

# GUARANTEED EMPLOYMENT IN AN INDIAN STATE

## *The Maharashtra Experience*

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The expense and administration of entitlement programs usually are considered too burdensome for Third World countries, and these programs generally are associated with the welfare states of advanced industrial nations. This article discusses an entitlement program in the state of Maharashtra in India—the Employment Guarantee Scheme (EGS)—which entitles any rural resident of the state to a job and fulfills this guarantee by creating a system of public works designed to promote rural development. Implementation of such an ambitious program in a state whose population is slightly larger than that of West Germany, and whose area approximates West and East Germany combined, presents many problems. Public works must be planned and implemented so that jobs can be provided to a dispersed constituency. Implementation must be made responsive to fluctuations in the demand for employment, which are sizable and occur over time and across space. In addition, measures must be designed to keep corruption in check.

In spite of the problems, making employment an entitlement generates some unexpected benefits. Examining the impact that the program has on the behavior of individuals is essential to understanding how the EGS produces these benefits. By guaranteeing jobs to the unemployed, the EGS creates an incentive that shapes behavior. It politicizes the rural poor by inciting them to demand employment from the state. Politicians and gov-

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ernment officials, in turn, are affected as the EGS creates a political resource that conditions their behavior, providing opportunities for patronage and corruption but also encouraging more sensitivity to the needs of the rural poor and facilitating the efforts of organizers to mobilize them. Changing the micro incentives of such groups results in surprising macro outcomes. The greater responsiveness of politicians and government officials to the less privileged sections of society ultimately results in the redistribution of developmental expenditures to backward areas.

## Bases of Political Support for the EGS

Implementing the EGS requires a major commitment of resources. The EGS generated 178 million work days in 1984-5, approximately 10 days of employment for each worker in the rural labor force, or a 300-day work year for 593,337 workers—3.4% of the rural work force. Expenditures have risen steadily over the years and totaled Rs.2.3 billion in 1985-6. In recent years the program has accounted for more than 12% of all expenditures in Maharashtra's annual plan, causing warnings that the EGS could lead to a fiscal crisis. Few of the state's politicians, however, call for curtailing the program's expenditures.

Why should Maharashtra's fractious state legislature, sometimes described as a "kulak lobby," overwhelmingly support the EGS when the program threatens to raise agricultural wages and reduce the dependence of laborers on the cultivators?<sup>1</sup> The most cogent answers to this question lie in the distinctive nature of the state's political economy. Maharashtra is characterized by highly uneven economic development. While industrial development has flourished in the Bombay metropolis, agricultural development in rural Maharashtra has been limited. The state's thriving industrial sector makes it better able to afford the EGS, and the program is funded by taxes generated predominantly in Bombay. Urban political leaders acquiesce to this with the hope that the EGS will curb migration of rural laborers to their already overcrowded city. At the same time, Maharashtra's rural elite is known for its hegemonic willingness to make

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1. From Ronald J. Herring and Rex M. Edwards, "Guaranteeing Employment to the Poor: Social Functions and Class Interest in the Employment Guarantee Scheme in Western India," *World Development*, 11:7 (July 1983), pp. 575-92. Since Maharashtra began the EGS on a state-wide scale in 1974, Karnataka and Tamilnadu have taken up similar schemes. The EGS inspired the central government-sponsored Rural Landless Employment Guarantee Programme initiated in 1983, which recently was combined with the National Rural Employment Programme, the Government of India's other major public works program aimed at rural poverty alleviation.

concessions to subordinate groups in order to protect the legitimacy of its political and economic dominance.<sup>2</sup>

It has been argued that, despite its radical ideological underpinnings, the EGS actually favors the more affluent cultivators.<sup>3</sup> By providing supplementary employment to agricultural laborers at times when there is no work in the fields, the EGS frees cultivators from their traditional obligation to maintain their workers in slack seasons. It also provides assets that increase productivity and enhance the value of their land.

In sum, the EGS offers something for everybody. The rural poor get jobs, urban residents get less overcrowding, cultivators profit from the creation of agricultural infrastructure and freedom from traditional obligations, and politicians benefit from a progressive image not to mention an abundant source of patronage. The result is widespread support that makes the EGS one of the state's most popular programs.

### Administrative Structure of the EGS

Seven departments are responsible for the implementation of the EGS. At the state level, the Planning Department manages the EGS Fund and budgets expenditures for each of the state's districts. The structure of EGS administration at the district level has been described as an organizational matrix.<sup>4</sup> Officers in the technical departments responsible for implementing EGS projects (i.e., Irrigation, Public Works, Agriculture including Soil Conservation, and Forestry) and the *zilla parishads* (district councils) are subject to the authority of officials in the Revenue Department as well as to their departmental superiors. Direct links between the technical departments are usually tenuous. Coordination among them is achieved through the Revenue Department as well as through EGS committees that have been established at the state, district and *tahsil* (subdistrict) levels. The membership of these committees includes officials from the Revenue and technical departments, politicians and, at the state level, academic experts.

Matrix organizational structures are particularly suitable for an organization with competing objectives, each of which is equally important to achieve. In the case of the EGS, the objectives of providing jobs to the unemployed and efficiently creating productive assets can potentially conflict. The administrative matrix of the EGS ensures that neither is neg-

2. Jayant Lele, "Chavan and the Political Integration of Maharashtra," in *Contemporary India: Socio-Economic and Political Processes* (Poona: Continental Prakashan, 1982), pp. 29-54.

3. Herring and Edwards, "Guaranteeing Employment," pp. 586-87.

4. Samuel S. Lieberman, "An Organizational Reconnaissance of the Employment Guarantee Scheme," *Indian Journal of Public Administration*, 30:4 (October 1984), pp. 109-127.

lected. Technical department officials provide the expertise necessary to create productive assets, while Revenue officials are responsible for ensuring that the EGS remains responsive to changes in demand for employment.

EGS planning work takes place primarily in the state's 289 *tahsils*. Local politicians suggest projects at *tahsil* EGS committee meetings or under more informal circumstances—at the offices of technical officers or at EGS project sites. Technical department officers investigate the practicality of the suggestions, survey sites, and draw up plans that are reviewed and given technical sanction by departmental superiors at the district level. The senior Revenue Department official at the *tahsil* level, the *tahsildar*, collects these plans and assembles them into what is known as a "blueprint" that contains a "shelf" of project plans sufficient to supply two years of EGS employment for the *tahsil*. *Tahsil* blueprints are then forwarded to the district collector who assembles them into a district-level blueprint and submits them for approval to the district EGS committee. The district blueprint is then reviewed by the Planning Department.

People desiring work in the EGS are supposed to register with either the *tahsildar* or a designated village-level official. The *tahsildar* can either assign these applicants to an ongoing work site or, upon receipt of at least 50 requests, begin a new project. To initiate a new project, the *tahsildar* selects a plan from the blueprint and submits it to the district collector for review and administrative sanction. Upon his sanction, the collector selects a technical department to implement the project and allocates the necessary funds. Revenue Department officials are encouraged to provide work in projects located not more than seven kilometers from a laborer's residence even though the statutory guarantee requires only that workers be given employment within the district where they live. Should the *tahsildar* fail to assign them to a project within 15 days of their requests, applicants are legally entitled to unemployment compensation of one rupee per day.

In sum, the government of Maharashtra has fashioned an administrative structure that responds to the formidable challenge of implementing the EGS throughout Maharashtra's 36,000 villages. The matrix structure of administrative authority, decentralized planning, and the Revenue Department's coordination of work performed by the various technical departments combine to make it possible for the EGS to meet local developmental needs.

### *The Revenge of the Rational Peasant*

The guarantee of employment causes special problems for the planning of implementation since it makes the preferences of workers an important

factor in determining the location and size of EGS projects. The demand for EGS employment can be quite volatile. Droughts, natural calamities, or even seasonal changes cause dramatic shifts in demand. For instance, in Ahmednagar district the dry 1982 monsoon season caused average daily labor attendance to jump 64% from 54,250 to 89,234 between July and August. Even with the relatively flexible administrative structure of the EGS, it is difficult to make adequate adjustments. Sudden increases in demand usually require rapid initiation of new projects. Sometimes the number and location of available works is inadequate to meet the demand, and new projects may have to be implemented without sufficient time for proper planning. In order to meet demand for employment with projects in the vicinity of the workers' residences, Revenue Department officers sanction projects that may be of little productive value. Sudden increases also overload administrative personnel and resources.

Administrative stress in extraordinary circumstances is to be expected. Less expected is the stress that arises from the individual preferences of the EGS laborers. These also cause volatility in EGS labor attendance, largely a consequence of the way the guarantee operates. Despite government regulations requiring preliminary registration with the *tahsildar* or a designated village official, laborers prefer to appear at project sites and ask for employment. Because of the guarantee, project supervisors feel obliged to accept them, and while this gives local laborers considerable autonomy in determining when and where they will work, it creates problems for administrators who are unable to predict the number of workers on a given project. It is not uncommon for a project with a steady labor attendance of 100 suddenly to have 200 additional workers asking for employment. Similarly, projects that have labor attendance of 150 one day may have less than ten the next. Such volatility is easy to explain from the workers' perspective. They will leave projects en masse if another EGS project opens up closer to their village. The difficulty of work is another factor entering into their calculation. Digging and transporting dirt make up the bulk of the work on irrigation systems and roads, and the effort required increases considerably after the top soil has been removed and laborers reach the compacted base below. At this stage, it is not uncommon for projects with an excess of laborers to experience a sudden exodus and be left with an insufficient number to complete the work.<sup>5</sup>

5. The volatility of labor attendance was a frequent complaint of the field level officers I interviewed in Ahmednagar, and was one of the most important concerns discussed at the "Session on EGS Implementation" conducted by the Maharashtra Administrative Staff College in 1983 in Bombay.

Unanticipated fluctuations cause administrative turmoil. Sharp increases in labor attendance may render locally available funds insufficient to pay wages. As the ratio of workers to supervisors grows, proper oversight becomes difficult. The number of workers may grow to the point where their productivity decreases and, in turn, wages that are based on piecework rates fall, arousing discontent among workers. At the same time the quality of work declines, project costs increase, and superior officers become displeased. Unanticipated high labor attendance may cause projects to be completed before new ones can be started and new jobs provided. Precipitous drops in labor attendance may mean that projects are not completed before the monsoon halts work and damages incomplete construction.

The Maharashtra government has attempted to reduce the problems arising from the volatility of labor attendance by ordering project supervisors to direct excess workers to other EGS worksites and by authorizing measures to better estimate the demand for employment. Directives have called for calculation of *tahsil* "manpower budgets" estimating demand for EGS employment in each village by month and by the distance workers are willing to travel, but these are rarely computed and put to use. The government has also ordered updating of the registration of workers desiring EGS employment, but despite these efforts, registration bears little relation to actual labor attendance. In the absence of effective planning to anticipate the demand for work, limiting the number of laborers on a project may erode the effectiveness of the employment guarantee since other projects may not be available in the vicinity.

### *Sources of Corruption*

Extensive corruption plagues EGS implementation,<sup>6</sup> most often in wage manipulation and falsification of expenditures. The complex wage rate schedule utilized often prevents workers from calculating their earnings, which makes them vulnerable to underpayment by administrators who pocket the surplus. Project expenditures can be falsified by officials who may overstate the wages paid out, add names to attendance records, or exaggerate the costs of materials. For example, the EGS committee of the state legislature found that a percolation tank reported to cost Rs.2.8 mil-

6. An investigation by the state's finance minister found 341 cases of corruption at the end of 1983 ("341 EGS Graft Cases Detected," *Indian Express*, December 6, 1983, p. 4). An investigation by the EGS committee of the state legislature found graft involving Rs.11.5 million in a single *tahsil* from 1978 to 1982 ("12 Engineers Suspended for Fraud," *Indian Express*, March 22, 1984, and "Rs.1.15 Crore Graft in Nasik EGS," *Times of India*, March 22, 1984).

lion should have been built for only Rs.226,000. Though officers in the technical departments appear to be at the center of the problem, corruption often involves collusion with local politicians and even the workers themselves.<sup>7</sup>

While corruption in the EGS has many causes, the most striking are the result of the administrative structure of the EGS and the bureaucratic politics that stem from it. In the implementation of projects, the EGS organizational structure places those with a limited commitment to the program in key positions of authority. It creates conflict among the technical department officers responsible for implementation and limits their accountability. Supervising EGS projects is generally unpopular among government officials. Interviews with 34 field level officers in Ahmednagar district in March 1984 found that 79% (27 of 34) preferred working on regular departmental works. Only 6% (two of the 34) preferred the EGS.

These officers had good reasons to prefer the departmental works where laborers are hired and supervised by private contractors. On EGS projects, technical department officials must supervise the workers themselves, causing the officials considerable unpleasantness and inconvenience. The EGS also places them under political pressure, both from politicians and from demonstrating workers. Professional pride also dictated disdain for EGS work. One official stated that the EGS devalued his professional status because it compelled him to listen to the advice of everyone, "no matter how ignorant." Many complained that the EGS involved too much nontechnical work; they disparaged the paperwork necessary to pay wages and the numerous meetings they were required to attend, and they felt their skills could be put to better use. Others said they gained more satisfaction from working on regular departmental undertakings because the higher quality of the work force enabled projects to be completed more efficiently. One ambitious engineer, expressing a view that was undoubtedly widespread, said he preferred working on departmental projects because it enabled him to develop personal relationships with those in his department who were crucial to his promotion.

Most senior officials in the technical departments also disliked the EGS. The minutes of the Shirampur *tahsil* EGS committee in Ahmednagar district over the period January to July 1983 show that many *tahsil* and district level officials avoided committee meetings even after being reprimanded by the committee's chair. Dislike of the EGS extends even higher up departmental hierarchies. In a surprisingly candid interview

7. B. R. Bawake, leader of a union of EGS workers in Shirampur *tahsil*, told me that government officials often "buy off" EGS workers when they threaten to complain about corruption. (Interview, Shirampur, March 22, 1984.)

that I believe reflects widespread attitudes, a senior Agriculture Department official said he was "totally against schemes like the EGS," and that the objectives of the EGS contradicted the goals of his department. He argued that the EGS is more concerned with providing employment and amenities for workers than with the quality of work. He charged that the politicians and collectors who demand that more projects be initiated "have very short time horizons," adding that he would prefer to see funding for the EGS reduced or eliminated so that more resources could be made available for departmental work.<sup>8</sup>

Conflict between the Revenue Department and the technical departments also contributes to corruption. This conflict has its roots in the historical evolution of the Indian state. As the state's priority has shifted from revenue collection and maintenance of law and order during the colonial period to promoting economic development following independence, the status and power of the technical departments has increased relative to the Revenue Department. Technical department officials resent interference in the exercise of their expertise by "generalist" Revenue Department officials, and they often object to the Revenue Department's priority for providing employment and its monitoring of their performance. The matrix structure of EGS administration exacerbates the antagonism. Almost half of the field level officers that I interviewed affirmed that they had problems in their relations with Revenue Department officials. They said that *tahsildars* assigned them too many projects, sent them more workers than their projects could absorb, and sometimes pressured them to begin works before they were properly planned. Revenue Department officials had complaints of their own, charging that technical department officials refused to obey their orders, were chronically late in submitting reports, and refused to carry out projects that had been sanctioned.

While corruption in the EGS is a serious problem, it is unclear whether it is any more serious than in India's other rural development programs. Poverty alleviation programs e.g., the Integrated Rural Development Programme also suffer from corruption, and there is growing awareness of extensive corruption in the government's construction and management of irrigation facilities and other rural infrastructures. Given the nature of the problem, comparison with hard data is virtually impossible. Nevertheless, it is important to note that the EGS includes sanctions against corruption that do not exist on regular departments. The decisions of officers responsible for planning and implementing the EGS are more open to outside scrutiny, while planning of regular department projects is done primarily within the technical departments. Selection of contractors often

8. Interview, February 1, 1984.



takes place behind closed doors and can be a source of payoffs. In contrast, EGS project sites are usually selected in *tahsil* committee meetings, and project plans are reviewed not only by senior officers in the technical departments but also by the *tahsildar*, the collector, and the *tahsil* and district level committees. The use of contractors is limited to the phases of projects that require skills or operation of equipment beyond the abilities of EGS workers.

The EGS provides more means to hold officers accountable, whereas most regular departments enjoy a monopoly on the services they provide, and their officers are insulated from external authority. Departmental superiors are frequently reluctant to reprimand subordinates on matters of corruption. The legal system is notoriously ineffective in combating corruption, and corrupt officials thus are relatively free to extract "rents" for their services. The EGS, in contrast, opens channels through which pressure can be brought to bear upon corrupt officials. Public complaints can be addressed either to members of the various EGS committees or to officials in the Revenue Department, who possess formal authority over EGS implementation. The exercise of this authority, however, is often resisted by the technical departments.

A dramatic illustration of the obstacles facing those who attempt to combat corruption is the controversy over Arun Bhatia, the crusading collector of Dhule district. Shortly after his appointment, Bhatia's initial investigation detected a number of cases of misappropriation of funds, the disclosure of which caused the state legislature to appoint a special commission to investigate further. Additional misappropriation was found, leading to the formation of a citizens' committee that eventually discovered eight projects where officials had made "excess payments" of more than Rs.200,000 to contractors. The final outcome of these revelations shows the power of the technical departments. Bhatia attempted to prosecute alleged offenders through the police. The police aligned with the technical departments. On June 25, 1982, the Dhule district superintendent of police issued an order instructing his subordinates not to accept any more charge sheets from Revenue Department personnel concerning EGS corruption. Bhatia was transferred from Dhule even though the state commission requested that he be allowed to continue his investigation. Despite the findings of the investigation, not one officer from the technical departments was prosecuted.<sup>9</sup>

9. For a more detailed account see John Echeverri-Gent, "The State and the Poor: A Comparative Analysis of Policy Implementation in India and the United States," Ph.D. dissertation, University of Chicago, 1987, pp. 181-83.

The power of the technical departments is also illustrated by their role in land acquisition for EGS projects. Irrigation tanks and roads often require that landowners transfer land to the state, and technical officers must collect the signatures of affected landowners on consent forms before beginning projects. Approximately 80% of the landowners turn over their land after "private negotiations" with technical department officers prior to formal acquisition proceedings.<sup>10</sup> Others often attempt to forestall the acquisition, causing delays in the initiation of projects. The resistance of these landowners occurs because they often do not receive timely and adequate compensation. According to the 1983-84 report of the state legislature's EGS committee, lands were taken from 15,082 owners but compensation had been provided to only 7,200. Not only were landowners deprived of their property, but many were also compelled to pay tax on the land even after they had lost possession of it.<sup>11</sup> The responsibility for the landowners' predicament lies primarily with the technical departments. In many cases, the latter take possession of the land but do not inform land acquisition officers in the Revenue Department. This delays compensation proceedings and prevents the Revenue Department from adjusting tax levies to take into account lost land. The problem persists despite a campaign headed by the chief minister in 1978-79 and repeated complaints to the administration by the state legislature's EGS committee.

The EGS illustrates the relative autonomy of the technical departments even vis à vis leading state politicians. The state legislature's EGS committee has repeatedly recommended strengthening the authority of the collectors over the technical departments, and after the Arun Bhatia controversy the special state commission also urged that the collector's power over the technical departments be enhanced. The departments have succeeded in resisting such moves, however, and according to V. S. Page, chairman of the state Employment Guarantee Council, they are too powerful to allow a diminution of their authority.<sup>12</sup>

### Political Consequences: Promoting Responsiveness to the Rural Poor

In spite of the extensive corruption and relative autonomy of the technical departments, implementation of the EGS remains surprisingly responsive

10. Samuel S. Lieberman, "Field-level Perspectives on Maharashtra's Employment Guarantee Scheme," *Public Administration and Development*, 5:2 (1985), p. 116.

11. Rozgaar Hami Yojana Samiti, *Aathavaa Ahavaal* (eighth session) (Bombay: Maharashtra State Legislative Secretariat, 1984), p. 3; and Planning Department, *Employment Guarantee Scheme: A Compendium of Orders* (Bombay: Government of Maharashtra, 1982), p. 663.

12. Interview, January 24, 1985.

to the demands of the rural poor. This has to do with the ways in which the EGS shapes the political terrain of its social environment. By making employment an entitlement, the EGS facilitates collective political action by the rural poor, and promotes the realization of their common interests. It provides them with opportunities for effective action and encourages the mobilization of their political resources. The EGS also shapes the actions of rural politicians, altering their social environment in a way that disposes them to be more responsive to the demands of the poor.

Implementation of the EGS creates circumstances conducive to collective political action by the rural poor, much as factory situations historically promoted the organization of trade unions. Concentrating large numbers of workers in one place in similar conditions and increasing their interaction helps to break down social differences. This is especially significant in India where the caste system creates divisions among people occupying similar economic positions.<sup>13</sup> The EGS also discourages sexual barriers and inequality. At least 40% of EGS workers are women, with wage rates equal to men's. Employment opportunities outside of their households also encourage women to be more active in public life. EGS places workers under a single employer rather than multiple and dispersed ones, and the state is a benign employer compared to many farmers, who have been known to repress worker organizations. Provision of alternative employment by the EGS provides a measure of security that makes those workers employed in the private sector less dependent on local elites, and this encourages their political independence.

The guarantee of employment provides an incentive for political activism. Employment becomes a political as well as an economic issue, and the articulation of political demands becomes a means of securing a livelihood. This provides organizers with a resource that they can use as a reward for workers who organize and successfully demand employment from the government. The EGS has fostered a limited but not inconsiderable increase in nongovernmental organizations (NGOs) representing the rural poor. Some focus exclusively on EGS workers, but most are multi-purpose organizations.

The resources generated by the EGS provide opportunities for politicians as well as independent organizers, and the opposition parties have established groups that take advantage of these opportunities. The Janata Party's *Shet Majoor Panchayat* (Farm Laborers Assembly) claims a statewide membership of 24,000 and has used the EGS as an important compo-

13. B. N. Rajhans, president of the *Shet Majoor Panchayat*, observed that one way the EGS breaks down caste barriers is obliging all workers to drink water from the same source. Interview, Pune, January 28, 1984.

nent in its strategy to expand its membership.<sup>14</sup> In Ahmednagar district, the Lal Nishan (Red Flag Party) has supported the organization of the Ahmednagar Shet Majoor Union. Its leaders claim a membership of 5,000, of whom 3,000 were organized as EGS workers.<sup>15</sup>

Politicians in the ruling Congress Party have probably gained more political benefits than anyone. Implementation of the EGS, however, has changed the political terrain, and even though the Congress Party has dominated Maharashtra's rural politics, the system remains highly competitive because elites vie for power within the Congress. In the past, success in politics has required support from rural institutions that are dominated by elites—e.g., sugar cooperatives, District Central Cooperative Banks, private educational associations, etc. The EGS has become another factor in this competition, and its presence enhances the potential autonomy of rural politicians from other rural elites.

The EGS also alters the political calculations of those politicians who come to rely upon it as a source of support. This point was made clear to me by the *sabhapati* (chair) of the Parner *panchayat samiti* (*tahsil* council) when he remarked that the EGS sometimes placed him in the middle of a conflict of interests between many workers wanting EGS employment and a few landowners who want to shut down EGS projects. It compelled him to weigh the potential gain from the votes of the workers against the losses he would incur if he defied the fewer but more powerful landowners. The EGS thus gives the workers added weight in his calculations.

The existence of the EGS provides politicians with resources to build independent political organizations, similar to political machines but with an important difference. Machine organizations are usually able to monopolize the distribution of benefits to their popular base of support; in contrast, the guarantee of employment under the EGS prevents such a monopoly. It facilitates the organization of workers by opposition parties and NGOs as well as by ruling party politicians. This encourages the establishment of multiple channels to represent workers' interests, and it increases the opportunities for workers to make politics more responsive to their perceived needs.

### Economic Consequences: Redistributing Resources to Backward Areas

By influencing the behavior of politicians and the poor, the EGS shapes the manner in which the scheme is implemented. Its guarantee encourages

14. Ibid.

15. Interview with B. R. Bawake, March 22, 1984.

rural workers to demand employment, and EGS administrators must fulfill the guarantee. In effect, the guarantee places EGS administrators in a quasi-market environment. Areas with high unemployment tend to have greater demand for jobs and EGS administrators provide them. In areas with less unemployment, EGS administrators tend to generate fewer jobs. Since economic development in rural Maharashtra tends to absorb labor, the demand for EGS employment is likely to occur in less developed areas. Therefore, in making employment an entitlement, the EGS does more than provide workers with jobs and create assets through public works. It redistributes employment and expenditures and helps to reduce uneven development.

I have tested these contentions by collecting data concerning EGS employment and expenditures for each of Maharashtra's districts over the decade July 1975–March 1985. I also constructed thirteen variables indicating socioeconomic characteristics of each district.<sup>16</sup> The correlations between EGS employment and expenditures in each district and the socioeconomic variables reveal that districts with large shares of their agriculture in traditional, unirrigated crops tended to have high rates of EGS employment and expenditures, as did districts that received relatively low amounts of rainfall and those with relatively low levels of agricultural productivity per hectare.<sup>17</sup> Multiple regression analysis enables more sophisticated testing by allowing us to isolate the impact of one variable from the others. Once again, the indicator for traditional, unirrigated agriculture is most highly related to EGS employment and expenditures. The regression analysis also reveals two other variables with statistically significant effects. Both are indicators of the presence of underprivileged groups. The shares of a district's rural work force that comprise scheduled tribes and scheduled castes are positively related to EGS employment and expendi-

16. John Echeverri-Gent, "The Political Means of Effective Development: Comparing Public Works Programs in Maharashtra and West Bengal," a paper presented at the 40th annual meeting of the Association for Asian Studies, March 1988, San Francisco.

17. The variable representing traditional, unirrigated agriculture was the average share of gross cropped area planted in *rabi jowar*, *bajra*, and pulses from 1976–77 through 1978–79. The Pearson correlation coefficients showing the relationships between this variable and EGS employment and expenditures (each standardized by the rural work force of each district) were .75 and .69, respectively. Each was significant at the  $p < .001$  level. The correlation coefficients between the average annual rainfall over the period from 1901–1950 and EGS employment and expenditures were both .55, and were significant at the  $p < .01$  level. The variable for productivity was the average productivity of agricultural land over the period from 1978–79 through 1980–81. The correlations between this variable and EGS employment and expenditures were  $-.54$  and  $-.58$ , each significant at the  $p < .01$  level.

tures. Together, these three variables account for 71% of the variation of EGS employment and 60% of the variation in EGS expenditures.<sup>18</sup>

These findings provide strong support for the contention that the EGS redistributes employment and expenditures to backward districts and to underprivileged groups. The percentage of gross cropped area accounted for by traditional dry-land agriculture is a good indicator of agricultural backwardness. The areas characterized by this indicator are among the poorest in the state, and they also tend to be the areas most susceptible to drought. Similarly, members of scheduled tribes and scheduled castes are among the most underprivileged in the state. The responsiveness of the EGS to backward areas and the underprivileged is commendable.

The study shows that it is necessary to qualify our argument. One might expect that districts with the highest levels of agricultural laborers in the work force would have the highest levels of EGS employment and expenditures since these workers seem to be most in need of EGS employment. But the relationship is not significant. This finding is supported by the joint study of the EGS conducted by the Government of India and the Maharashtra state government, which found that agricultural laborers constituted only 21% of those receiving EGS employment. Farmers operating two hectares or less employed 39% of the agricultural laborers, while those operating more than two hectares employed 34%.<sup>19</sup>

The unexpectedly small share of farm workers in the EGS has several explanations. EGS regulations discourage their participation, stipulating that the program should not attract agricultural laborers away from the employ of local farmers. Wages in the EGS are designed to remain below the minimum wages for agricultural laborers. While the extent to which the minimum wage is effective in Maharashtra is open to question, it is undoubtedly true that in many cases agricultural laborers can earn more working for local farmers than in EGS jobs. Furthermore, working for local farmers may provide a more secure livelihood than the EGS, since the latter rarely provides year-round employment and may require laborers to travel a considerable distance to obtain work. The poorest agricultural laborers often have immediate need for their wages, and they strongly prefer the daily wages available from farmers as opposed to

18. When run in an equation including all other variables possessing significant relationships with the dependent variable, EGS employment, the indicator of traditional, unirrigated agriculture has a beta coefficient of .72. It is significant at the .001 level. The variable representing the share of scheduled tribes in a district's rural labor force has a beta coefficient of .49 and is significant at the  $p < .05$  level; the variable for the share of scheduled castes has a beta coefficient of .34 and is significant at the  $p > .05$  level. The results in the equation with EGS expenditures as the dependent variable are comparable.

19. Government of India and Government of Maharashtra, *Joint Evaluation*, p. 64.

weekly EGS wages that are sometimes delayed for lengthy periods. Underemployment of cultivators in areas with traditional dry-land agriculture is another factor that should not be overlooked. These areas usually support one crop a year, absorbing labor for four to five months and leaving farmers underemployed during the rest of the year. It appears that the EGS is more responsive to underemployment in dry-land areas than to the underemployment of agricultural laborers.

The strong association between EGS employment and districts where dry-land agriculture predominates also results from the fact that the EGS produces assets as well as employment, and EGS administrators are responsive to demands for asset creation. Assets produced by the EGS are largely basic infrastructure—e.g., roads, soil conservation, and minor irrigation works. The demand for such assets is greater in backward areas, while some of the more developed areas of the state are running short of projects that can be taken up under the EGS.

Historical factors also help to explain the distribution of EGS employment and expenditures. The EGS followed on the heels of the public works projects that were the mainstay of Maharashtra's drought relief program during 1971–73. This contributed to an implementation dynamic that favored drought-prone areas. Government officials in these areas were better prepared to implement the EGS, and they tended to give it higher priority. The drought relief program left a legacy of incomplete projects and unimplemented plans that facilitated the initiation of EGS projects, and previous experience with the program helped prepare the public to take advantage of the opportunities provided by the EGS.

The government's administrative messages also shape the demand for employment. The bias favoring farmers as opposed to agricultural laborers is one example. Another is the issuance of directives liberalizing restrictions on road construction in areas where large numbers of scheduled tribes reside. This increases EGS employment and expenditure in these areas because roads are the easiest asset to plan and build, and laborers find road construction one of the most attractive forms of employment.

### Concluding Remarks

This examination of the EGS has revealed some of the ways in which the Maharashtra government has responded to the challenges of implementing an ambitious entitlement program. EGS planners attempted to surmount the challenges by creating a complex administrative apparatus that permits decentralized planning and flexibility in response to fluctuations in the demand for employment. An important feature of this apparatus is its matrix structure of authority. The matrix helps to maintain the dual

objectives of the program by assigning the Revenue Department responsibility for providing employment to laborers and technical departments responsibility for insuring that EGS projects are properly designed and constructed.

While the matrix structure of authority appears to be a rational response to the administrative challenge presented by the EGS, it is in part responsible for the corruption that plagues EGS implementation. The division of labor generated by the matrix contributes to a widespread lack of commitment on the part of EGS administrators. The alienation of officials in the field is reinforced by the pejorative attitude that is pervasive among their departmental superiors. The Revenue Department lacks the authority to effectively monitor and supervise the technical officers. Prospects for resolving these problems are dim. The political clout of the technical departments appears too strong, and politicians seem to have little incentive to bring about changes.

The profuse corruption, the enhancement of the power of ruling party politicians, and the bias in creating assets that favor medium and large farmers has led several analysts to be highly critical of the EGS.<sup>20</sup> While this research has found merit in these criticisms, it has also revealed some positive outcomes that are not usually appreciated. By making employment an entitlement, the EGS encourages the political mobilization of the rural poor, and provides incentives for politicians to be more sensitive to the interests of the poor. These changes have caused EGS administrators to respond to the demand for employment throughout the state. Since the demand tends to be associated with underdeveloped areas, the EGS redistributes developmental expenditures to these areas. In a state characterized by uneven development, this is a significant achievement.

The causes of uneven development, corruption, and elite domination in rural Maharashtra are deeply rooted in the state's political economy. In itself, the EGS alters their dynamics only marginally. Nevertheless, making employment an entitlement enhances the political capabilities of less privileged groups, and alters the state's political terrain in a manner that enhances the prospects for more equitable development.

Most policy analyses appraise the efficiency of implementation in achieving policy objectives and usually neglect the political impact of policy implementation. The case of the EGS suggests the importance of tak-

20. See Amrita Abraham, "Maharashtra's Employment Guarantee Scheme," *Economic and Political Weekly*, 15:32 (August 9, 1980), pp. 1339-342; Herring and Edwards, "Guaranteeing Employment"; MHJ, "Who Pays For and Who Gains from EGS," *Economic and Political Weekly*, 17:31 (July 31, 1982), pp. 1226-228; and "EGS for Whom?" *Economic and Political Weekly*, 19:10 (March 10, 1984) 402-03.



ing into account the ways that public policy shapes political activity. This analysis shows that the political impact of policy implementation is important because public policy is more effective if its implementation creates pressures that encourage administrators to promote policy objectives. Over the long term, the importance of the political impact of policy implementation lies in its shaping the nature of political activity and its effect upon political relationships within a society. The cumulative impact of policy implementation conditions the nature of that society's politics and, ultimately, the direction of its political and economic development.