

## Making Employment an Entitlement

### *Maharashtra's Employment Guarantee Scheme*

The larger landowners complain that the EGS attracts workers away from them. They ask us to close down the EGS projects. But we can't listen to them since the poor are in greater numbers.

*Sabhapati, Parner Panchayat Samiti  
(Chairman, Parner Block Council)*

Entitlement programs are generally associated with the welfare states of advanced industrial countries. Their expense and administration usually are considered too burdensome for Third World countries. This chapter discusses an entitlement program in the state of Maharashtra in India: the Employment Guarantee Scheme (EGS). The EGS entitles any adult residing in the state's countryside to a job and fulfills this guarantee by creating a system of public works designed to promote rural development. Implementing such an ambitious program in a state whose population is larger than that of France, and whose area approximates that of Germany, presents many problems. Public works projects must provide employment to 600,000 workers dispersed throughout the state. Implementation must be made responsive to sizable fluctuations in the demand for employment occurring over time and across space. In addition, corruption must be kept in check.

In spite of many problems, making employment an entitlement generates unexpected 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 government officials are also affected. Though it provides opportunities for patronage and corruption, the EGS facilitates mobilization of the rural poor and encourages politicians and bureaucrats to be more sensitive to their needs. Changing the micro incentives of such groups

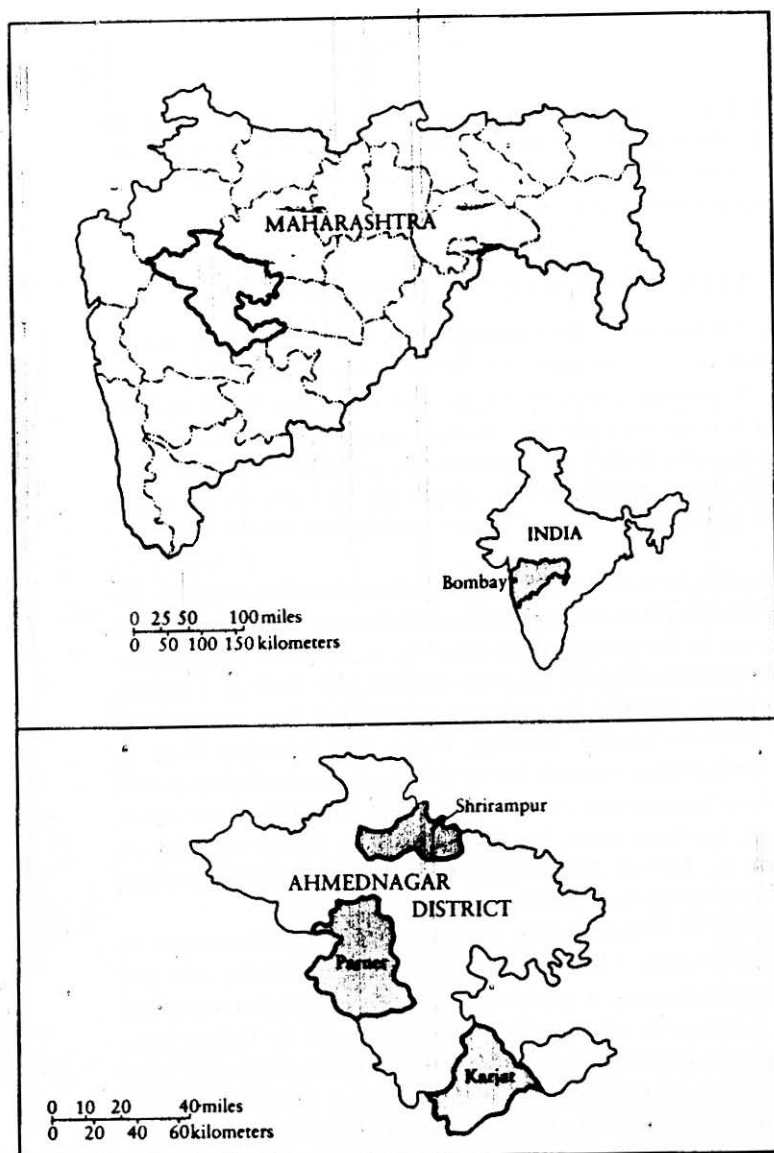
results in a surprising macro outcome. Greater responsiveness on the part of politicians and government officials to the less privileged sections of society ultimately produces a redistribution of developmental expenditures to backward areas.

## THE POLITICAL ECONOMY OF MAHARASHTRA

Maharashtra has one of the fastest-growing economies of any state in India. From 1970-71 to 1987-88, the net state product for Maharashtra grew in constant prices by 114 percent while that for all of India increased by only 82.4 percent. Real per capita income showed even greater disparities. India's per capita income increased by just 25.6 percent, while Maharashtra's grew by 48 percent. In 1987-88, per capita income in Maharashtra was 37 percent higher than that for India as a whole.<sup>1</sup>

The impetus for economic growth in Maharashtra was unevenly distributed. Much of it came from the manufacturing sector, which grew in real terms by 162 percent from 1970-71 to 1987-88. Manufacturing's share in Maharashtra's net state product grew from 26.5 percent to 32.5 percent. Most of the industrial growth has been concentrated in three districts: Greater Bombay, Thane, and Pune (see Map 1). Though these districts account for 25 percent of the state's population, they produce 81 percent of its industrial output. The agricultural sector, in contrast, has been much less dynamic. Its 60 percent real growth meant that its share in Maharashtra's net domestic product declined from 27.0 percent to 20.2 percent.

Agriculture in Maharashtra's rural hinterland is characterized by considerable diversity. The Ghat mountain range divides the state into two geographical zones: a narrow coastal strip running no more than 50 miles between the ocean and the mountains and the Deccan plain extending from the mountains almost 600 miles to the east. The monsoon winds drop plentiful rainfall as they rise over the Ghats, but they are depleted by the time they have traversed the mountains, creating an arid rain shadow on the other side. While paddy cultivation pervades the coastal strip, peasants in the rain shadow eke out a livelihood through dry-land agriculture based upon coarse foodgrains, except in limited areas near river basins that benefit from surface irrigation. Rainfall gradually picks up to the east, and commercial crops become viable in the central regions of the state. Paddy is the main crop in the easternmost districts of Bhandara and Chandrapur.



Map 1. Maharashtra.

TABLE 2  
DISTRIBUTION OF LANDHOLDINGS IN  
MAHARASHTRA, 1980-81

Size of Operational Landholdings (in acres)	Percentage of Holdings		Percentage of Area Operated	
	<i>Maharashtra</i>	<i>India</i>	<i>Maharashtra</i>	<i>India</i>
Marginal (less than 2.5)	29.4	56.6	4.8	12.1
Small (2.5 to 5)	22.6	18.0	11.0	14.2
Semimedium (5 to 10)	24.0	14.0	22.8	21.2
Medium (10 to 20)	19.6	9.0	39.8	29.7
Large (over 20)	4.4	2.4	21.6	22.8
Total	100.0	100.0	100.0	100.0

SOURCE: Government of India, Director of Economics and Statistics, Department of Agriculture and Cooperation, Ministry of Agriculture, "Agricultural Census: All India," *Agricultural Situation in India* 40, no. 5 (August 1985): 410-11.

Maharashtra's average agricultural holding of 2.95 hectares is significantly above the 1.82 average for India as a whole. The share of landholdings comprised of marginal tracts, at 29.4 percent, is smaller than the all-India average of 56.6 percent (see table 2). The state's share of semimedium and medium holdings—24.0 percent and 19.6 percent, respectively—is considerably higher than the all-India figures of 14.0 and 9.0 percent.<sup>2</sup> Nevertheless, arid climate and relatively infertile soils ranging over much of the Deccan plateau have limited agricultural productivity, and rural poverty is higher than one might expect given the state's agrarian structure. In 1983, 51.3 percent of the state's rural households were estimated to live below the poverty line, whereas the all-India figure was 48.4 percent.<sup>3</sup>

Growth within the agricultural sector has been uneven. From the triennium ending in 1966-67 (that is, 1964-65, 1965-66, and 1966-67) to the one ending in 1986-87 (1984-85, 1985-86, and 1986-87), the average annual production of sugarcane grew by 128 percent while production of foodgrains increased by only 45 percent.<sup>4</sup> The lack of



growth and productivity in foodgrain production is cause for concern, because most of the 65 percent of the state's workers employed in agriculture depend on foodgrain cultivation for their livelihood. Annual average foodgrain production per hectare in Maharashtra was 35 percent below the national norm for the period from 1982-83 to 1986-87. Furthermore, rates of increase of foodgrain productivity in Maharashtra have lagged behind those of the country as a whole. Average foodgrain productivity from the five-year period ending in 1965-66 to the five-year period ending in 1985-86 increased by 57.4 percent in India but by only 43.6 percent in Maharashtra.<sup>5</sup>

The relative stagnation of foodgrain production is in part a consequence of the low percentage of gross cropped area under irrigation. Only 12.2 percent of Maharashtra's gross cropped area is irrigated, whereas the rate for the country as a whole is 34.5 percent.<sup>6</sup> To some extent, this disparity occurs because Maharashtra's arid countryside has less irrigation potential. Nevertheless, the state has hardly approached the 30 percent of its gross cropped area estimated to be irrigable, and it lags behind most other states in this area.<sup>7</sup> A large share of the benefits from irrigation has been absorbed by water-intensive sugarcane cultivation. Sugarcane cultivators' appropriation of a disproportionate share of irrigation has become a matter of controversy as other cultivators have demanded a more equitable distribution.<sup>8</sup>

Uneven economic development has promoted an uneven distribution of political power in the state. Despite the buoyancy of the industrial sector, political leaders in Bombay have succumbed to the political logic dictated by the fact that 87 percent of the state's residents live outside the city. In fact, leaders of the state's dominant Maratha caste developed into a powerful political elite through the experience they acquired in the anti-Brahmin movement of the 1920s and the Samyukta (United) Maharashtra movement of the 1950s. One of the most striking political developments during the postindependence era in Maharashtra has been the "deurbanization" of political life, in which an urban-dominated political leadership was displaced by rural leaders.<sup>9</sup>

The Maratha political elite come from an agricultural caste that constitutes approximately 40 percent of the population and whose leaders were the traditional village (*patilki*) and regional (*deshmukhi*) elites of rural Maharashtra. The Marathas have gained control over the new institutions of rural power, including cooperatives, schools, and local government. Their control over sugar cooperatives, in particular, has enabled the Marathas to gain control over other institutions.<sup>10</sup> Since the

1960s, the "sugar lobby" has become one of the dominant factions in the state's legislative assembly. In 1977-78 and 1983-85, it succeeded in placing its leader, Vasantdada Patil, as chief minister of the state despite the reservations of Prime Minister Indira Gandhi.<sup>11</sup>

The Marathas' dominance has been especially resilient because of their knack for cementing their support with patronage and co-optation of potential rivals.<sup>12</sup> These skills were epitomized by Y. B. Chavan. From 1956 to 1975, Chavan became the dominant figure in the state's politics by fashioning a complex system of alliances and patronage that incorporated virtually all factions of the rural elite within the Congress party.<sup>13</sup> Because of Chavan's political craftsmanship, the Congress Party dominates state politics. Its dominance is plagued with factionalism because the bonds of patronage that hold it together are easily upset by ambitious individuals striving to improve their standing.

Why should Maharashtra's fractious state legislature, one that astute observers have 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>14</sup> One might answer this question by noting that the right to employment is an entitlement recognized by the Indian constitution. But why has Maharashtra established a program to provide this entitlement while other Indian states have failed to do so?<sup>15</sup> The most cogent answers to this question lie in the distinctive nature of the state's political economy. The state's thriving industrial sector makes it better able to afford the EGS. The program is funded by taxes whose incidence falls predominantly on Bor bay, the center of the state's industrial dynamism. Urban political leaders support the program because they hope that it will curb migration of rural laborers to their already overcrowded metropolis.<sup>16</sup> At the same time, Maharashtra's rural Maratha elite makes concessions to subordinate groups in order to protect the legitimacy of its political and economic dominance.<sup>17</sup> By creating an abundant source of patronage, the EGS favors the interests of rural politicians even if it contradicts the interests of their most powerful supporters.

It has been argued that, contrary to initial appearances, the EGS actually favors the interests of cultivators. By providing supplementary employment to agricultural laborers at times when there is no work in the fields, the EGS frees cultivators from their traditional obligations to maintain their workers in slack agricultural seasons.<sup>18</sup> It also provides assets that increase the productivity of their cultivation and enhance the value of their land.<sup>19</sup>

In sum, the EGS offers something for everybody. The rural poor receive employment. Cities reduce overcrowding. Cultivators profit from the creation of agricultural infrastructure and freedom from traditional obligations. Politicians benefit from EGS because it provides them with a progressive image, not to mention an abundant source of patronage. The industrial dynamism of the state makes financial support for the program tolerable. As a result, the EGS enjoys widespread support and immense popularity.

### THE ADMINISTRATIVE STRUCTURE OF THE EGS

Implementing the EGS requires a major commitment of resources. The EGS generated an annual average of 154 million person-days during the 1980s: approximately nine days of employment for each worker in the rural labor force, or a 300-day work year for 513,000 workers—3 percent of the rural work force. EGS expenditures totaled Rs. 2.46 billion in the fiscal year ending March 1, 1987—12.5 percent of all expenditures budgeted for Maharashtra's annual plan. As of December 1989, EGS projects completed 22,766 irrigation works, 117,461 soil conservation and land development projects, 17,350 road works, and 9,987 afforestation projects.<sup>20</sup>

This extensive public works program, with its diverse array of projects, is implemented through a complex administrative structure incorporating seven different agencies.<sup>21</sup> At the state level, the Planning Department manages the EGS fund and budgets EGS expenditures for each of the state's twenty-nine districts outside of Greater Bombay. It also encourages coordination between the EGS and other state programs. The Revenue Department is in charge of the EGS at the divisional and district levels, with the commissioner of the Revenue Division and the district collector exercising the ultimate authority over all EGS projects under their jurisdiction. The structure of EGS administration at the district level can be depicted as a spoked wheel. The Revenue Department is at the hub. Situated at the ends of the spokes are five technical departments in charge of implementing EGS projects: the Irrigation Department, the Public Works Department, the Agriculture Department (Soil Conservation), the Forestry Department, and the elected district councils known as the zilla parishads. Panchayat institutions have three levels: the district (i.e., the zilla parishads), the tahsil (subdistrict), and the village levels. Members from each level may serve

on the committees that coordinate the activities of the technical departments.

Tahsil-level officers in the technical departments plan EGS projects. Wages must account for a minimum of 60 percent of project expenditures. Plans 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 the plans and assembles them into what is known as a "blueprint." Blueprints are supposed to contain 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 of the district EGS committee and finally for review by the Planning Department.

People desiring work on the EGS are supposed to register with the village registering authority (i.e., the *talathi* or *gramsevak*). After their registration, they may ask for EGS employment either through the village registration authority or through the tahsildar. The tahsildar can either assign them to an ongoing work site or—when the absorptive capacity of ongoing projects is exhausted—begin a new project after receiving at least fifty requests for employment. To initiate a new project, the tahsildar selects a project from the blueprint and then submits it to the district collector for review and administrative sanction. After giving his or her 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 eight kilometers from a laborer's residence. The statutory guarantee of employment, however, requires only that workers be given employment in the district where they live. The tahsildar must assign them to a project within fifteen days. If a worker appears at the site of the assigned project within seven days after receiving notification and is not provided with employment, that worker is legally entitled to unemployment compensation of Rs. 2 for every day that he or she goes without work.

The district collector possesses the ultimate authority over EGS implementation in a district. The collector and his or her subordinates in the Revenue Department monitor the progress of EGS implementation in the district. They collect data concerning labor attendance, expenditures, etc., from the departments, and they make periodic (and sometimes unannounced) inspections of projects.

## EGS IMPLEMENTATION: A RATIONAL PROCESS PERSPECTIVE

The administrative structure of the EGS<sup>1</sup> took shape during the late 1960s and early 1970s. The idea for the EGS was introduced and promoted by V. S. Page, a Gandhian politician who served as chair of Maharashtra's Legislative Council from 1960 to 1978. A pilot employment security program was introduced as part of the experimental Integrated Area Development Scheme (known as the Page Scheme) in Tasgaon tahsil of Sangli district in 1969. As part of the Page Scheme, elected village councils known as panchayats were made responsible for providing employment and loans so that those below the poverty level could purchase productive assets.

With the beginning of the extended drought in 1971, the need for widespread employment relief became painfully apparent. The Congress Party made implementation of the EGS on a statewide basis part of the fifteen-point campaign program during the 1972 state elections. It promised to integrate the EGS with the central government's Crash Scheme for Rural Employment (CSRE). However, the state government considered the EGS supplemental to the drought relief works, and the tremendous expansion of the relief effort during the scarcity period preempted efforts to implement the EGS.<sup>22</sup>

The legacy of the drought shaped the future of the EGS. From 1970 to 1973, the employment relief program was supervised by the Revenue Department and administered by the departments concerned with rural development. The relief effort was conducted under the slogan Magel tyaalaa kaam (Work to all who want it).<sup>23</sup> The state government's success in fulfilling this promise during the drought period enhanced its confidence in the administrative structure that had implemented the relief program. When it initiated the EGS on a statewide basis in 1974, virtually the same structure was retained. The idea of implementing the EGS through panchayats was discarded.<sup>24</sup>

The drought period provided the state administration with experience in planning labor-intensive public works projects and supervising the construction of these projects across the state. This experience also helped the state administration overcome practical logistical barriers, such as paying wages to large number of workers spread across the rural hinterland. Finally, the large number of projects left incomplete after the drought relief effort was terminated made early planning of projects for the EGS a less demanding task.

Effective administration of the EGS calls for decentralized planning, since administrators must provide employment over large areas and respond to the fluctuations in demand for employment that occur across Maharashtra's 39,354 villages and through its different agricultural seasons. They also must try to provide jobs within five to seven kilometers of workers' residences.

Planning of EGS works takes place primarily in the state's 303 tahsils.<sup>25</sup> Since the technical officers come mainly from outside the tahsil and lack a politician's familiarity with the localities, local politicians usually suggest EGS projects and their location. They make suggestions at the tahsil EGS committee meetings or under more informal circumstances—at the offices of technical officers or at EGS project sites. Politicians add to the administration's planning capacity by serving as sources of information about local conditions and needs.<sup>26</sup> Decentralization of planning at the tahsil level makes the planning process accessible to them.

The EGS combines two appealing objectives. It attempts to alleviate poverty by providing employment, and it promotes rural development by creating productive infrastructure. Achieving these objectives simultaneously is not without contradictions. Alleviating poverty through public works requires that projects generate employment for people with limited skills and in locations accessible to these people. These two conditions restrict the types of projects that can be undertaken and the return on the resources invested.

To reconcile the contradictions that arise in the pursuit of the program's two objectives, the EGS has created a matrix structure of authority at the district and tahsil levels—that is, two hierarchies of authority and a system of coordination between them. Research shows that matrix structures are particularly suitable when an organization has important competing objectives.<sup>27</sup> When each hierarchy is identified with a particular objective, the matrix structure of authority ensures that one objective will not be subordinated to the other. In the EGS, one hierarchy of authority runs through the Revenue Department, and the other is located in the technical departments. Responsibility for coordination resides largely with the Revenue Department and the EGS committees. The technical departments are responsible for making certain that EGS projects create productive assets while the Revenue Department makes certain that the program remains responsive to changes in demand for employment.

Achieving the dual objectives of the EGS requires technical expertise

for project design, flexibility to respond to changes in demand for employment, and coordination among different technical departments. The matrix structure of EGS administration facilitates these tasks.<sup>28</sup> The technical departments apply their expertise in the design of projects. In periods of particularly high demand, they can shift personnel from regular departmental works to the EGS. The role of Revenue Department officers also enhances flexibility. When one department has insufficient personnel to meet demand for employment, the collector is authorized to shift some of the burden to other departments even if the work he assigns differs from these departments' normal functions.<sup>29</sup> Tahsildars also maintain discretion over which projects are initiated and can use their discretion to make efficient use of the available personnel. They may also select complementary projects that enhance development. As the impact of various decisions cumulates, however, the balance between different objectives becomes difficult to sustain. Many of the adjustments that have occurred during EGS implementation have been measures to preserve the balance of authority within the administrative matrix.<sup>30</sup>

The Government of Maharashtra has attempted to maintain that balance by issuing numerous government directives. During the first seven years of EGS implementation, no fewer than 506 directives were issued. Many of these dealt with relationships between the Revenue Department and the technical agencies. For instance, relations between the collector and officers in the technical departments were defined, redefined, and reiterated in at least 22 orders during the period. In an effort to clearly delimit the important roles in the EGS administrative structure, the government has compiled its directives into a 991-page compendium and distributed it to officers throughout the state.<sup>31</sup> To promote coordination, the government also requires the technical departments to provide the Revenue Department with detailed information on the progress of the EGS projects under their supervision. In addition to accounting for EGS expenditures, local departmental officers must furnish the Revenue Department's tahsildar biweekly reports on the potential for labor absorption and the number of workers attending the projects under their control.

The creation of boundary-spanning units at each important level of EGS administration is another measure employed to maintain the balance within the matrix. At the state level, the EGS committee of the state legislature and the Maharashtra State Employment Guarantee Council were established on August 20, 1975, and April 6, 1979, re-



spectively. These committees enable members of the state legislature and experts on rural development to evaluate the progress of EGS implementation. At the divisional level, a special EGS unit was set up that incorporates a divisional-level officer of a technical department into the Revenue Department. Formally, this officer inspects individual works, to see whether they meet technical standards, and reviews tahsil-level blueprints to ensure their viability. Informally, the officer's status as a senior technical officer in the commissioner's office enables him or her to mediate disputes between officials in the technical departments and the Revenue Department.<sup>32</sup> Committees of officers from all departments and elected officials were created to coordinate the matrix at the district and tahsil levels. In Ahmednagar district, the collector established another means to coordinate implementation. For each of the district's thirteen tahsils, he assigned a district-level officer in a technical department to help supervise EGS implementation. These "monitors" were appointed to help resolve technical problems, promote coordination between technical agencies, and represent the perspective of the technical departments in the distribution of EGS projects.

A third way in which the Government of Maharashtra has attempted to maintain the efficacy of the EGS matrix has been through enhancing the superior authorities' ability to monitor implementation. In addition to creating EGS cells at the divisional level, the government has established a state-level Vigilance Committee, chaired by the secretary of the Revenue Department, and a special "audit squad" in the collector's office. Monitoring also takes place through inspections by Revenue Department officers and superior authorities in the technical departments. To enhance feedback to senior authorities, the government requires that laborers be given identity cards and wage books that record attendance and wages received. These materials also are intended to encourage laborers to take recourse if they feel that their wages have been manipulated.

While the government uses EGS projects to complement regular projects, it has found the program especially useful in fashioning responses to natural disasters. In 1979, after widespread flooding occurred in the Vidharbha region, encompassing the eight easternmost districts of the state, EGS labor and funds were used to repair damaged *bunds* (dams), terraces, and buildings; reclaim land; and clear debris. When an onslaught of paddy stemborers caused heavy losses to *khari* crops in Kulaba (Alibagh) and Thane districts in 1978, the government called on EGS labor in its campaign to eradicate the pests. In times of



natural disasters, the use of EGS labor and funds not only helps to repair the destruction suffered but also provides income to those who have lost their source of livelihood.

### *The Revenge of the Rational Peasant*

The guarantee of employment causes special problems for the planning of implementation, since it makes the preferences of the workers an important factor in determining the location and size of EGS projects. The demand for EGS employment can be volatile. Droughts, natural disasters, or even seasonal changes cause dramatic shifts in demand. For instance, in the district of Ahmednagar, the dry 1982 monsoon caused average daily labor attendance to jump 64 percent, 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 projects. New projects may have to be implemented without sufficient time for proper planning. In order to meet the demand for employment 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 EGS laborers. 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. Local laborers thus have considerable autonomy in determining when and where they will work. The freedom allowed to workers creates problems for administrators supervising EGS projects. They are unable to predict how many workers will attend various projects. A project with a steady labor attendance of 100 may suddenly have 200 additional workers asking for work; similarly, projects that have 150 laborers one day may have fewer than 10 the next.

Though such volatility perplexes administrators, it is easy to explain from the workers' perspective. Rational decision criteria cause the fluctuations. Workers will leave projects en masse if another EGS project opens up closer to their village. The difficulty of the work is another factor entering into their calculus. The bulk of their work on projects such as road construction and soil conservation involves digging and transporting dirt. The effort required for such work increases consid-

erably after the laborers have removed the topsoil and reached the compacted base below. Some workers are unable to exert the necessary physical effort; others feel that wage rates do not provide adequate compensation. When projects reach this stage, those with an excess of laborers often experience a sudden exodus and are left with an insufficient number to complete the project.<sup>33</sup>

Unanticipated fluctuations cause administrative turmoil. Sharp increases in labor attendance may cause projects to be completed before new projects are ready to take their place and 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 the productivity of their labor decreases. As a result, wages that are based on piece rates fall, the workers become discontented, and the quality of work declines. At the same time, project costs increase, and superior officers become displeased. In Ahmednagar district, project supervisors have closed down EGS work sites when labor attendance exceeds a project's estimated capacity to absorb workers.<sup>34</sup> In contrast, precipitous drops in labor attendance may mean that projects are not completed before the onset of the monsoon halts work and damages incomplete construction.

The Government of Maharashtra has reduced the problems arising from the volatility of labor attendance in four ways. First, project supervisors have been ordered to direct excess workers to other EGS works. Second, the supervisors have been authorized to shut down works when labor attendance falls below a necessary minimum. Third, the government has required laborers to commit themselves to a minimum of one month's work to be eligible for the EGS. Finally, the government has attempted to secure better estimates of the demand for employment. Directives have called for *taluk* "manpower budgets," which estimate the demand for EGS employment in each village by month of the year and by the distance workers are willing to travel for EGS employment; but these budgets are rarely computed and put to use.<sup>35</sup> The government has also issued orders for updating the registration of workers desiring EGS employment. Despite these efforts, registration records are not kept up to date, and registration bears little relation to actual labor attendance.<sup>36</sup> In the absence of effective planning to anticipate demand for EGS employment, limiting the number of laborers on a project erodes the effectiveness of the employment guarantee, since other projects may not be available near the homes of the excess workers.

EGS planners feel that they are running out of viable projects in

some areas. In the early years, minor irrigation projects were emphasized, but the potential for such projects and for traditional soil conservation works has been exhausted in some areas. The initiation of the Comprehensive Watershed Development Programme in 1984 was intended to alleviate the problem by stressing land development projects and encouraging more projects on private holdings.

Another weakness of EGS planning is the limited developmental impact of its projects. Usually, only a fraction of the potential benefits from EGS projects is realized. One problem is that desirable complementary investments—such as the construction of wells, land development, and the increased application of fertilizer—often are not made. A joint study by the Planning Commission and the Government of Maharashtra found that complementary investment was made in only 23 percent (thirteen of fifty-six) of the EGS projects where it was needed to realize optimum benefits. A related problem is that EGS projects are not well integrated with other ongoing developmental projects. In addition, the assets created by EGS projects are often poorly maintained. Maintenance usually becomes the responsibility of the zilla parishads, but the budget of these bodies usually does not increase in proportion to these additional responsibilities. As a result, nearly 25 percent of EGS works are poorly maintained.<sup>37</sup>

The limited developmental impact of the EGS makes it more difficult to justify the program's growing expenditures. The Government of Maharashtra had hoped that the EGS would eventually wither away as the productive assets created under the program promoted economic growth and generated employment opportunities for everyone. After fifteen years, Rs. 23 billion in expenditures, and the completion of 172,201 projects (as of December 1989), the demand for EGS employment generation shows little sign of subsiding. In June 1989—in an effort to improve the developmental impact of the EGS and encourage innovative projects that move beyond the traditional public works—the Government of Maharashtra initiated the Rural Development Through Labor Force program (RDLF). This component of the EGS attempts to increase the developmental impact of projects by creating village-level plans that will integrate EGS projects with local needs and other developmental programs. The scope of EGS works has also been expanded to include projects such as the development of horticulture, fish tanks, and *khadi* and village industries—in the hope that these projects will be more successful in reducing the demand for employment on the EGS. As of May 1990, however, the RDLF has yet to get off the ground.<sup>38</sup>

In sum, implementing the EGS is a formidable task requiring the administrative capacity to generate employment and respond to fluctuations in demand throughout Maharashtra's 39,000 villages. The Government of Maharashtra has responded to the challenge by creating a complex administrative structure that decentralizes planning while using a matrix system of authority to maintain coordination. Agency theory (discussed in chapter 1) posits two instruments for securing cooperation from the officials involved in EGS implementation: a system of monitoring that generates feedback on the agent's activity and/or program outcomes and a set of incentives motivating the desired behavior. The Rational Process Perspective shows that the government has tried to establish systems for monitoring the actions of those who implement the EGS; however, relatively little concern has been given to creating incentives to produce the desired behavior. In fact, the matrix system that was established to accomplish the dual objectives of the EGS actually interferes with the creation of a system of incentives that would properly motivate implementation authorities. As a result, conflicting interests within the administrative network have influenced EGS implementation.

#### EGS IMPLEMENTATION: A CONFLICTUAL PROCESS PERSPECTIVE

Conflicting interests abound in EGS implementation. Workers are often indolent and undisciplined. Administrators frequently lack commitment. These attitudes contribute to corruption. The interests of different departments in the administrative network also conflict. Tensions between the Revenue Department and the technical departments limit the ability of authorities to curb corruption. The demands of various social groups also create conflicts. Workers demand that EGS administrators be more responsive to their needs. Cultivators exhort administrators to limit EGS employment and locate projects in favorable positions. Politicians also urge that administrators implement the EGS in an advantageous manner.

#### *Conflict between Individual Values and Implementation Objectives*

V. S. Page, founder of the EGS and president of the Maharashtra State Employment Guarantee Council, has observed, "A major problem of the EGS is the lack of discipline. Laborers need more discipline in ap-

plying for work, coming to work daily, and in showing up on time. The administration needs discipline to avoid corruption.”<sup>39</sup> This lack of discipline, Page believes, is the result of a conflict between the attitudes of individuals and the objectives of the EGS. Fifty percent (seventeen of thirty-four) of the project supervisors interviewed complained of the workers’ indolence or lack of discipline.<sup>40</sup> Many EGS workers—for instance, the elderly and women, overworked from their other responsibilities, who are driven to the EGS by their need to supplement their incomes—simply do not have the energy to do vigorous work. Most of the problem, however, stems from habits developed by the workers: they arrive late for work, take inexcusably long lunch breaks and other work breaks, and often leave work early. Few of the officers lay the blame on the workers’ inherent laziness but, rather, on the circumstances in which they work.

One problem is the manner in which workers are organized. Because of the indivisibility of tasks and the shortage of personnel to measure their work, laborers are usually grouped into gangs. Their wages are based on a piece-rate schedule designed to give them incentive to work industriously. Under the gang system, the departmental officers measure the work of gangs and calculate individual wages on the basis of the collective work performed. When gangs are formed by four or five friends or relatives, this is no problem. But often the gangs number more than twenty people. One engineer reported measuring work in gangs with more than one hundred members. The larger the gang, the greater the incentive to free-ride, and the less work gets done.<sup>41</sup>

Supervision of EGS workers presents another problem. The EGS regulations require that the technical departments directly supervise EGS laborers, whereas in regular departmental works supervision is generally assigned to private contractors. The departments usually hire muster assistants to perform daily supervision of EGS projects.<sup>42</sup> These low-paid positions (Rs. 300 per month) are filled on an ad hoc basis by a diverse range of persons, including unemployed youths and local notables. They often cannot maintain discipline. A junior engineer for the Public Works and Housing Department in Shrirampur describes this tendency as follows: “Muster assistants are lazy. They do not stay at the work site the entire day. . . . Some don’t even take daily attendance.” Irresponsible muster assistants set a bad example for the workers. Another problem with muster assistants is that those who take the low-paying position sometimes have dishonest motives. Muster assistants can parlay their control over the records of labor attendance into

an illicit source of income. The relatively lucrative opportunities for corruption make the position attractive to the unscrupulous.<sup>43</sup>

The junior departmental officers also have difficulty disciplining workers. Though these project-level officers visit EGS works only two or three times a week, they have primary responsibility for the projects. Their duties include measuring the work performed, paying the workers, and ensuring that the work meets technical standards. In some cases, EGS laborers show disrespect for the officers; sometimes they intimidate them. One junior engineer recounted:

Once I had to supervise a thousand laborers working on a road site. When I would go to measure their work, many of them would surround me. This makes taking measurements difficult. . . . Sometimes the workers would change the markings we made from previous measurements to make it appear that they did more work. If we complain, they get angry and protest. If we continue to confront them, they threaten to form a *morchha* [demonstration] and protest to the tahsildar. We get scared because we fear that if many people complain, the tahsildar will believe them even if their accusations are false.

More than a quarter of the field-level officers surveyed (nine of thirty-four) reported difficulties in trying to discipline EGS laborers. The guarantee of employment prevents them from withholding benefits—an important sanction that lower-level government officials employ to control their clientele. Furthermore, the officers' efforts are hindered because workers retaliate by placing them under political pressure, either directly, through demonstrations and delegations to their superiors, or indirectly, through politicians.<sup>44</sup>

Field-level supervisors are in an unusually difficult situation, although their problems are not insuperable. Their position is made more difficult because many of them are young. The average age of those reporting difficulties with laborers was twenty-eight. Their formal training is in engineering rather than labor management, and usually they are not prepared to manage hundreds of laborers. Their departments do not provide them with labor management training, nor is there much reward for developing such skills because the departments normally hire contractors to supervise construction. Experience is the primary means through which field-level officers learn to cope with their difficulties.

Not surprisingly, most field-level workers do not like working on the EGS: 79 percent (twenty-seven of thirty-four) of the officers said that they preferred working on regular departmental works to working on

the EGS; only 6 percent (two of thirty-four) preferred the EGS. The officials have good reasons to prefer departmental works. Antagonism on the part of workers can result in verbal and physical abuse.<sup>45</sup> A number of the officers expressed dislike of the EGS because it placed them under greater public pressure. Others complained of the political pressures it subjected them to. Professional pride also dictates disdain. One official said that the EGS devalued his professional status because it compelled him to listen to the advice of everyone, "no matter how ignorant." Some officers complained about the excessive paperwork and meetings. They felt that their skills could be put to better use in other ways. Other officers said that they preferred regular departmental works because the quality of labor was better and they were able to complete projects properly. Finally, one ambitious engineer voiced a widespread sentiment: that departmental works enabled him to improve his relations with superiors in his department who were crucial to his promotion.

Most senior officials in the technical departments also disliked the EGS. The minutes of the Shrirampur tahsil EGS committee show that many tahsil- and district-level officials avoided attending the committee's meetings even after being reprimanded by the member of the legislative assembly (MLA) who served as chair. In an attempt to get district-level officials more involved with EGS implementation, the district collector of Ahmednagar asked them to help coordinate the efforts of the technical departments by serving as monitors of their implementation of the EGS in a tahsil. In at least four of the district's thirteen tahsils, officers wrote back requesting to be excused from these responsibilities. They stated that they were too busy to take on the extra work.<sup>46</sup> When I asked the collector about this problem, he insisted that technical officers at the district level shun involvement with the EGS because they wish to avoid the political pressure that accompanies it.

Dislike of the EGS extends even higher up departmental hierarchies. In a surprisingly frank interview that no doubt reflects widely held attitudes, a senior official in the Agriculture Department stated that he was "totally against schemes like the EGS," because "the EGS is more concerned with providing employment and amenities for workers," thereby diverting concern from "the quality of work." He charged that the politicians and collectors who demand more projects "have very short time horizons." He added, "Ultimately, we would like to reduce



and even eliminate EGS funding, so that funds could be diverted to our regular plan work."<sup>47</sup>

Albert Hirschman suggests that corruption often occurs after a government official's first flush of enthusiasm for public service gives way to a more jaundiced assessment. "Losses in the satisfaction that is yielded by action in the public interest are made up by material gain."<sup>48</sup> From this perspective, it is not surprising that corruption flourishes among those who implement the EGS. Estimates of the extent of corruption on the EGS vary, but virtually everyone who has seriously looked into the matter has found it extensive.<sup>49</sup>

Corruption occurs at two levels. First, muster rolls recording the attendance and wages given to laborers can be manipulated. The complex wage-rate schedule utilized in computing wages often prevents workers from calculating their earnings and makes them susceptible to corruption.<sup>50</sup> Officials can add apocryphal names to pad the list, and they can overstate wages in order to pocket the surplus.<sup>51</sup> At the second level, project expenditures can be falsified, giving a misleading impression about the expenditures incurred. For example, according to the EGS committee of the state legislature, a percolation tank that had been reported to cost Rs. 2.8 million should have cost only Rs. 226,000.<sup>52</sup> Such corruption often involves collusion. Partners in corruption include muster assistants, local politicians, and even workers.<sup>53</sup>

EGS corruption is a serious problem and has received extensive publicity. However, proper evaluation should compare it with corruption in the implementation of other programs in India. Programs designed to ameliorate rural poverty—for example, the Integrated Rural Development Programme—also have serious problems with corruption.<sup>54</sup> The construction and operation of regular assets by government departments are also plagued with corruption.<sup>55</sup> Given the nature of the problem, rigorous comparisons are virtually impossible. Nevertheless, two factors that limit corruption on the EGS are not present on regular department works.

First, the decisions of EGS officers are more open to scrutiny by the public and by officers of the Revenue Department. Theories of corruption observe that the more likely the exposure of corruption, the less likely officials are to commit it.<sup>56</sup> Corruption on the EGS is more difficult to conceal than on regular departmental works. Planning of regular department works is done primarily within the technical departments, though politicians may have influence over the planning process. Selec-



tion of contractors to carry out projects often takes place behind closed doors and can be a source of payoffs. In contrast, on the EGS, project sites are selected mainly in tahsil committee meetings; project plans are subject to review, not only by senior officers in the technical departments but also by the tahsildar and the collector as well as by tahsil and district-level committees; and contractors are hired only for the capital-intensive component of these projects.

Second, the EGS provides more means to make officers accountable than regular department works. In India, a major form of corruption results from illicit attempts to influence public officials. "Speed money" is used to circumvent bureaucratic bottlenecks, and political clout and payoffs are often used to secure a favorable distribution of assets. Even if such corruption becomes apparent on regular departmental works, frequently the only way the public can change the situation is to up the corruption ante with even greater political influence or payoffs. Most departments are insulated from outside review, and superiors are often reluctant to reprimand their subordinates in such matters. The court system is notoriously slow. Any attempt to redress grievances outside the "corruption game" may elicit retaliation when the next round is played. The EGS, in contrast, opens a number of channels through which pressure can be brought to bear on corrupt officers. Workers' committees for projects with more than one hundred workers have been set up to hear grievances. The public can make complaints to tahsil committees, the state legislative committee, and various officials in the Revenue Department.

### *Conflictual Processes in the Administrative Network*

Although implementation of the EGS involves seven different departments, there is only one basic line of cleavage among them. Little conflict occurs among the five implementing agencies because they are linked through pooled interdependence. The activities of one department do not have immediate consequences for the others. Their activities are coordinated by the Revenue Department. Indeed, sometimes officials in these departments make common cause against the Revenue Department.

To understand the conflict between Revenue Department officers and those of the technical departments, it is useful to place their relations in historical context. Because the primary functions of administration during the colonial era were the extraction of revenue and the mainte-

nance of law and order, the Revenue Department was the most powerful department in district administration, and the collector was the supreme district official. The emphasis on promoting rural development since independence has provided increased resources to those departments concerned with rural development.<sup>57</sup> These departments are now filled with technical experts—usually engineers—who possess considerable professional pride and are united by their department's organizational mission. The Revenue Department may be first among equals in district administration, but the increasing expertise and power of technical department personnel make them less willing to countenance intervention by the generalist Revenue Department officers. In spite of this trend, implementation of the EGS is based on an administrative arrangement that was created to combat famines during the colonial era. It restores the preeminence of the Revenue Department and, as a consequence, incites the resentment of technical department officers.

In addition to such historical conditions, the very division of labor that engages the technical departments and the Revenue Department is a source of antagonism. Revenue Department officials are responsible for seeing that employment is properly provided. They are also responsible for auditing EGS expenditures and ensuring that the project supervisors provide adequate facilities for EGS workers. Technical department officers are more concerned with ensuring that EGS projects are well designed and promote development. Contradictions between these two objectives become manifest in implementation and are a source of tension.

Tension and antagonism are especially apparent at the tahsil level, where most of the coordination between the Revenue and technical departments occurs. Half of the technical department officers interviewed (sixteen of thirty-two) responded affirmatively when asked whether they had any problems in their relations with Revenue Department officials during the course of EGS implementation. 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. Tahsildars and other Revenue Department officials had complaints of their own. They charged that technical department officials refused to obey their orders. Another objection was that the technical departments were chronically late in submitting reports to them. Yet another was that technical department officers sometimes refused to take up works that they had sanctioned.<sup>58</sup>

The problems stemming from the antagonism between Revenue De-

partment and technical department officers might not have such negative consequences if the collector possessed enough authority over technical department personnel to supervise them effectively. The collector's authority is circumscribed in ways that reduce his capacity to ensure effective implementation. First, the collector cannot add comments to the "confidential reports" used to evaluate the technical officers for promotion. Second, collectors cannot prosecute officers they discover to be involved in corruption. Third, the departments possess enough allies within the government to protect them from zealous collectors.

A dramatic illustration of the constraints a collector encounters is the controversy over Arun Bhatia, the crusading collector of Dhule district. Shortly after his appointment in 1981, Bhatia began an investigation into EGS corruption. He ordered his staff to verify 315 muster rolls randomly selected from the 44,500 that had been prepared in Dhule from September 1980 to August 1981. They detected 42 cases of misappropriation involving Rs. 43,000. Bhatia estimated that total corruption in the district was at least Rs. 860,000—some 13.5 percent of all EGS expenditures in Dhule in 1980–81.<sup>59</sup>

Public disclosure created a stir. The state legislature voted to establish a special commission headed by R. S. Gawai, chair of the Legislative Council, to investigate the matter. Bhatia was given orders to expand the scope of his investigation under the supervision of the Gawai Committee. Misappropriations of Rs. 190,000 were found after inspection of 1,490 musters.<sup>60</sup> Bhatia's investigation inspired the formation of the Dhule Zilla Rozgar Hami Bhrashtachar Nirmular Kruti Samiti (Action Committee for Eradication of Employment Guarantee Corruption in Dhule District), which investigated another avenue for corruption. It discovered eight projects where officials had made "excess payments" of more than Rs. 200,000 to contractors.<sup>61</sup>

The power of the technical departments shaped the final outcome of the revelations. The target of the investigation, the EGS project supervisors, organized a "bullet *morcha*" (a procession of their Enfield Bullet motorcycles) against Bhatia's actions and then refused to take up new EGS works.<sup>62</sup> Realizing that any attempt to get action through an appeal to technical department superiors would be futile, Bhatia attempted to prosecute the offenders through the police. However, the police aligned themselves with the technical departments. On June 25, 1982, Dhule's superintendent of police issued an order instructing his subordinates not to accept any more FIRs (charge sheets) from the Revenue Department concerning EGS corruption.<sup>63</sup> Despite a request from

the Gawai Committee that Bhatia be allowed to complete his investigation, the collector was transferred in June 1982, shortly after the second phase of the investigation had begun. Bhatia alleged that technical department officers raised Rs. 500,000 to pay the minister in charge of the district to transfer him.<sup>64</sup> It was officially acknowledged in the state legislature that he had been transferred because he had passed on details of his investigation to the press before reporting it to the government.<sup>65</sup> The investigation's final result was that nine muster assistants were dismissed. Not one officer from the technical departments was prosecuted.<sup>66</sup>

From the Conflictual Process Perspective, the cleavage between the Revenue Department and the technical departments is a serious problem for EGS implementation. It impedes information flows and obstructs coordination. The power of the technical departments prevents Revenue Department officials from effectively auditing the EGS for corruption. These problems, combined with widespread disaffection for the EGS among technical department officers, create an atmosphere that breeds corruption.

### *Conflict between the Administration and Environmental Groups*

Agricultural workers, cultivators, and politicians all attempt to pressure administrators to implement the EGS to their benefit. Workers try to increase opportunities for employment in EGS. Obtaining EGS employment may not be difficult if there is an ongoing project near their residence, but problems arise when no project exists within feasible walking distance. This has been a growing problem ever since the Planning Department issued directives instructing Revenue Department officers to finish incomplete works before taking up new ones.<sup>67</sup> Workers must often deploy persistent pressure to make the guarantee of employment effective. For example, a representative from the Rozgar Hami Kaamgaar Sangh (Employment Guarantee Workers' Union) in Haveli tahsil of Pune district gave me a memorandum stating that from December 12, 1983, through January 18, 1984, his organization had sent representatives from six villages to meet with the tahsil's subdivisional soil conservation officer (sub disco) from the Agriculture Department, the tahsildar, the deputy collector (EGS), and the deputy development commissioner (EGS). Even though the organization's members had filled out work applications and its representatives had made a list of

suggested projects, their efforts to initiate a project in their locality failed.<sup>68</sup> When representations to government officials fail, workers often organize demonstrations and sometimes take the administration to court. In 1983, the Ahmednagar Zilla Shet Majoor Union (Ahmednagar District Agricultural Workers' Union) presented a petition to the High Court in Bombay, in an effort to have projects initiated in Shrirampur tahsil. On March 26, 1984, approximately 2,000 workers demanding more EGS projects staged a *dharna* (sit-in demonstration) at the Flora Fountain Park in downtown Bombay. The demonstration succeeded in obliging the chief minister to hear the demands of a delegation representing the workers.

Despite precautions built into EGS regulations, the guarantee of employment often interferes with agricultural production. Revenue Department officials are directed not to assign laborers to EGS projects when work is available in a farmer's fields. Wage rates were also established so that they would not draw laborers away from the employ of cultivators. Nonetheless, implementation of the EGS often contradicts cultivator interests. Many laborers prefer EGS work to working in a farmer's fields. Workers—especially women—can often earn more on the EGS because the wages paid by cultivators are sometimes less than the minimum wage. Even when agricultural wages are higher, some workers prefer the EGS because cultivators are more demanding taskmasters than EGS supervisors. As a consequence, cultivators often ask Revenue Department officials to close down EGS works so that they are assured an adequate supply of labor.

Cultivators also attempt to influence the decisions of EGS administrators concerning the location of EGS projects. An irrigation tank in the village may be a boon, but one in a cultivator's own field is a disaster. Resentment against the EGS is particularly high because proceedings for compensation are notoriously slow. As a result, EGS projects are often delayed by recalcitrant cultivators who refuse to give up their land.

Politicians stand between cultivators and workers. The EGS provides them with a source of patronage to build support among both cultivators and workers. They curry favor with local cultivators by using their influence to situate EGS projects in advantageous locations. Providing EGS jobs is a way of building support among large numbers of workers. For instance, the *sabhapati* (chairman) of Parner panchayat samiti (block council) proudly remarked that the EGS enables him to claim to have helped 15,000 workers get jobs in the preceding year.<sup>69</sup>

The EGS is an particularly important resource for MLAs. Since state laws exclude them from involvement with zilla parishads, they benefit little from that munificent source of patronage. Their political rivals often use zilla parishad patronage to build support in order to unseat them. As heads of the tahsil EGS committees, MLAs exert more control over EGS patronage than other politicians do. The EGS, thus, helps them fortify their position.

MLAs have been particularly generous to EGS workers. They have ensured that EGS wages keep pace with inflation. From 1974 to 1985, the basic daily wage doubled from Rs. 3 to Rs. 6. In 1985, EGS wages were made equal to the minimum wage, and by April 1, 1988, the Government of Maharashtra had increased minimum wages to Rs. 14 per day. The state legislature has also passed rules that on-site child care be provided for EGS workers with children aged three years or less. It has ordered that compensation be given to workers injured on the EGS or to the families of those who may have died as a result of injuries suffered while working on the program. The MLAs have provided EGS workers with a thirty-day maternity leave allowance at Rs. 6 per day, and some have advocated giving workers a Diwali holiday bonus.<sup>70</sup>

MLAs extend their generosity to EGS workers on their own terms. In addition to using the EGS to build worker support, some have used their control over the EGS to discourage independent organizations. In Pune and Sholapur districts, local social workers have alleged that the MLAs of their tahsils have used their influence to prevent the initiation of EGS works demanded by independent worker organizations.<sup>71</sup>

In sum, the Conflictual Process Perspective shows that implementation of the EGS suffers from serious problems. Poor supervision and the gang system of paying wages encourage indolent attitudes among workers. Project supervisors from the technical departments show a lack of commitment to the program's success. The EGS suffers from the liability of being a tacked-on program in the sense that it is a diversion from the main mission of the technical departments, whose personnel consequently lack dedication to its objectives. Revenue Department officials do not possess the authority necessary to effectively monitor the technical departments' implementation of the EGS. These circumstances produce widespread corruption.

Despite (and in some cases because of) this corruption, the EGS is sustained by widespread support from workers and cultivators as well as politicians. These observations lead to the conclusion that the EGS is a pork barrel—good for the individual interests of various groups in

the short term but bad for society's interests over the long term. In arriving at such a conclusion, the Conflictual Process Perspective neglects some of the redeeming facets of the EGS. The Organizational Environment Perspective illuminates these facets.

### EGS IMPLEMENTATION: AN ORGANIZATIONAL ENVIRONMENT PERSPECTIVE

The Organizational Environment Perspective suggests that rational and conflictual processes of implementation are shaped by the manner in which implementing agencies are embedded in their social environment. Specifically, institutionalized rules or cultural norms conditioned the development of the EGS administrative structure; the structure of control over important resources gave the technical departments relative autonomy from cultivators and politicians; and the EGS created a political market that encourages the organization of the rural poor and alters the incentives of administrators and politicians so that they have become more responsive to their constituents' needs.

#### *The Impact of Administrative Culture on the Founding of the EGS*

The EGS was shaped in important ways by the administrative culture that predominated in Maharashtra. V. S. Page, the Gandhian politician who is generally regarded as the founder of the EGS, originally made village panchayats the administrative agency for his prototype of the EGS. In fact, village panchayats and block-level panchayat samitis were responsible for implementing the Pilot Employment Guarantee Scheme created in the summer of 1969.<sup>72</sup> Yet by 1974, they played virtually no role in implementing the program. Why was authority over the EGS transferred from the local panchayats to the Revenue Department, technical departments, and zilla parishads? Exploration of this issue is particularly interesting in view of the later efforts by other states, such as West Bengal (see chapter 4), and most recently by the Government of India through the Jawahar Rozgar Yojana to implement comparable public works programs through village panchayats.

The local panchayats' role diminished as the scope and funding of the EGS increased. By 1972, when the Government of Maharashtra committed itself to implementing the EGS statewide, the program was viewed as supplementary to the public works implemented by village



panchayats. The funding made available to the village panchayats, however, was so limited that they never were able to absorb more than a small share of the unemployment, and the EGS quickly dwarfed their efforts. The longstanding practice of using the technical departments to implement relief works made it "common sense" that they should be key agencies in implementing an extensive public works program. Furthermore, the technical departments and zilla parishads had gained valuable experience in planning local public works through the drought relief efforts and had proven capable of planning and implementing such works throughout the state.

Instead of transferring the EGS to the departments, why didn't the government transfer the departments' expertise to the panchayats? One reason is that, in the state government's view, the panchayats were not prepared to implement a program that would give them discretion over substantial funding. The state government showed a general reluctance to transfer programs to the panchayats, and it strictly circumscribed their discretion over those that it did transfer by earmarking their funding and elaborating strict guidelines. In addition, most technical department officials resented being placed under the authority of panchayat representatives, especially the less educated ones who predominated in the localities. They would have resisted the changes necessary to enhance the village panchayats' role. Finally, giving panchayats control of the EGS would have made many MLAs uneasy. Maharashtra was one of the few states to prohibit MLAs from participating in the tahsil- and district-level panchayats, and most MLAs had ambivalent attitudes toward them. While they supported the general principles of decentralization, they were wary of giving away control over resources and patronage, which might enable political rivals to build up a base of support. Partly because of this apprehension, the EGS committees set up at the tahsil and district levels enable MLAs to play an active role in guiding implementation.<sup>73</sup>

### *The Impact of the Structure of Control over Environmental Resources*

Observers of the EGS have argued that its implementation is biased in favor of medium and large cultivators. Given the importance of these groups in Maharashtra's rural politics and the role of politicians in the planning of EGS works, these arguments seem plausible. The basis for such contentions is that the assets created under the EGS largely benefit



TABLE 3  
DISTRIBUTION OF EGS BENEFITS  
AMONG CULTIVATORS

Category of Landowner (in acres)	Percentage of Household Beneficiaries to Total Households	Percentage of Total Households	Percentage of Total Land Benefited	Percentage of Total Land
< 5	21.45	34.32	9.06	7.56
5-12.4	38.62	30.69	26.22	21.06
12.5-25	25.65	21.05	33.05	28.98
> 25	14.28	13.94	31.67	42.40
Total	100.00	100.00	100.00	100.00

SOURCES: Government of India, Programme Evaluation Organisation, Planning Commission, and Government of Maharashtra, Directorate of Economics and Statistics, *Joint Evaluation of Employment Guarantee Scheme of Maharashtra* (New Delhi: Controller of Publications, 1980), pp. 31-32; Government of Maharashtra, Department of Agriculture, *Report on Agricultural Census, 1970-71: Maharashtra State* (Bombay: Central Government Press, 1976), pp. 122, 158, 177, 223.

medium and large cultivators. According to a survey of eight tahsils conducted by the Planning Commission and the Government of Maharashtra, 91 percent of the households benefiting from assets created by the EGS were cultivator households, whereas only 6 percent were households of agricultural laborers. Furthermore, the distribution of the benefits from EGS assets favored medium and large cultivators at the expense of small ones. As table 3 shows, cultivator households owning less than five acres of land composed only 21.45 percent of the cultivator households benefiting from EGS assets, even though they constituted 34.32 percent of all households. Medium cultivators, owning from 5 to 25 acres, fared much better. Though they formed 51.74 percent of all cultivator households, they comprised 64.27 percent of those benefiting from EGS assets. Large farmers did not fare quite so well. They accounted for 13.94 percent of all cultivator households and 14.28 percent of the cultivator households benefiting from EGS assets.

The bias is less prominent when one considers the shares of land benefited. Small cultivators with less than five acres owned 7.56 percent

of the land in the eight tahsils and 9.06 percent of the land benefiting from EGS assets. Middle-sized cultivators continued to fare disproportionately well. While their holdings amounted to 50.04 percent of the land, they accounted for 59.27 percent of the land benefiting from EGS projects. Cultivators with more than twenty-five acres owned 42.40 percent and large cultivators only 31.76 percent of the land benefiting from EGS projects.

My study of the EGS in three tahsils in Ahmednagar found that conflicts between workers and landed interests tended to occur less often in underdeveloped areas than in more advanced ones. In the less developed tahsils of Karjat and Parner, the prevalent dryland agriculture means that demand for labor is low, and in the off-season small and sometimes middle-sized landowners work on EGS projects. Another factor is that the assets created by the EGS have more value to cultivators in less developed areas that lack infrastructure. In the more developed Shrirampur tahsil, basic infrastructure of the kind normally constructed by EGS projects already exists. Cultivators feel that they have little to gain from the EGS.

Shrirampur's large share of gross cropped area under surface irrigation fosters conditions that further exacerbate the tensions. Surface irrigation promotes labor-intensive forms of agriculture such as sugarcane cultivation. Despite the demand for labor, agricultural workers sometimes prefer the less demanding work provided by the EGS because harvesting sugarcane is especially strenuous. At the same time, the concentrations of agricultural laborers and small cultivators that form in these areas are more amenable to organization. The conflicts between workers' organizations demanding EGS work and cultivators demanding that EGS projects be shut down place the administration in Shrirampur under more stress.

One of the most striking features of EGS implementation is the relative autonomy of the technical departments. Their control over resources provided by the state to promote rural development has made them powerful actors on the rural scene. The technical departments' claim to a monopoly of technical expertise and their authority over the distribution of the costs and benefits of rural development often provide them with so much power that it is difficult for other groups to make them accountable.

The technical departments' role in land acquisition for EGS projects illustrates the scope of their power. EGS projects such as irrigation tanks and roads often necessitate that landowners forfeit possession of

their land to the state. Technical officers are required to collect the signatures of affected landowners on consent forms before beginning the projects. Approximately 80 percent of the landowners turn over their land only after "private negotiations" with technical department officers have preceded formal land acquisition proceedings.<sup>74</sup> Other landowners often attempt to forestall the acquisition of their land, causing delays in the initiation of projects. Resistance on the part of these landowners occurs because they often fail to receive timely and adequate compensation. According to a 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 cultivators deprived of their land, but the committee noted that many were also compelled to pay land revenue tax even after they had lost possession.<sup>75</sup>

The responsibility for the landowners' predicament lies primarily with the technical departments. In many cases, they take possession of the land but do not inform land acquisition officers in the Revenue Department,<sup>76</sup> thereby delaying the initiation of compensation proceedings and preventing those responsible for the collection of taxes in the Revenue Department from knowing who has lost land to the EGS. 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 remarkable autonomy of the technical departments even in relation to leading state politicians. The state legislature's EGS committee has repeatedly recommended that the authority of the collectors over the technical departments be strengthened.<sup>77</sup> Following the Arun Bhatia controversy, the Gawai Committee also urged that the collector's power over the technical departments be enhanced. The technical departments have succeeded in resisting such moves. According to V. S. Page, the longtime chairman of the state EGS council, they exercise too much political power to allow a diminution of their authority.<sup>78</sup>

### *The Constitutive Impact of the EGS on Local Politics*

The EGS has given the rural poor greater incentive for political activism and organization.<sup>79</sup> In the first place, it creates a factory-like effect similar to that which has historically promoted the organization of trade unions.<sup>80</sup> It concentrates large numbers of workers in one place, places

them in similar conditions, and increases their interaction. As a result, it helps to break down social differences and counters the effect of the caste system, which creates divisions among people occupying similar economic positions.<sup>81</sup> It also breaks down gender barriers. The EGS provides employment opportunities for women outside their households (at least 40 percent of EGS workers are women) and thus encourages them to be more active in public life. The fact that wage rates are equal for men and women helps to promote equal rights among the sexes.

By gathering workers in a single place, the EGS reduces spatial impediments to their organization. It places workers under a single employer rather than under multiple and dispersed ones. The state is a more benign employer than most cultivators. It does not actively repress worker organizations as cultivators have been known to do. The availability of alternative employment by the EGS provides a measure of security, so that workers employed in the private sector are less dependent on local elites and therefore can exercise more political independence.

The EGS has promoted a limited but not inconsiderable growth of organization among the rural poor. Some of these organizations focus exclusively on EGS workers, but most are multipurpose voluntary organizations whose activity is not exclusively limited to the EGS. The resources generated by the EGS have created opportunities for politicians as well as for independent organizers. Opposition parties have established organizations that take advantage of the opportunities provided by the EGS. The Janata Party's Shet Majoor Panchayat (Agricultural Workers' Assembly) claims a statewide membership of 24,000 and has used the EGS as an important component in its strategy to expand its membership.<sup>82</sup> In Ahmednagar, the Lal Nishan (Red Flag) Party has supported the organization of the Ahmednagar Zilla Shet Majoor Union. Its leaders claim a membership of 5,000. Three thousand of these members were organized as EGS workers.<sup>83</sup>

Politicians in the ruling Congress Party have probably benefited most from the EGS. EGS constitutive policies, however, have changed their position in the terrain of Maharashtra's rural politics. Even though the Congress Party has dominated rural politics, the political system remains highly competitive because elites vie for power within the party. In the past, success in politics has required support from rural institutions dominated by elites—e.g., sugar cooperatives, District Central Cooperative Banks, and private educational associations. The avail-

ability of the EGS as an alternative resource enhances the potential autonomy of rural politicians from other rural elites.

The EGS alters the political calculus of those politicians who come to rely on it as a source of support. This point was made clear by the *sabhapati* of the Parner panchayat samiti 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. By doing so, the EGS gives the numbers of the workers added weight in his calculations.<sup>84</sup>

The existence of the EGS enables politicians to build independent political organizations similar to political machines. But—unlike machine organizations, which usually monopolize the distribution of benefits to their popular base of support—the EGS, with its guarantee of employment, prevents such a monopoly. It facilitates the activation and organization of workers by opposition parties and voluntary organizations as well as by ruling party politicians. As a result, multiple channels are available to represent workers' interests and increase the opportunities for workers to make politics more responsive to their perceived needs.

### *The Impact of the Reconstituted Environment on EGS Implementation*

By enhancing the rural poor's incentives for collective action and simultaneously altering the calculus of politicians, the guarantee of employment alters the environment of the government officials responsible for EGS implementation. It creates pressures on EGS administrators to respond to the needs of the poor by encouraging them to demand EGS jobs. In effect, the employment guarantee embeds EGS administrators in a political market that pressures administrators to respond to different levels in the rural poor's demand for EGS employment. In comparison to the misguided implementation and leakages that characterize other poverty alleviation programs, the political market created by the EGS incites administrators to be remarkably responsive to the needs of the poor.

The EGS is not simply a pork barrel. While the aggregate expenditures on the EGS at the state level show a steady increase, the pattern

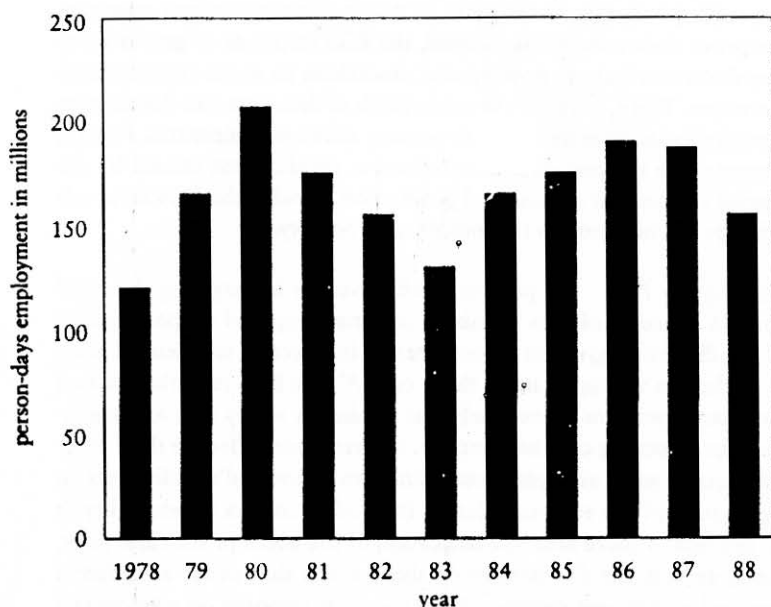


Figure 2. EGS employment generation, 1978–88. *Source:* Data provided by Planning Department, Government of Maharashtra, Bombay.

of employment generation is much less consistent (see figure 2). EGS employment peaked at 205 million person-days in 1979–80 and then declined to 128 million in 1982–83 before peaking again in 1985–86 at 190 million. The explanatory power of the pork barrel model is further weakened when employment generation is disaggregated to the district level, since EGS employment declined in seven of twenty-four districts between 1975 and 1987.<sup>85</sup> The largest rates of decline were in Raigad and Thane, where EGS employment shrank at annual rates of 36 and 14 percent. Both are located close to Bombay and Maharashtra's industrial belt. In each district, considerable amounts of labor are absorbed through migration to the industrial metropolis. Kohlapur and Jalgaon experienced the next-largest declines. They possessed the first and fourth most productive agriculture of all districts in Maharashtra.<sup>86</sup> The variation in EGS employment generation among the districts suggests that pork barrel politics provides an insufficient explanation of the patterns of EGS employment generation and expenditures. It suggests that local labor market conditions also are important.

The political market created by the EGS makes program implemen-

tation remarkably responsive to the requisites of poverty alleviation. First, it effectively targets the poor, so that it efficiently utilizes resources to improve their conditions. Second, the EGS responds to gender inequities that contribute to poverty and exacerbate its social consequences for women. Third, it adjusts to crises (such as droughts and floods) that dramatically increase the need for poverty alleviation measures. Fourth, it responds to the temporal fluctuations in employment caused by the seasonal rhythms of agricultural production. Finally, the EGS responds to the spatial variation in the incidence of poverty.

*Targeting the Poor* A program's effectiveness in targeting the rural poor is a function of two variables: the costs imposed on participants and the discretion given to administrators in selecting recipients among those who are willing to incur those costs.<sup>87</sup> The EGS requirement that participants perform manual labor at minimum wages acts as a mechanism for screening out the nonpoor. It seems more effective than other mechanisms, such as means tests, since an individual's willingness to work is less subject to manipulation than other criteria for eligibility. It also provides a more accurate indication of the needs of the rural poor, since it reflects the fluctuations in these needs that occur at different times and in different regions. While the costs imposed on participants screen out individuals not included in the target group, the stipulation guaranteeing employment circumscribes the discretion of administrators selecting EGS participants. Leakage to nontarget groups is relatively insignificant for the EGS. In their survey of 1,500 EGS participants, Dandekar and Sathe found that 90 percent of them lived below the poverty line. According to another survey, by Acharya and Panwalkar, the mean per capita income of households participating in the EGS was Rs. 790, almost 20 percent below the poverty line, and 77 percent had per capita incomes below the poverty line even after receiving EGS wages comprising 31 percent of their income. In still another study, Bhende and his colleagues found a strong inverse relationship between EGS participation and household wealth.<sup>88</sup>

Providing enough employment to absorb the rural poor is a more serious difficulty than leakage to nontarget groups. The guarantee under the EGS has been more effective than similar efforts, such as the Government of India's Rural Landless Employment Guarantee Programme, or its Jawahar Rozgar Yojana. EGS officials like to point out that the government has never had to make unemployment compensation payments to workers who do not receive EGS employment. Never-



theless, in many instances demands for EGS employment have not been met.<sup>89</sup> Workers frequently complain that projects are suddenly shut down when the number of laborers does not meet minimum levels; furthermore, administrative discretion can be utilized to exclude workers by assigning them to distant projects that make the costs of participation prohibitive.<sup>90</sup>

*Reducing Gender Inequities* The EGS helps to reduce gender inequities. By giving women an independent source of income, it has lessened their social dependence. In the fiscal year ending in March 1985, 738,000 women worked on the EGS, accounting for 38 percent of all EGS workers.<sup>91</sup> As reported by Acharya and Panwalkar, who compared ninety-four households participating in the EGS and ninety-eight non-participants, the average female contribution of income in participating households was 56 percent, while that in non-EGS households was only 18 percent. In half of the latter households, women were confined to domestic work and did not earn any wages at all.

In contrast to agricultural wages in most areas in Maharashtra, EGS wage rates do not discriminate between genders.<sup>92</sup> Equal pay for women on the EGS enhances their bargaining power in labor markets. Acharya and Panwalkar found that in areas where the EGS was not present, average wages for women were 19 percent less than for men. In EGS areas, the mean for men and women was virtually equal.<sup>93</sup>

*Responsiveness to Crises* EGS responsiveness to the demands created by crises was most apparent in 1979-80, when Maharashtra suffered from a sequence of natural disasters. Labor attendance rose sharply after a drought disrupted sowing operations during the 1979 monsoon in western Maharashtra and in the Marathwada region in central Maharashtra. Disaster then hit the eastern region of Vidharbha when August flooding destroyed the paddy crop in many areas. In response, EGS employment increased dramatically. EGS labor attendance from June through August jumped by 56 percent over the average of the preceding and following years for the same period.<sup>94</sup>

Crises can occur at the micro as well as the macro level when local conditions disrupt the income flow of particular households. The EGS helps to stabilize the income of agricultural laborers. According to a survey by Walker, Singh, and Asokan, the households in two villages where the EGS operated had income streams 50 percent less variable than those in a third village where there were no public works.<sup>95</sup>



Acharya and Panwalkar also found that households benefiting from access to the EGS had a much narrower distribution of per capita incomes than comparable households that did not benefit from the EGS. The standard deviation for the income distribution of EGS households was Rs. 543, while that for non-EGS households was Rs. 1901. The major reason for this disparity was that 41 percent of the non-EGS households had annual per capita incomes less than Rs. 250, while only 4.3 percent of the EGS households had incomes at this crisis level.<sup>96</sup> The performance of the EGS has led economist Martin Ravallion to commend the program for its social insurance benefits, which protect the poor from precipitous drops in their income.<sup>97</sup>

*Responsiveness to Seasonal Fluctuations in the Demand for Labor*

The EGS also appears to adjust to seasonal fluctuations in the demand for labor. Although Maharashtra is a diverse state, the predominant pattern in agricultural production is a single *kharif* crop beginning in July and ending in November or December. Winter cropping is less extensive in most areas, and late spring is the slack point in the agricultural year. According to the National Sample Survey for 1983, unemployment in Maharashtra peaked in the April–June quarter and was lowest in the October to December quarter. EGS employment roughly conforms to the seasonal pattern of unemployment. During April–June 1983, it averaged 798,000 person-days per day—5.1 percent of the total available person-days of employment. From October to December, EGS employment dipped to 348,000 and accounted for only 2.1 percent of the total person-days of employment available.<sup>98</sup>

EGS responsiveness to temporal fluctuations in the demand for labor is even better reflected at the district level, where—according to one study—variations in the seasonal pattern of EGS employment correspond to differences in the cropping patterns among districts. Thus, districts such as Bhandara, whose agriculture is based on a single cropping pattern, have greater variation in EGS employment than districts such as Sangli and Satara, which have more multiple cropping and larger areas under sugarcane—a crop that increases the demand for labor in slack periods.<sup>99</sup>

*The EGS and Spatial Differentiation of Poverty in Maharashtra*

The EGS is remarkably responsive to the spatial distribution of poverty in Maharashtra—largely because of the political market created by its implementation. Areas with a high incidence of poverty tend to have surplus labor and high rates of underemployment and unemployment. Dis-

districts with high underemployment tend to have greater demand for work on the EGS, and administrators create more jobs in these locales. Areas with less underemployment tend to have lower demand, and EGS administrators generate less employment in these areas.

These observations are based on a study that compares the incidence of EGS employment generation in twenty-five districts with thirteen socioeconomic variables that offer plausible hypotheses for explaining the variation in EGS employment. (For details, see the statistical appendix.) The dependent variable is based on data showing monthly EGS employment generation for each of the state's districts from July 1975 through December 1989.<sup>100</sup> The data on EGS employment were summed and divided by the rural labor force, to create a standardized dependent variable. The study's findings show that EGS labor attendance is most highly correlated in districts with high levels of traditional, dryland agriculture. Levels of employment generation are negatively correlated with various indicators of agricultural productivity. Multiple regression analysis also supports these findings. The equation explaining the most variation in EGS labor attendance is one that includes the share of the gross cropped area under dryland agriculture, the percentage of the labor force that is from scheduled tribes, and the percentage of the labor force that is accounted for by scheduled castes. Each variable has a significant positive relation to EGS employment generation. Together they account for 72 percent of the variation in EGS employment among the state's districts. Channeling EGS expenditures to areas with high levels of dryland agriculture, scheduled tribes, and scheduled castes contributes to poverty alleviation, since dryland agriculture is associated with underemployment and poverty while scheduled tribes and scheduled castes represent the most underprivileged groups in the state.

## CONCLUDING REMARKS

Our examination of EGS implementation from the Rational Process Perspective revealed ways in which EGS administrators responded to the formidable problems confronting the program. EGS planners attempted to surmount these problems by creating a complex administrative apparatus that promotes 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 labor-

ers and the technical departments responsibility for ensuring that EGS projects are properly designed and constructed. During the course of implementation, a number of measures have been taken to improve coordination within the matrix.

While the matrix structure of authority seems beneficial from the Rational Process Perspective, it appears disastrous from the Conflictual Process Perspective. Largely because of the cleavage in its administration, administrators lack commitment to EGS objectives. The administrative division of labor generates antagonism between officials from the Revenue Department and the technical departments. Field officers' alienation from the EGS is reinforced by the pejorative attitude toward the program that is pervasive among their departmental superiors. The Revenue Department lacks the means to monitor and supervise the technical officers effectively. All these circumstances foment extensive corruption. From the Conflictual Process Perspective, prospects for resolving these problems are dim. The political clout of the technical departments seems too strong, and politicians appear to have little incentive to bring about changes.

Profuse corruption, the enhancement of the power of ruling party politicians, and the bias in creating assets that favor medium and large cultivators have led many scholars to be highly critical of the EGS.<sup>101</sup> Viewing the program from the Organizational Environment Perspective reveals some positive outcomes that are often unappreciated. By making employment an entitlement, the EGS encourages political mobilization of the rural poor and provides incentives for politicians to be more sensitive to their needs. These changes have incited EGS administrators to be more responsive to the demand for EGS employment throughout the state. Since demand tends to be associated with economically less developed areas, the EGS redistributes expenditures to these areas. In a state that is 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 political terrain in a manner that improves the prospects for more equitable development.