarded by some critics as a wasteful method of production. But the social costs and consequences and the overt or direct challenge to the security of the nation in case the frustrations of these sectors of the community transcend the bounds of reason are immeasurably more heavy and dangerous. (India, 1977, Second Paper, p. 27.)

Rightly or wrongly, the State Government concluded that because of the economic benefits of new assets to the economy, and the direct benefits to the rural poor, 'the EGS has brought stability, loyalty and vitality . . . to the society as a whole' (*ibid.*). Incidentally, and central to the original justification of the EGS, part of

the increase in loyalty and vitality was to come through invigorating and spreading the work ethic in rural society, where it was presumed to be weak.

Presupposed by the concerns for rural unrest, stability and security is an analysis which openly doubts the optimistic assumptions of 'trickle-down' paradigms of rural development; specifically entertained is the possibility that immiseration and marginalization may accompany rapid growth in aggregate terms. Included in one Government report justifying the EGS was the view that:

Poverty and unemployment continue to be the most critical issues challenging the planners. A high rate of growth of GNP does not by itself create conditions favourable for elimination of poverty and unemployment or for redistributive justice'. (Maharashtra, 1975, p. 8.)

The Government explicitly recognized that growth processes even in a state which is among the wealthiest in India do not guarantee a decent living to those who must sell their labour power in rural areas. The Government noted with distress that though 69% of the state's population continues to depend on the primary sector for employment, the share of that sector in total production had declined from 41.6% in 1960–1961 to 31.9% in 1973–1974, with no comparable decline in share of employment. Furthermore, dynamics within the rural sector have evidently increased the size of the marginalized population:

With increasing population, progressively holdings are diminishing in size and large numbers are being thrown into the landless or sub-marginal class who are left with no productive capital assets except their will to work. (*Ibid.*)

The conceptualization of 'will to work' as a capital asset is of course curious, but the state's planners were alarmed at the existence of a large and evidently increasing mass of rural people with no *other* 'capital asset'. According to the 1971 Census, the number of agricultural labourers was approaching the number of peasant cultivators; there were 5.4 million labourers and 6.5 million cultivators. But of the cultivator group, 0.9 million were officially 'small farmers' (operating less than five acres) and 1.2 million even smaller 'marginal farmers'. Both groups contain a high percentage of families commonly classified as poor peasants: those who are regularly forced to sell labour power to supplement their farm income (compare Visaria, 1981). Continuous subdivision of already minuscule holdings swell the numbers of the effectively landless; the State Govern-

ment officially noted with alarm the rapid increase in agricultural holdings, far in excess of the expansion of agricultural land, in the first half of the past decade.³

The consequences of rural population growth are then obvious, particularly for families with small holdings, and are more severe in Maharashtra than in other regions; much of the state is 'drought-prone' and less than 9% of the gross cropped area is irrigated. Cropping intensities are among the lowest in India. Moreover, even unprecedented growth in industrial employment would do little to relieve the growing pressure for jobs and land in rural Maharashtra; only 10% of the State's total workforce is employed in industry, 7% in trade (*Labour Gazette*, July 1978, p. 1010; Maharashtra, 1980, p. 39). It was in the context of increased pressure of landless labourers on the rural economy, and perceptions of socially disruptive consequences, that the EGS was formulated.

It was in this same context that extension of the EGS concept to the national level was conceived; in the Budget Speech of Mrs Gandhi's Finance Minister in June of 1980, we hear reverberations of the debates in Maharashtra:

It is the Government's firm belief that economic growth could be accelerated and its fruits widely shared only if employment opportunities in rural areas are significantly augmented. Development will have no meaning to the vast majority of our people if the poor in the rural areas are not able to secure a livelihood through satisfactory productive work. As an integral part of the new Plan, we have, therefore, decided to launch a massive rural employment programme based on a strategy which will seek to blend opportunities for self-help and optimum utilization of available local resources. (*The Hindu*, 19 June 1980.)

Consonant with this approach, the Sixth Five-Year Plan was to merge much of the 'Food for Work' programme into a new National Rural Employment Programme. As the statement of the Finance Minister stresses, the central problem is to relieve rural unemployment through creation of *productive* works which generate more rapid growth over time, and thus more employment, and thus happily make the schemes themselves unnecessary at some point in the future. At the national and state levels, then, the central questions become: how can the schemes rise above the status of a truly gigantic unemployment dole and be made a source of productive assets which generate future growth? Who should benefit from the creation of these assets? Who should pay for them? What impact does an employ-

ment guarantee scheme have on the configuration of class interests at the village level? In short, we ask of the EGS what should be asked of any development policy or economic change: at whose cost, to whose benefit?

2. THE EMPLOYMENT GUARANTEE SCHEME IN PRACTICE

Though the EGS was formally sanctioned only in 1978 with the passage of the Employment Guarantee Act (No. XX of 1978) and was brought into force under statutory rules from 26 January 1979, the scheme had in fact operated for some time before that. Begun on a very small scale, experimentally, in 1965, and extended as part of an integrated rural development project in 1969, the programme was adopted by the state in 1972–1973 through the efforts of its architect and proponent, Mr V. S. Page. Indeed, the programme was for some time known as the Page Scheme, and Mr Page became the Chairman of its institutional base: the Maharashtra State Employment Council.

Soon after state-wide adoption, the EGS was suspended during the peak drought period of late 1972 to early 1974. During this crisis, the EGS was superseded by the Central Government Crash Scheme for Rural Employment, because of the severity of the drought and the resultant agrarian unrest; as the name suggests, the Crash Scheme gave higher priority to rapid provision of make-work employment, in contrast to the more discriminating (and time-consuming) focus on *productive* rural employment characteristic of the EGS. Success in providing relief through rural public works on a truly monumental scale during the drought years, as well as experience with unrest among the rural poor demanding work, 'emboldened' the State Government to expand and institutionalize the EGS.⁴ Though the scheme expanded yearly after its inception, the 1978 legislation was necessary because the EGS had previously operated through Government orders and thus had no permanent status. Table 1 indicates the expansion of the programme in coverage and cost.

From a modest beginning of only Rs 18.8 million in 1972–1973, the scheme expanded to an (estimated) expenditure of Rs 1134.7 million in 1980–1981, and from 4.5 million person-days of employment in the first year to a yearly average of 43.7 million person-days in the most recent years. In addition to the cash outlays, 64,100 metric tonnes of

Table 1. *Expansion of the Employment Guarantee Scheme in Maharashtra*

Year	Expenditure (Rs mill. *)	Person-days of employment (mill.)	Cost per person-day (Rs)
1972-1973†	18.8	4.5	3.22
1973-1974	18.9	5.1	3.71
1974-1975	137.2	48.1	2.85
1975-1976	344.3	109.5	3.14
1976-1977	498.8	133.2	3.77
1977-1978	492.0	117.3	4.19
1978-1979	688.7	163.5	4.21
1979-1980	1090.0	188.5	5.90
1980-1981‡	1134.7	188.5	5.90

Source: Data from Planning Department, Mantralaya; MHJ, 1982. Calculations for final column by authors.

*One Rupee = approximately US \$0.125.

†1970 and 1971 levels reflected in the figures for 1972-1973.

‡Budget estimate.

wheat had been distributed (as wages were paid partly in kind beginning in 1978). Though employment varies with season, the magnitude of the scheme can be illustrated by noting that during a peak month, such as March of 1979, there were 894,000 people employed on 9430 separate projects. In recent years, on average more than 500,000 people have been employed on EGS projects every day throughout the state. The scheme has grown to consume as much as 10% of the state budget. By 1979-1980, the percentage of budget outlays for the EGS was greater than Transportation and Communication and double that of Industry and Mining. The absolute expenditures on the EGS were almost 30 times those on rural housing, seven times traditional cottage and household industries, 100 times social welfare and 42 times nutrition (Maharashtra, 1980, Chapter I). Both in numbers of people and cash expenditure, not to mention administrative effort, the EGS has become an extremely important state programme, with a sophisticated institutional base, and the largest effort directed at rural poverty.

The scheme operates through identification of projects at the district level; potential projects must meet two criteria: they must be labour-intensive and must create productive assets. The labour-intensive criterion is defined rather strictly: the ratio of costs of unskilled labour to equipment, materials, supervision charges, masons, carpenters and other skilled workers, etc. must be 60:40 or higher. Productive works are more loosely defined as

those which directly or indirectly lead to an increase in production or which, if not undertaken, would cause production to decline (Maharashtra, 1978, Section 2(h); 7(2) xvi). To the extent possible, projects should be provided within 5 km of the workers' villages. This rigorous distance requirement is itself an indication of the determination to provide a genuine guarantee of universal rural employment. The propensity of labourers to stay within the area of their homes has long been utilized to limit the number of people on relief works by making them inaccessible. The infamous 'distance test' of British famine policy imposed a needs test implicitly by providing relief only to those willing to move to the more remote camps (Bhatia, 1967, pp. 115, 247, 277).

One would expect that identification of projects which meet these statutory criteria would become increasingly difficult. Clearly the number of potentially productive labour-intensive public works within a given area is finite, whereas underemployment is chronic. Yet the guarantee is permanent; as a result, the percentage of total expenditure on roads, originally a low priority item considered only marginally 'productive', preferably restricted to areas lacking communication (such as hilly tracts), has progressively increased, from 5.7% in 1974-1975 to 20.8% in 1978-1979.⁵ The general aversion to road building stemmed from a strong desire to avoid unproductive works such as dirt roads that washed away with each monsoon (cf. Basu, 1981), a process

lampooned by opponents of EGS as equivalent to digging and filling holes (Gadgil and Abhyankar, 1975, pp. 11–24).

In the early period of the EGS, identification of projects was not difficult, particularly since there were thousands of unfinished projects remaining from the drought-induced relief programmes of the 1970–1973 period. In addition, percolation tanks and minor irrigation works were not difficult to identify in a state so vulnerable to catastrophic drought and soil erosion. The procedure was for the District Collector (the overall administrative head of a district) to select projects from blueprints approved by the District Employment Committee. These blueprints were generated by interaction between the local administration and elected local governmental bodies (which are quite strong in Maharashtra, in contrast to much of India). The Collector, once satisfied of the technical merits and feasibility of the project, assigns it to an implementing agency, which may be a Government department (Soil Conservation, Irrigation and Power, etc.) or a local governmental agency. As of 1975, 60–70% of the projects fell under the jurisdiction of the Panchayat Raj Organization (elected village and supra-village councils) and thus were directly, as opposed to indirectly, subject to local political control (India, 1977, Second Paper, p. 29 *et passim*). In either case, local political power counts heavily in project identification and allocation of funds (cf. Abraham, 1980; Echeverri-Gent, 1981).

It follows from the technical imperatives of project identification that, as the Government says, 'the participant has no choice of work or area of work (Maharashtra, 1979b, Statement I). Jobs are entirely of the unskilled, manual sort, such as headload work, rock-breaking, digging, etc., and wages are by statute linked to 'the quality and quantity of work output'. The procedure is now relatively simple; adults desirous of employment are allowed to register themselves with the Panchayat Simiti Officer or Registering Authority of the village (typically the *talathi* or record-keeper). Originally the requirement was that a minimum of 50 people had to be seeking work in a village for projects to be sanctioned. This requirement naturally tended to channel work to those areas where organizations (and, not incidentally, agitations) of the rural poor were advanced (cf. ISS/ILO, 1979, Vol. II, pp. 61 *et passim*), and to reinforce dependence of destitute villagers on traditional village leadership.

As confidence grew in the EGS, and the programmes expanded, the requirement of a

minimum number of applicants was dropped, allowing any *individual* to register for work. The Government, through its local officials, was then required to find work for the individual, preferably within the Samiti jurisdiction, but at least within the district, within 15 days or, alternatively, begin paying the unemployed person an allowance of 1 Rupee (US \$0.125) per day for as long as no work was provided.⁶ The District Collector was then empowered to order a Panchayat (village council) to take up schemes through the Village Employment Fund to employ those who could not be absorbed in existing schemes (Maharashtra, 1979a, Rules: Section 12). In practice, great effort is taken to prevent anyone from becoming eligible for the unemployment allowance, reflecting again the concern for strengthening the work ethic as opposed to the dole mentality.

Daily wages paid under the scheme vary. There is a loose constraint that workers should earn the minimum wage given 'average effort and ability', but in practice there are many slips between cup and lip. First, wages are by statute linked to the amount and kind of work done (and Byzantine formulae are posted to specify down to the size of rock broken, vertical and horizontal lift of different types of loads, hardness of soil, etc.) and thus will vary significantly across individuals and projects. These complicated formulae are poorly understood by labourers and in themselves present a tailor-made opportunity for manipulation and corruption, an opportunity which is not passed over.⁷ A soil conservation officer described one common deviation as follows: an area of soft soil is described as rock. Since the volume payment for rock is on a higher scale, total daily wages increase. Since soil varies from place to place, there is a great scope for discretionary classification. The tendency seems to be for the classification to be slightly higher (rather than lower) than the actual conditions, inflating the cost of the project. The extra cash may be appropriated by the supervisor entirely, or shared with labourers who are paid for doing less than the scheduled amount of work.

The complicated wage-determination formulae prevent labourers from being able to calculate, and thus demand, the official rate (cf. ISS/ILO, 1979, Vol. I, Table C-11). One result is systematic underpayment, undermining the aims of the scheme in terms of income support. However, a partially countervailing dynamic, related both to the discretionary ambiguity of work/pay determinations and the propensity toward graft and indolence on the

part of the rural elite which supplies supervisors, often emerges. Since the projects do not normally involve an expenditure cut-off, the interests of EGS labourers and those supervising the work (and thus in control of graft) are united in extending the duration of the project. Consequently, on many projects, payments are *de facto* at a fixed daily wage rather than determined by piece rates. Predictably, work proceeds very slowly. The result is a scene so painful to the urban middle and upper classes in Maharashtra: one individual working and perhaps 30 labourers sleeping and chatting. The officially-stated aim of imparting 'proper work values' is thus often undermined by the common interest of labourers and supervisors in dragging out the projects; though labourers are underpaid on a daily basis, fueling the graft machine, their period of employment is extended.

Both wage-rate determination and project scheduling are tailored to avoid competition with the private sector for labour. Daily wage-rates are to be 'so fixed that a person working diligently for seven hours a day would normally get a total wage equal to the minimum wage for agricultural labourer for the lowest zone fixed by the State Government' (Maharashtra, 1978, Section 7, vii). Pegging the wage-rate at the lowest minimum wage applicable in the state is one means of overcoming the objections of rich peasants and capitalist farmers who feared that the scheme would deprive them of farm labour at critical times. The Act also responds to such fears by mandating that work under the schemes 'should be so organized by the collector that the normal agricultural operations in the District are not affected . . .' (Maharashtra, 1978, Section 7, 2 x). Both large farmers and sugar factories in Maharashtra have pressed for suspension of EGS work when labour markets are tight, and the authorities are required by law to accommodate their requests.⁸ Though labourers may receive higher daily wages on EGS projects than on private farms, in neither case is the minimum wage effectively implemented, and provisions in the legislation severely limit the potential of the scheme to exert upward pressure on private sector wages.

In law, EGS projects are to be adjusted seasonally to avoid peak-demand periods, and thus competition with private employers. In practice, however, local conflicts of interest surface. The existence of the EGS creates a particular lobby within the rural elite, conditioned by the potential for patronage resources and kick-backs from wages, such that

the local office-holders, entrenched political leadership, lower functionaries of the Revenue Department and local notables controlling particular EGS works form a coalition against discontented farmers in order to continue the work and graft. This phenomenon is for obvious reasons especially pronounced during election campaigns. Aside from the political-patronage resource engendered by ability to offer jobs, extending the works increases the potential graft for campaign funds.⁹ Particular rich peasants and capitalist farmers of an area are thus occasionally, but not systematically, 'betrayed' by their leaders (who can in any case obtain scarce labour for their own farms, even in tight markets, through their greater economic and political power) in the interest of enriching themselves and maintaining the political hegemony which works so well for the rural elite's broader interests.

The EGS in operation thus produces no surprises for the student of rural development. Because there are many niches for discretion — location, duration and cost of projects, determination of actual wages on a complicated piece-rate scale — the impact of ordinary politics frequently overrides both economic rationality and stated policy objectives. Clearly there are plums for particular individuals, patronage resources for locally-dominant elites, and special consideration of the needs of the politically well-connected. Nevertheless, the scheme works: almost 200 million person-days of rural employment are generated annually, and paid for (though not always at the official rate), and works are completed: percolation tanks, soil conservation works, minor irrigation projects, afforestation, roads, land development, and so on. We turn now to consider the class-differentiated costs and benefits of this massive programme.

3. CLASS INTERESTS AND THE GUARANTEE OF EMPLOYMENT

The common critique of rural public works is that assets for private benefit are created from public expenditure; the costs are collectively borne by the public, the returns are selectively appropriated by owners of property. Politically, public works may reproduce the existing system over time by strengthening the top strata of the rural power structure, improving their patronage resources and asset position, and thus reinforcing the existing pattern of rural privilege and inequality.

At a more concrete level, the types of

projects preferred by the EGS philosophy and practice clearly enhance the value of agricultural capital in general, though particular landowning individuals differ in the benefits received because of both technical and political determinants of project location and variations in the amount and kind of land owned. The projects undertaken through the EGS are heavily weighted toward various kinds of irrigation works, which markedly improve not only the value of land but also the range and quality of opportunities available to landowners. Likewise, rural works which improve the infrastructure of production and marketing disproportionately benefit, albeit less directly, those who own productive assets and have surplus to market.¹⁰

Though it is difficult to assess the *indirect* benefits which flow from EGS works in individual or class-specific terms, it is possible to measure the direct benefits which flow to those who utilize specific assets. One systematic attempt (through the joint efforts of the Government of Maharashtra and the programme evaluation unit of Delhi's Planning Commission) has been made to study the beneficiaries of the assets created or improved by the EGS (India, 1977, First Paper; MHJ, 1980). One conclusion of that study, which surprises no one, is that 91% of the users of EGS assets in the sample were cultivators, 6% agricultural labourers, though the absolute numbers of those two categories are approaching equality. About 70% of the users of EGS projects reported increases in agricultural production because of the new assets, and 40% reported changes in cropping patterns (only partly due to EGS works) (MHJ, 1980, pp. 2043–2044).

Not surprisingly, the area benefited by EGS works covered by the study was concentrated in the hands of the larger farmers. Farmers with less than five acres (two hectares) made up about 35% of the landholders in the state in 1970; their aggregate share of the area benefited by the EGS works in the sample was 9%. Farmers with more than 25 acres constituted 14% of the landholders in 1970 and held in the aggregate about 32% of the area in the sample benefited by the EGS works. Moreover, more than a fourth of all users of EGS projects claimed to have purchased additional farm assets from the additional income generated by their access to EGS assets (MHJ, 1980, Tables 3, 4, 7). The State Government has estimated that works completed under the EGS in its first three years resulted in an increase in production of 225,000 tonnes of food grains; this estimate was made when the annual expen-

ditures were only about 4% of the present level (Maharashtra, n.d., Table I). Though the estimation procedures are problematic, and the amount probably inflated, these figures indicate that significant gains are being generated; a lion's share of such gains is destined for those who own land on which to produce grain.

Landowners who benefit from EGS projects which are near, but not on, their land (percolation tanks, minor irrigation, etc.) are the beneficiaries of a windfall. For certain works on private land, such as soil conservation, public subsidies are already available, amounting to half the cost; the EGS Fund can be used to finance up to one-third of such costs. In theory, the farmer becomes liable for the balance, treated as a loan for recovery purposes; in practice, even more so than with most public agricultural loans, the sum typically remains in default.¹¹

Benefits to those labouring on EGS projects are considerably less permanent than the assets which benefit landowners. The primary benefit is of course the weekly wage, as long as the projects last. Benefits beyond immediate wages paid to marginal farmers and landless labourers are derivative and indirect, predicted on an uncertain 'trickling down' process, wherein the trickle is of unknown force and duration. This is not to say that the EGS schemes are not popular with the rural poor; indeed, in areas where projects are not in operation, one encounters repetitious comments from landless labourers to the effect that: 'the government does not see us; there is not one single program to help us; no one is there'. Where the EGS operates locally, the rural poor appreciate it, and want it expanded.

That landowners benefit in qualitatively different ways from the rural poor thus does not imply that the rural poor do not benefit from the scheme. Indeed, at the national level, demands for expanded Food for Work programmes and rural public works have been persistent demands of the Marxist All-India Kisan Sabha (Peasant Association) and a high priority of the Government of West Bengal led by the Communist Party of India (Marxist). In the analysis of both, rural works offer wages and food as an alternative to semi-starvation, desperate borrowing from usurious sources, and abject dependence on landed patrons.¹² Alternative employment allows some freedom of choice and some increase in bargaining power for the rural working poor. Moreover, public works projects bring together villagers of a common class from different villages, allowing an exchange of information and

experiences which would be otherwise unlikely. Some local trade union organizers in Maharashtra express excitement about the potential of the EGS for gathering workers at one time and place outside the control of landlords. This may prove to be an exaggerated expectation, but field investigations indicate that landowners are sensitive to the tactical advantage of spatially isolating workers to prevent sustained contact with union activists. Moreover, some local activists have used EGS employment to survive when blacklisted by landowners (ISS/ILO, 1979, Vol. I, p. 61).

The best measure of subjective class interests in the scheme is of course the attitudes and actions of the rural poor. Agitations in favour of generating new projects, extending existing projects, or providing year-round employment have been significant (ISS/ILO, 1979, Vol. I, Appendix IV). In Shrirampur taluka, to take one example, the successful use of organization and local protest and pressure to obtain year-round employment for the labourers has produced wages more than double those prevailing elsewhere, though such effective mobilization is rare. The EGS has clearly provided a focal point and mechanism for the articulation of demands by the rural poor, and an incentive for collective action.

For women the schemes are especially attractive because there is no gender differentiation in wage-rates, in marked contrast to the prevailing system for agricultural labour; payment is in theory based on effort expended. As one would expect, our field investigations indicated male-female wage differentials (cf. also Dandekar and Sathe, 1980), but that result is partially due to physical differences in ability to do the heaviest tasks (which carry the highest rate). In the ISS/ILO study (1979, Vol. I, Tables C16, D18), though most women on the EGS projects received less than the minimum wage, they reported that the EGS wage was higher than their usual wage. The major reason reported by these women for coming to EGS work was the absence of any alternative; the scheme's wages were thus presumably of special significance to the 18% of the sampled women who were heads of households (*ibid.*, Table B10). Interestingly enough, males in some poor peasant households send the women to work on EGS projects where the rate of return is certainly higher than in alternative employment on the farm, at least in most months. Indeed, male poor peasants themselves join the landless labourers as significant beneficiaries of the EGS, reflecting their severe underemployment most of the year

(ISS/ILO, 1979; Dandekar and Sathe, 1980).

The projects also offer women some freedom from the petty tyrannies of day-to-day dependence on village oligarchs. Aside from the frequent rape of female agricultural labourers, there are subtle forms of coercion such as denying gleaning rights or market wages to those who refuse sexual favours (cf. Pinto, 1976, 19). One EGS administrator argued, and our field investigations confirmed, that women value EGS work not only for the reduced physical strain of work, but because it affords a net reduction in the frequency of rape or coerced sexual activity [though it should not be assumed that the projects guarantee safety in this regard; cf. D'Souza (1978) on the Thana area].

Despite its real advantages for rural labourers relative to alternatives, the EGS has certainly not guaranteed the good life for the rural poor. Most critically, even full-time employment on the projects is unlikely, on the average, to free a family from abject poverty. For a family of four, if only one adult works, wages even for a 30-day month would on the average fall below the monthly poverty line. Even with two adult workers, the average wage in 1980 would still not permit meeting the (quite stark) minimum standard set as the poverty threshold in rural India.¹³ Dandekar and Sathe's study (1979, p. 712) estimates that 90% of the EGS workers remained below the poverty line. Moreover, there are problems of unemployment between projects. There is thus considerable uncertainty (and anxiety) about the period of employment, as the state is required to provide a minimum of only 30 days of employment at a stretch. There is thus significant social dislocation arising from the spatial spread and temporal discontinuity of projects. In addition, piece-rate payment is by no means optimal for the poor. Whereas the very strong, dextrous and ambitious may fare quite well under a piece-rate regimen, the old, disabled and infirm are subjected to unpleasant tension in striving for norms which allow bare subsistence even if met. These norms are extremely complicated under the EGS, causing distress to workers and facilitating manipulation and fraud by overseers.¹⁴

A summary statement of the effects of the EGS on the rural poor is difficult to produce. The most ambitious attempt is that of Kumudini Dandekar (1980; Dandekar and Sathe, 1979). Despite some telling criticisms (Tilve and Pitre, 1980), Mrs Dandekar's work provides the best summary to date. One important conclusion is that EGS wages constitute

a very large part of the annual income of the rural poor who have access to the projects: 59% of total income for men in her sample, 73% for women. In 1977-1978, EGS projects were estimated to have generated 380,000 person-years (of 300 days each) of employment, though we do not know what percentage of the total 'need' for work that figure represents. It is clear from other studies, from agitations by labourers for more projects, and from our field work, that the number of employed on projects is but a fraction of the total need. But as Mrs Dandekar notes (1980), as the agricultural population continues to expand faster than agricultural employment or food production, and 60% of the rural population receives less than 2250 calories per day, the EGS has at least 'prevented the further deterioration of the conditions of the weaker sectors in Maharashtra', though to a limited extent.

4. FINANCIAL WINDFALLS: THE PEASANTS' REVENGE ON 'URBAN BIAS'

Just as there are class-differentiated benefits in the provision of rural employment through public works, there are class-differentiated costs. The EGS is financed by equal contributions from two sources: a new set of taxes and cesses specifically earmarked for the scheme and a matching contribution from general revenues of the State. The bundle of new cesses and taxes has six components: (1) Taxes on Professions, Callings and Employment, (2) Additional Tax on Motor Vehicles, (3) Additional Tax on Sales Tax, (4) Surcharge on Non-residential Urban Lands and Buildings under the Education Cess Act, (5) Surcharge on Land Revenue, (6) Special Assessment of Irrigated Agricultural Lands.

A first reading of this list of taxes suggests that, somewhat surprisingly, urban taxes dominate over rural, in number if not in value. Of course, some of the taxes are not sector-differentiated, and most affect relatively privileged groups; the explanation from the Finance Minister was simply that it is the duty of the haves to help the have-nots. That general indirect tax increases, as in the sales tax, might be passed on to those very have-nots via price increases was admitted by the Minister, who accordingly exempted certain items of mass consumption (kerosene, edible oils, matches, betel nuts, cheap shoes, etc.) including, curiously but significantly, agricultural machinery.

The tax on professions was carefully designed to net virtually every professional category.

Rates were specified for licensed bookmakers, owners of petrol pumps, jockeys, moneylenders, movie stars, 'capitalists', etc. For salaried employees, the tax amounts to about 1% of every month's gross pay check, more in higher salary brackets (but offering little scope for progressivity, being limited to a maximum of 250 Rupees annually). While admitting that the tax on professions would squeeze some of the already squeezed middle class (and even some of the urban poor such as public sector peons and janitors), the Minister hoped 'they will look upon this tax in the spirit of social responsibility' (Maharashtra, 1975, Annex VII). The architect of the EGS, Mr V. S. Page, dismissed the complaints of urban professionals with the observation that 'taxes should be like hairs on the body; is there anywhere a hair cannot grow?' (Interview, December 1979).

The relative weights of these various taxes were outlined in the Budget Speech of the Finance Minister in 1975. The tax on professions was to yield Rs 109.2 million net; the cess on urban lands under the education tax, Rs 13.0 million; surtax on sales, Rs 72.0 million; the tax on motor vehicles, Rs 0.75 million. Though some of these taxes may affect rural people, their incidence on landowners specifically is arguably light and indirect. Most rural firms were excluded from collection of the additional sales tax by the exclusion of all dealers with a volume of less than one million rupees annually; the obvious large-volume exceptions would be dealers in agricultural machinery, but that item was specifically exempted from the tax along with 'items of mass consumption'. The specifically agricultural taxes are two: first, a surcharge of 50% on land revenue for owners of between eight and 12 hectares and 100% for owners of more than 12 hectares. This tax was designed to yield Rs 23.4 million. A cess on irrigated land (Rs 25 per hectare for holdings of larger than one acre) would yield Rs 30 million. Altogether, the new taxes were to yield Rs 250.1 million, of which the specifically agricultural taxes would yield Rs 53.4 million, or 21.4% of the total.

Thus almost four-fifths of the new taxes to support the EGS were to be collected primarily from those who were not rural landowners. That was the theory. In practice, the taxes which are specifically on land are notoriously evaded, often granted remission, and perpetually in arrears. Predictably, the actual contribution of landowners to the EGS fell below the projected level, which was itself a relatively small proportion of the

total revenue to be raised. For the years 1975–1976 to 1978–1979, the surcharge on land revenue yielded a maximum of 2.4% of annual EGS collections, a minimum of 0.2%. The cess on irrigated land varied in its contribution between 0.0% and 0.6%. Together, these taxes yielded a maximum of 3% of annual EGS collections. By contrast, in the 1982–1983 projections of revenues, the cess on *urban* non-residential property alone was expected to yield 7.13% of the total EGS taxes, more than double the (*projected*) combined total of taxes on agricultural land (3.23%). Taxes on salaried employees have contributed about 60% of EGS financing over time.¹⁵ In both the design and implementation of financing the EGS, the rural elite effectively escaped the burden (cf. also Abraham, 1980, p. 1341; MHJ, 1982).

Land taxes are chronically under-collected in India and the reasons for failure are not simply administrative. Landowners have many and powerful incentives to obscure ownership of land, the most obvious being evasion of land reforms which mandate a ceiling on ownership (Herring, 1983, pp. 13–16, Chapter 5). The better-educated farmers long ago subdivided their land among family members for the record; there will be very few who admit ownership of land in the taxable range of more than eight hectares (20 acres) per holding. Those landowners who do not have enough family members for subdivision may 'adopt' aged labourers or simply 'gift' the land to permanent labourers who can be trusted not to attempt to claim title. Besides escaping the modest EGS cess on land revenue, school tax, land ceilings and canal water limits, the landowner who clearly subdivides can take advantage of small-farmer subsidies. Revenue officers and village-level recordkeepers condone these prac-

tices for considerations of either politics or money. Revenue officers justify their actions with convoluted tales of having been transferred six times in three months before they learned the system; villagers openly discuss the costs of arranging phoney (*benami*) division of land. In any event, those taxes which are not evaded quasi-legally, through loophole manipulation, are often evaded frontally by simple refusal to pay.

Taxing agriculture is inherently difficult in a state in which the Legislative Assembly is frequently referred to as the 'the kulak lobby' (see note 2). The skewed distribution of holdings leaves the bulk of the rural population too poor, and the rural elite too powerful, to squeeze either section easily via tax mechanisms. Land revenue taxes seldom yield much more than the cost of collection. In India generally, the unwillingness of the states to tax agriculture, or even to collect what is due from existing agricultural taxes, is well known (India, 1972); the share of taxes on agriculture in total tax collections declined significantly between 1947 and 1970 (Jain, 1972, pp. 155–157). Moreover, since half of the EGS scheme is financed from general revenues, and both agricultural income and agricultural assets are very lightly taxed, the share of EGS paid for by landowners is negligible, particularly in relation to benefits received. Indeed, between 62 and 70% of the EGS collections came from Bombay city *alone* (leaving aside Pune, Nagpur, etc.) as indicated in Table 2. Whatever the distribution of benefits, the costs of EGS are borne disproportionately by urban salaried workers and consumers generally.

Inequality in the distribution of costs and benefits across sectors has not escaped critics of the EGS. Consider the position of N. G. Abhyankar, who was Finance Secretary to the

Table 2. *The dubious urban benefits of urban bias: Bombay city's contribution to the EGS**

Year	State total	Bombay city	Bombay's contribution as percentage of total EGS tax revenues† (%)
1975–1976	2104.51	1432.53	68.07
1976–1977	3575.77	1791.63	69.56
1977–1978	2721.72	1323.34	66.99
1978–1979	3243.76	2058.41	63.46
1979–1980	3326.79	2371.50	61.97

*Data from Planning Department, Mantralaya.

†EGS taxes actually collected in RS 100,000s.

Government of Maharashtra before becoming Executive Director of the All-India Manufacturers' Organization:

The financing of the Rural Employment Guarantee Scheme is also discriminatory and unfair. The main beneficiaries of such works . . . would be cultivators and farmers in the areas of operations. No attempt has been made to make the beneficiary cultivators pay for financing the scheme for the benefits they would receive. . . . The inequitable nature of the additional burden on urban taxpayers in the name of social justice as against the light treatment accorded to the affluent agricultural sector . . . which had benefitted most . . . hardly needs elaboration. (Gadgil and Abhyankar, 1975, pp. 20–22.)

5. SOCIAL FUNCTIONS OF THE EGS: EXTERNALIZING COSTS AND SOCIALIZING PATRONAGE

A full evaluation of the EGS, particularly with regard to the extent of worker satisfaction, malpractices and the economic impact of the projects, must await more extensive field investigations. Our purpose at this point is to consider the social functions of the scheme. Superficially, the scheme seems to present a political anomaly: farmers, who dominate the State Assembly, were openly concerned that EGS would upset the labour market. Yet, in a rare action, the bill was passed unanimously in both chambers. Even more unusually, it was passed on the first sitting. Whatever the motives of the legislators, which are largely indiscernible anyway given the symbolic function of politics, the functions of EGS in terms of the social system in rural Maharashtra can be analysed.

Demand for farm labour is highly seasonal. During peak demand period (sowing, harvesting) there may be local labour shortages and continuous employment for the landless; during the slack season (most of the year) aggregate demand for labour is reduced and intermittent in character. Changes in technology, particularly those associated with irrigation, as well as broadened markets and the consequent changes in cropping pattern (vegetables and flowers for urban consumption, for example), have altered, but not eliminated, the pattern of seasonality in Maharashtra. Indeed, changes in technology and cropping patterns, through raising the sunk cost in any given season, have made the availability of time and adequate labour even more critical. An important result

of the so-called 'green revolution' is the sharply increased need for timeliness of both inputs and labour.¹⁶

Objectively, then, a large surplus of labour, a reserve army of the seasonally unemployed, serves the needs of rural capital quite well, *provided* that (a) sustaining the labourers does not constitute an unproductive expense, as the vast numbers of clients, dependents, retainers and hangers-on did under certain pre-capitalist configurations, and (b) the labourers do not become restive, mobilized or belligerent. Labourers who are sufficiently underemployed to sink below a locally defined subsistence (and tolerance) level are likely to migrate, permanently or seasonally, or perhaps become more receptive to the calls of militant organizers or dissident political groups, or perhaps, as openly feared in the 19th century, turn to crime. Yet the traditional practices of underwriting subsistence needs, such as extending endless consumption loans which could never be repaid in full, become increasingly irrational as the opportunity costs of capital rise during the process of technical change, commercialization, and inter-penetration of markets.

Agricultural labour in Maharashtra, as in much of the subcontinent, was traditionally integrated into a complex of social relations which, in local meaning systems, if not in practice, guaranteed subsistence for the labourers, at least in normal times. In the aggregate and at the farm level, the cost of maintaining the landless class fell on their (relatively) wealthy patrons. As in other agrarian systems of the patron-client form (e.g. Scott, 1976), a diffuse guarantee of subsistence coupled with periodic extra-wage payments served to add legitimacy to hegemony. Farm labour was rewarded with 'gifts' of food and clothing on festival days. Dependents of landowners possessed highly codified rights (as well as obligations) during ritual occasions such as marriage; make-work was provided for client dependents. With the decay of the *jajmani* (in Maharashtra, *balutidari*) system of reciprocal (though asymmetrical) exchange between landed and landless, the survival of the rural landless became more directly determined by the balance of supply and demand for labour power. The problem for the (albeit often petty) capitalist farmer is that labour is worth its hire only at certain times of the year, but is critical at those times, increasingly so with agricultural modernization. The opportunity costs of providing the year-round subsistence insurance necessary to prevent migration,

disaffection or starvation, are simultaneously raised and increasingly manifest.

If this analysis is compelling, the EGS is almost perfectly suited to the needs of rural capital, contrary to early critiques of the programme as a 'stepping stone to socialism'. The EGS permits the labourers to survive locally when capital has no need for their labour power, but at an average wage which leaves them available for field labour when needed by capital (cf. ISS/ILO, 1979, Vol. I, Appendix I). The costs of this management of the labour pool are borne not specifically by the users of the labour pool, but by the general public and urban professionals in particular. More indirectly, the EGS allows continuance of a rural patronage system in which the rural poor are not allowed to starve or be driven to the urban slums and in which the specific costs of patronage to the rural elite are reduced by the general assumption of subsistence assurance by the State Government (which depends politically on the vote blocks commanded by the rural elite).¹⁷ Investments in local legitimacy and social peace are still made, but the costs have been shifted to the urban sector.

The analogy to bullock power is too obvious to be resisted. The economic problem of work animals is that they must be fed and cared for even in the off-season when they contribute nothing to output (unlike tractors). Were the state to intervene to employ and feed the working animal population whenever they were not needed on the farm, the costs of production for farmers as a class would be significantly lowered, yet the bullocks (or buffaloes, etc.) would still be available for farm labour when needed. Were this to happen, the farmers would be able to externalize – and socialize – a major cost of production.

The EGS accomplishes precisely this for human labour power. The maintenance of the rural poor locally has traditionally been the responsibility of the rural elite, to the extent it has been anyone's responsibility at all. That this burden has been transferred to the general population, and to Bombay city in particular, is a reflection of the political power of rural oligarchs. However well Michael Lipton's (1977) notion of 'urban bias' in allocation of development costs and benefits applies generally in poor countries (and there are severe problems in that assumption, particularly for India – see Byres, 1979), the ESG represents the opposite dynamic. Granted the rural areas may be starved of amenities and rural wages are pathetically low; but it is the rural poor who benefit from the projects, not the urban poor,

and the rural rich who gain, not the urban rich (who ironically have to pay for the projects). At a more abstract level, the provision of work at subsistence wages when labourers would be otherwise unemployed lowers the social reproduction cost of labour in the aggregate, on the average, and thus reduces pressure for upward revision of wages that must be paid by rural capital to assure subsistence of the rural labouring class. Simultaneously, the EGS wage structure, at least by the reckoning of its authors, instills the values of hard work, regular discipline, and productivity-linked payment among the rural labourers.¹⁸

As Piven and Cloward (1971; 1977) have documented, poor relief historically has functioned to chasten and train the poor while discouraging mass disaffection or insurrection. The EGS, like welfare schemes elsewhere, is not meant to provide an alternative to the existing system of labour utilization, but to mitigate the social dislocations caused by the dynamics of existing processes, and at the same time to socialize a portion of the total cost of reproducing labour power from month to month, generation to generation.

Politically, certain aspects of the EGS recommend it highly to local and state-level elites. The flexibility in locating projects makes it possible to win over local notables and intercede in factional disputes by selectively allocating patronage. Such patronage is largely channelled through local elected bodies, legitimating local patrons to their clients. Favouritism can be, and is, shown in small matters such as selective appointment of local notables to lucrative jobs as *mukkadam* (supervisor), supplier of materials, etc., and selection of particular villages and farmers as beneficiaries of the scheme. The position of supervisor creates significant graft opportunities for both personal use and for party coffers; such opportunities are used. Moreover, the location of projects can be tuned to the differential spatial development of labour militancy and desperation, as well as to localized attempts by counter-elites to mobilize the rural poor. By selective targeting of private benefits from collectively-imposed levies, implementation allows the rural political elite to manage, reinforce and legitimate hegemony, though with obvious costs in terms of economic efficiency. In Michael Lipton's argument, the dominant political conspiracy which perpetuates urban bias selectively buys off the rural elite with targeted boons; the political system of Maharashtra manifests the opposite: a powerful rural elite which looks after its own interests quite effectively, exhibit-

ing no need to grovel for crumbs from the table of a hegemonic 'urban class'.

At the level of labour organization to challenge the prerogatives of farmers, the EGS would seem to have ambivalent and contradictory impacts. Leftist parties argue that the projects could lessen the abject dependence of the rural poor on their patrons, and prevent blacklisted activists from starving or being forced to migrate or knuckle under. The extra employment might serve as a cushion to mitigate the negative consequences for labour of extended strikes or job actions (though the meagre living and uncertainty connected with EGS work lessen that potential). Local labour activists are enthusiastic about the potential use of EGS schemes for organizing and mobilizing the rural poor.

These potential advantages for labour are, however, significantly qualified by the political structure of the scheme. Though by law the Collector is to assure that all workers who lose jobs when projects are terminated to free labour for farm work actually *receive* private sector jobs at the minimum wage, there is in practice no way for the Collector to assure that happy outcome. Though it is assumed that the projects are needed only in the slack season, in fact there seem to be local labour gluts even during the peak demand season; one study found that 10% of the EGS workers were entirely dependent on the projects for income (ISS/ILO, 1979, Vol. I, Table B8). More than two-thirds of the EGS labourers in that study stated they were willing to leave home to find work (and many had done so), so desperate was the local employment situation (Table F31). Indeed, if there is a destabilizing element in the EGS, it is the possibility that client groups will become so dependent on the programme that it becomes politically difficult to open and close projects according to the needs of locally powerful farmers, as is done presently, or according to the canons of economic rationality (threatening the legitimacy of the scheme among planning elites). But such a shift in dependency, to the extent it occurs, is largely from direct dependence on local elites to indirect dependence on those same elites operating through the local organs of the state, which they control. The negative externality of subordination of the scheme to considerations of ordinary politics is that a high percentage of public expenditure on 'productive' assets to generate economic dynamism, and thus future employment, is unnecessarily wasted.

Though the functions of EGS may thus be structurally conservative — allowing the rural

political-economic system to continue functioning as before, facilitating both private capital accumulation and rationalization of labour supply — its normative underpinnings are quite radical: that every adult living bearer of labour power has a right to subsistence employment independent of the unpredictable demand of capital for the commodity of which he or she is the bearer. Moreover, the extensive shifting of labourers, intermixing people from different backgrounds and areas, and granting women equal pay for equal work, almost certainly generate disequilibrating social consequences. As Piven and Cloward stress for welfare policy in general, the very rationale of the scheme explicitly undermines the legitimation of the prevailing ideology by recognizing that rapid growth under existing structural conditions may generate marginalization as well as trickle-down, that systemic dynamics rather than individuals are at fault, and that the responsibility for mitigating these collective dislocations has fallen to the Government by default. If the demand for such intervention spread, forcing the state to *guarantee* various other rights to those excluded from or marginalized by the growth process, the possibilities for what O'Connor (1973) terms the 'fiscal crisis of the state' become more real. Maharashtra is a rich state in the Indian context; indeed, the great wealth of the state engenders the *capacity* for programmes such as the EGS (Hart and Herring, 1977). But the fiscal crisis thesis argues that there is a purely fiscal constraint introduced by the efforts of the state to assume more and more of the social costs of maintaining the economic system and its various dislocations while simultaneously allowing the surplus generated to be privately appropriated. Publicly-financed patronage schemes are particularly conducive to fiscal indiscipline (cf. Scott, 1972); the EGS augments that risk because of the guaranteed and open-ended nature of the entitlement.

When the fiscal crisis perspective is considered, the EGS does not seem as costless as the legislators assume. With effectively no tax on agricultural income, the benefit stream flowing from the new projects is almost entirely privately appropriated. Simultaneously, the farmers are militantly organizing to demand further concessions from the public: higher support prices, remission of debts to the Government and quasi-governmental bodies, larger input subsidies. Though the demands for rural employment and better inter-sectoral terms of trade for agriculture are heard increasingly forcefully throughout India, not every

state has a Bombay. In the short run, the sectoral terms of the trade controversy deflects intra-sector class conflict, but it must be increasingly obvious that the politically expedient path of buying off the rural poor via policies which substitute for redistribution of rural power and assets is difficult to sustain over time. Indeed, the EGS specifically is being attacked in Maharashtra for contributing to mounting budget deficits.

Whatever the fiscal consequences, the rural poor do benefit from the EGS in clear contrast to some nominally redistributive policies; that they benefit in fundamentally different ways from those who own the land is determined of course by differential position in the class structure. That is, after all, the core meaning of a class system. Despite Lipton's (1977, p. 68, *et passim*) imputation of relative homogeneity of interests to a 'rural class' as opposed to an 'urban class', the operation of the EGS, like other public policies, demonstrates significantly class-differentiated impacts within sectors. The urban poor receive no direct benefit and bear some of the tax burden; the urban

rich foot the bill and benefit only if they own rural land as a tax shelter, ancestral property, or cover for 'black money' (an increasingly popular option). The rural poor do benefit, but not very much; hard, continuous work on EGS projects would yield something close to the austere poverty threshold, assuming one is not too old or weak or ill to meet the minimum piece-rate quotas, and more problematically, that the wages owed are actually paid. Consider the following: the *average* middle-sized farmer in the Joint Evaluation study sample who purchased new assets through earnings generated by EGS projects acquired about Rs 2000 worth of new property (MHJ, 1980, Table 7). The average worker, in the same time period, would have had to work 667 days, or almost two years, continuously, to earn the same amount in wages, but would end that period with no new assets, as even the statutory daily wages barely cover subsistence needs. The benefits to the rural poor are significant not in relation to the benefits to those who own rural Maharashtra, but in relation to genuinely desperate alternatives.

NOTES

1. Government of Maharashtra, Maharashtra Act No. XX of 1978 (as published in the *Maharashtra Government Gazette*, 3 October 1978); Maharashtra Employment Guarantee Rules, 1979 (Mantralaya, Planning Department, 5 January 1979, No. E.G.S. 1077/87-EMP-5). Maharashtra is a state of western India about the size of Poland with over 60 million inhabitants, the capital of which is Bombay. The EGS was given first place in the State Government's 1973 'fifteen-point program'; the *last* point was implementation of ceilings on agricultural holdings (Maharashtra, 1973). Directive Principles, as opposed to Fundamental Rights in the Indian Constitution, are not justiciable; that is, a citizen cannot petition a court to enforce Directive Principles, and some legislators in the Lok Sabha (national Parliament) have argued for making the right to work a Fundamental Right (e.g. *Hindustan Times*, 8 August 1980).

2. On the political power of Maharashtra's gentry in the context of land reforms, see Hart and Herring (1977). For a micro-level description of how local elites in the state monopolize and utilize developmental resources for their advantage, see Rosenthal (1977). While not endorsing the use of the Russian term 'kulak' for depicting Indian farmers, we employ the word because it is a close analogue of some slightly derogatory local terms for the rich peasants and, in terms of the EGS, the original Russian connotation of 'tight-fisted' is descriptively accurate.

3. Maharashtra, 1975, data in Annexe I. Of

course, one must keep in mind that considerable 'benami' (on paper only) transfers of land have occurred in order to evade land ceilings and to qualify for numerous benefits and subsidies. The authors' experience is that legal records of holdings vastly overstate, often by a factor of two, the actual number of farmers in a village. However, most of these 'transfers' took place prior to 1970, so the comparisons of absolute numbers of holdings, and certainly the conclusion, are valid in the context employed by the Government.

4. Government of Maharashtra, Planning Department, 'Employment Guarantee Scheme in Maharashtra', cyclostyled (Mantralaya, Bombay: periodic); R. Herring's interviews with Mr V. S. Page, Bombay, December 1979; 'Statement placed on the Table of the House by the Honourable Chief Minister on Friday, the 20th of December, 1974', cyclostyled (Bombay: 1974).

5. Maharashtra, periodic, 'Employment Guarantee Scheme in Maharashtra', statement I. It is interesting to note that road projects are sanctioned primarily in hilly areas. These areas, often centres of tribal populations, have frequently been officially mentioned as areas of Naxalite (agrarian radical) activities. Road building projects, like the British Government's expansion of roads and railways following the revolt of 1857, facilitate further penetration of market forces and of plainspeople (especially traders and moneylenders) into the hilly tracts. One such project in Poona district in 1978 was opposed by villagers in

an agitation organized around the complaint that roads benefited only traders; they therefore demanded that the expenditure be shifted to another project of the community's choice.

6. *Rules*, Sections 4–9. There was at the time a great deal of resistance from Delhi, specifically from Prime Minister Morarji Desai, on the issue of unemployment compensation, primarily from fear that such a precedent could bankrupt the Government if generalized. In fact, in only a single instance in Maharashtra was a compensatory allowance given, and that through the mistake of an office (Dandekar, 1980, p. 2).

7. Wages frequently fall short of the statutory minimum wage (ISS/ILO, 1979, Vol. I; D'Souza, 1978, p. 13). Rex Edwards found in his 30-village survey for his doctoral dissertation (in progress) that in only one of the projects were labourers paid the minimum wage. Though corruption was involved, the statutory requirement is only that the minimum wage be paid *assuming ordinary effort*, as the work is piece-rate. Edwards encountered rates as low as 10% of the minimum, though 33–50% was more common. Grain payments were likewise subject to corruption, but to a lesser extent. Contractors were found to be willing to excuse workers from work for a cash kickback or sexual favours. The position of project supervisor (*mukkadam*) is so lucrative that violent conflicts often arose among village notables over the post; some projects required police protection.

8. *Samachar* (Marathi, Ahmednagar), 11 November 1979. Appeals to the collector in the local press of the district of Maharashtra with the largest number of sugar factories (and largest EGS expenditures) stressed the necessity of easing their harvesting labour shortage, evidently in an attempt to build a reserve of potential strike-breakers to thwart a threatened strike by the migrant harvesting labour (*Economic Times*, 22 October 1979).

9. Rex Edwards estimates on the basis of his field experience that between one-fourth and one-half of the total expenditure on typical projects is embezzled and channelled into the coffers of the ruling party.

10. In a curious way, even roads have a class-differentiated impact. The bus lines and accessibility of truck transport have worked an enormous change in marketing patterns. The traditional village shopkeeper has tended to lose his share of foodgrain marketing to traders and commission agents in district and *taluka* headquarter towns, often with some modest benefit to the producer, assuming there is surplus over family needs to sell. Less obvious is the advantage of good roads to landowners evading land reforms. As tenancy is technically illegal in Maharashtra, a large landowner who wishes to conceal his holding from enforcement of land ceiling legislation must arrange a form of self-management across plots scattered through several villages (land concentrated in one area being easier to detect). To manage their far-flung holdings, good roads and motorcycles are important. Indeed, in some areas

farmers have cogently argued that motorcycles were a farm asset, a means of production, and should be entered on interview schedules, rather than as a consumption item.

11. Some subsidies are limited to 'small' holdings; but in practice most large holdings are subdivided on paper into numerous small holdings, and the limitation loses its force. In the authors' survey of over a thousand farmers in one district of Maharashtra fewer than 2% of these farmers on whose lands such works were constructed had paid the full cost and fewer than 10% had to pay any of the cost (for comparable arguments, Abraham, 1980, p. 1341). This recovery record is even worse than the notoriously poor record of *taccavi* (Government) loans and cooperative loans (cf. Herring, 1977). Overdues in the state are currently about 60% of outstanding loan volume. Many loans that should be in default are technically saved by a process that roughly translates from the Marathi as 'coming and going', or what we might call rolling over or rescheduling debts. The unpaid balance is marked as paid as a new, larger loan extended just before default occurs. Social and political power are of course the facilitating agents (cf. Reserve Bank of India, 1974).

12. All-India Kisan Sabha, *Documents: Twenty-Third Conference of the AIKS 1979*, Varanasi (New Delhi: P. K. Tandon: 1979). Report of the General Secretary, p. 69 *et passim*. Also see the position in the CPI (M)'s party paper, 'Why these attacks on the trade union movement', *People's Democracy* (3 December 1978), p. 10.

13. The per capita poverty line was Rs 65 per month in 1980 in rural areas; a family of four would thus need Rs 260 per month, whereas EGS would provide only Rs 180 on the average, if both parents worked every day for a month. For slightly different figures but the same conclusion see Dandekar and Sathe (1979, p. 712). This conclusion is strengthened by the widely acknowledged underpayment of wages documented above.

14. At the national level, a study of the Food for Work Programme, by the Programme Evaluation Organization of the Planning Commission (India, 1980) documented abuses similar to those described in the text: inflated muster rolls with fictitious names, skimming of grain by supervisors, underpayment of wages, etc. Moreover, there was little impact on rural wages, and many supposedly permanent assets turned out to be quite transitory – 'roads that get washed away', as Basu (1981) has it.

15. Farmers are exempted from the tax on professions unless they report income of more than Rs 36,000 annually; few do, and the agricultural income tax has yielded less than 0.1% of state financial resources. Overstatement of costs, understatement of revenue, artificial subdivision of land (in title only) and simple refusal to file make evasion extremely easy. So attractive are the tax evasion opportunities

in agriculture that urban professionals, evidently doctors in particular, frequently purchase farming property such as grape orchards both as a means of hiding and investing 'black money' (unreported income) and to evade income taxes.

16. Timeliness is also a major factor in increased yields in rainfed (*barani*) production; e.g. for planting: S. L. Choudhury, 'Crops and cropping systems for increased and stable agricultural production', p. 3; irrigation: K. Vijaylakshmi, 'Use and application of supplemented water for rainfed agriculture', p. 9; weeding etc.: S. V. R. Shetty, 'Principles and practices of weed management in rainfed agriculture', p. 6. Papers presented at the Drought-Prone Areas Training Programme, 9-14 February 1976, ICRISAT, Hyderabad.

17. Carras, 1972; Hart and Herring, 1977; Rosenthal, 1977; M.H.J., 1980; 1982. The ferocious factional fights within the dominant elite have not fundamentally altered its class character.

18. Dandekar (1980, p. 1) expressed the widely-held hope and belief among supporters of the EGS that the projects 'could change the non-working culture of the rural areas into a work culture'. For Mr V. S. Page, architect of the scheme, reform in the work culture was a central objective. Many farmers argue that the projects have accomplished exactly the opposite, as discipline is notoriously slack and deals can be made with supervisors to avoid heavy work, or any work at all, for a price. Farmers also complain that the projects have diluted the respect with which labourers treat their traditional masters.

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