

Micro-politics of social protection: Examining the effectiveness of 'right for employment' for informal sector in rural Maharashtra

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Abstract: The analysis of public works programmes using the theory of real options argue that effectiveness of these programmes can be studied by examining the switches the workers make between public works and other labour market activities. Wage rate between these two options is the focus of the analysis under the theory of real options. This paper critically examines the applicability of the econometric methods of the theory of real options by studying the same public works programmes through local management perspective. Local elites enjoy 'informal ownership' of public works programme and therefore, the rights, especially for the poorest people, are shrouded within the micro-politics around the public works programme. Besides, for a large number of the poorest people, who are trapped in the vicious circle of debt and seasonal migration, rights and options are foregone. The power of the local elites, who are capable of preventing some workers, cajoling the supervising officials and manufacturing the muster rolls of public works programmes, is discounted heavily in the approach of theory of real options. Relying on such outcome variables, which are manufactured by the local elites, can mislead the policy decisions. Thus, paper calls for the process evaluations of the programmes rather than the outcome evaluations. The empirical data for the paper comes from the fieldwork done during the period of October 2003 to May 2004 in Marathwada region of Indian state of Maharashtra.

Introduction

Provision of social protection for the rural masses is enmeshed within the rural power structure. In addition, the public provisions promised and designed for the purpose of social protection create its own politics. Public works programme is one of the important social protection programmes in rural areas offering both cash and food grains to the poor people, especially in drought prone regions with marginal agricultural labour possibilities. Employment Guarantee Scheme (EGS), perhaps the most famous public works programme in the developing world, in the Indian state of Maharashtra is well researched. However, the assessments of public works (and that of EGS) programme, based on the outcome measures, neglect the importance of local actors (elites) involved in the process of identifying the works and implementation. This paper is an attempt to fill this gap. The focus of the paper will be to examine the reasons for the exclusion of the poorest people from EGS, and to see whether the findings of this study corroborate the results from previous researches, particularly that of the theory of real options.

This paper, and other recent studies on EGS (including the papers applying the theory of real option) show worsening targeting and the poorest people being excluded from the public provisions. However, the reason suggested for mistargeting by most of the studies focus on the implementation lapses by State authority. The application of the theory of real option to EGS targeting specifically points out 'the higher skilled and more hardworking individuals switching into EGS to earn higher wages' (Scandizzo *et al*, 2005: 26) as the reason for mistargeting. This conclusion as well as the argument of 'implementation lapses' gives the impression that EGS is a politically neutral programme to which anyone who wishes to earn higher wages could switch into. My attempt in this paper will be to show how the real options for the poorest people are constrained at various stages of selection and implementation of EGS given the political context of local area and poor people's political affiliation. My focus will be to show what interactive conditions are in operation among the independent and inter-dependent actors involved in the implementation of EGS at local level, which is mostly ignored by the econometric models and analyses. The method is narrative¹, because the arguments are based on social relations perspective,

¹ At the outset it is good to be reminded that most of the researches published in non-local (other than Marathi, the local language of Maharashtra) language are based on quantitative figures, which are

and the narrative method is best suited to present evidence as well as to explain the mechanisms of differential provisioning. However, wherever applicable, I will use evidences from the household survey that I conducted.

The paper is organised in three sections. After this introduction, in the section 1, we will briefly look at the methods of the study, details about the case area, and explains why EGS was found to be successful by various other researches and particularly by the theory of real options. In Section 2, I will present the findings of the fieldwork narrating the politics of EGS at various stages of implementation. Section 3 will be a discussion on the findings and concluding remarks.

Section I

Method, Geographical Area and EGS

In this section, we will examine the methods of research, geographical area and people where study was conducted and detailed findings of other researches on EGS.

Method

This paper is part of a larger project on social protection for rural workers, which is my ongoing doctoral work. As part of the doctoral work, fieldwork was conducted for eight months in 2003-04 in two districts of Marathwada region of the Indian state of Maharashtra. Two villages (Bajgaon and Saralgaon²) were selected to examine the case of EGS in detail. The corresponding *tehsil* (block area) and districts in which these two villages were geographically located were also studied to see administrative set up and larger political context affecting the village. However, the term 'local elite' is reserved in this paper to denote the elites identified³ by the

based either on the attendance musters generated for State agency, or on surveys. The theory of real option also has been applied for such aggregate data sets.

² Bajgaon was a village with population of 8000 and it had a weekly market. Saralgaon's population was 2500, which depended on another village for market facilities. Socio-political and economic characteristics of two villages are unique, but do not vary drastically from that of the region. A brief discussion follows in this section on area. All the names other than that of region are kept anonymous to protect the identity of the people, especially officials and elites, who provided sensitive information. The reason for this will be clear as the paper proceeds. The population figures used from census are also rounded off further to check the chances of identifying the villages.

³ Elites were identified using reputation technique, which is a superior method than positional identification, issue participation and ecological approach to understand community power structure. See Dahl (1961), Singh (1988) and Mitra (1992) for other empirical applications of reputation technique. To keep the paper within the focus of discussion, I am not discussing the nature of elites here, which can shed detailed understanding of the power structure of the community. Interestingly government officials were not rated as local elites. But to capture the views of government officials, who are important stakeholders on public works programme, they had to be interviewed.

villages under study. In other words, village is understood as 'local' in this paper, nested within block and district. The fieldwork used a mixture of methods such as, identification of elites, elite interviews, interviews with government officials, observation of EGS sites, survey of EGS workers from the village under study, and review of local newspapers on EGS related issues during the fieldwork.

Marathwada: The case area

Though Maharashtra is presented as one of the developed states in India, its development is restricted to urban centres. The Human Development Index, combined for urban and rural areas, places Maharashtra at third rank among the 15 major states of India. When the HDI is calculated only for rural areas, Maharashtra is at 14th rank among the 15 major states of India (Prabhu, 2001). The efficiency of the state in rural poverty reduction, in comparison with other Indian states, has also been questioned, other than the practices of 'selective inclusion' by the dominant *Maratha* caste (Harriss, 2000; Lele, 1981, Jenkins, 1996). However, Maharashtra has five distinct regions and good number of studies are based on the prosperous regions of Konkan and Western Maharashtra. This study is based on the case of Marathwada, which has a more fractured polity though the Maratha dominance is evident.

Marathwada has eight districts and it is drought prone region with average 600 mm rainfall. It is classified as one of the poorest regions in India (Mehta and Shah, 2001) being evident from its literacy rate of 68.21 (Maharashtra's literacy rate is 77.27). The region had been under the feudal rule of the Nizam of Hyderabad till 1948 (until Police Action freed it) as a result of which it received major neglect for developmental issues. Though the region was merged with Maharashtra in 1956, it continued to be neglected by the political leaders of Western Maharashtra, who had backing of sugar co-operatives which were negligible in the region. Writing about Marathwada, Sirsikar (1995: 47) aptly comments: "it is paradoxical that this region has remained so underdeveloped despite its central location and its water resources".

Marathwada has large landholding pattern and some landlessness (NCAER, 2002; GoM, 2002). *Marathas* constitute the main landholding and political caste. With the irrigation facility for 15 per cent of total cultivated area, Jowar, Bajri, wheat, onion, cotton and sugar cane are some of the major crops. It has a total rural work force of 57,40,787 persons. Landless labourers depend on Marathas for daily wage work opportunities. However, scarcity of rain makes the agriculture a seasonal job.

Thus, programmes like EGS have a high relevance for the landless castes in Marathwada.

One of the biggest landless castes is *Mahars* and neo-Buddhists (scheduled caste), which has a significant political voice in the region⁴. In recent times *Mahar* community's political voice was audible in its demand to rename Marathwada University after the name of Dr. Babasaheb Amedkar, whose efforts have contributed for the social change of this mostly landless caste. Alienated from the agriculture related activities, many people from *Mahar* community migrated to urban centres and imbibed egalitarian values. Often, their return to village results in violent clashes with, still traditional, rural power structure in day today activities such as water fetching from hand pumps etc. (Sirsikar, 1995; CPDR, 2002).

Muslim population, without much political voice and sometimes looked upon antagonistically referring to Nizam's rule and Nizam's cruelties, involved in agriculture and trading agricultural products, could also be found in Marathwada in good numbers. But the biggest trading caste is *Marwaris* who are found in the urban centres and big villages. They also act as moneylenders. There are many other small occupational castes, which often support *Maratha* caste, some of them will be mentioned as we further explore the research questions in focus.

Traditionally Marathwada has been loyal to Congress Party. Since 1995, Bharatiya Janatha Party (BJP) and Shiv Sena has mobilised the disgruntled rural elites of Congress party, and finally made inroads to get elected to state assembly. Recent split in Congress party and the formation of Nationalist Congress Party (NCP) also has given political voice to another section of disgruntled leaders from Congress. However, as in Western Maharashtra, the district level leaders from all these parties, except for few leaders, continue to be *Marathas*.

Why was EGS successful?

EGS was started in 1972 as a response to drought in Maharashtra. The rationale of the programme was two fold⁵: a) By providing gainful employment to the poorer people and b) by creating durable assets⁶ in rural areas poverty can be

⁴ It is also important to note that *Mahars* (like *Marathas*) are martial people with significant representation in Indian army since pre-independent period.

⁵ EGS programme is silent on a third objective, which usually the public works programme possesses: increase the bargaining power of the poor people through the impact of the public works programme on the labour market and relations.

⁶ Most of the durable assets created so far through EGS programmes include percolation tanks, wells, minor irrigation projects, afforestation, rural roads, soil conservation, and horticultural programmes.

substantially mitigated. Under the programme, able-bodied persons willing to do unskilled work are guaranteed manual labour⁷ through a self-selection method.

The evaluation and researches⁸ on EGS have been commending the programme for a number of reasons:

a) The constitutional recommendation (directive policy Article 41 of Indian Constitution) of 'right for work for all' was first time operationalised in India through EGS. If the government fails to provide work to a person who demands the work within seven days of the demand made, government is legally obliged to pay Rs.10⁹ per day to the litigant;

b) The scheme is implemented at massive scale. Average monthly participation was 2.61 lakh persons¹⁰ in 2002-03. It created 15.45 crore person-days of work with total expenditure of Rs. 889 crore in the same period. Average wage per person-day for the same period was Rs.46.03 (more quantitative figures of the achievements of the programme are attached in the appendix 1);

c) EGS projects are selected on the basis of intensity of the use of unskilled labour. The law when EGS started was to have 90 per cent of cost of the project going for wages of unskilled labour and 10 per cent for skilled labour/material. However, in later years this criteria was found to be difficult, and this criteria was further relaxed into 60:40 ratio for unskilled and skilled labor¹¹;

d) A number of welfare benefits were included in the project such as i) drinking water facilities, ii) shelter for rest at the time of interval, iii) First Aid Box, iv) Creches, shelter and midwife to look after the children of the labourers, v) maternity benefit to the women labourers, vi) Ex-gratia payment to the labourer in case of injury or death while working in EGS, vii) rent for the working tools and viii) availability of work within eight kilometers of residence of labourer;

⁷ Usual manual works that are available are digging, shifting soil, and breaking rocks.

⁸ Though not exhaustive, following are some of the important studies on EGS on which this discussion is based: GoI (1980), Herring and Edwards (1983), Acharya (1990), Sathe (1991), Ravallion (1991), Ravallion *et al.* (1993), Ravallion and Datt (1995), Besley and Kanbur (1993), Deolalikar and Gaiha (1993, 1996, 2001), Gaiha *et al.* (1998), Dev (1995, 1996a, 1996b, 1998), Terhal and Hirway (1998), Datt (1998), Desarda (2001), Scandizzo *et al.* (2003), Krishnaraj, *et al.* (2004a, 2004b), Ganesh-Kumar *et al.* (2004).

⁹ Until recently this amount was One rupees. However, this compensation is never paid. State authorities claim that State is able to provide work to whoever demands. However, provision is only a check on the State to ensure guarantee.

¹⁰ Total rural population in Maharashtra is 557 lakhs according to 2001 census.

¹¹ Today some projects (minor irrigation tank, percolation tanks, village tanks, forest ponds and roads) can be run even with 51:49 ratio of unskilled and skilled labour.

e) 50% of the financing of EGS comes through levying a tax on urban workers. Another 50% is contributed by the state government. This puts the responsibility of rural development virtually on the comparatively well off population in urban areas;

f) Women find EGS as a better avenue of employment since better payment is ensured than the private agricultural work where the payment is gender biased;

g) Self-selection reduces administrative burden of targeting. This self-selection criterion is built into the programme first, by keeping the wage rates of the EGS little lower than the normal agricultural wage rates in the private farms and second, on usual circumstances works like digging and breaking stone are not likely to attract the non-poor;

Researches have also pointed out various implementation lapses in the programme. These are a) after the increase of wage rates in 1988 there has been incidences of inclusion of non-poor in the EGS work to great extent; b) Irregularity and delay in works and payments; c) Complicated measurement of works results in discrimination against the weak and old persons; d) Corruption especially through inflated muster rolls; and e) assets created are of poor quality.

Though these drawbacks are pointed out, general appraisal by researches is that EGS has been a successful programme due to the positive outcomes. The programme itself is designed around a rigorous weekly and monthly reporting of the outcome figures¹² (EGS Act, 12-g). However, during recent times some of the researches have called for restructuring of this 25-year-old scheme (Gaiha, 2001; Krishnaraj *et al*, 2004; Desarda, 2001). It is important to understand the root causes of 'what governs' this scheme if meaningful restructuring has to be pursued.

Section II

EGS: Politics and Practice

The following section discusses some of the results from my fieldwork in Marathwada on EGS. We will go through important steps of registration of beneficiaries, identification of EGS projects, implementation of the same, payment of

¹² These outcome figures are transmitted from tehsil to district and then to Planning Department in Mumbai on weekly and monthly basis. Weekly reports include number of works in progress, labour potential, labour attendance at the end of the week etc. Monthly reports include category number of works sanctioned, completed and in progress, employment potential of these works, actual mandays generated at the end of month, total wage component of expenditure incurred during the month. These reports create a rich data sets at the Planning Department. They are often published and made available to researchers, which constitutes as the important raw data for good number of researches on EGS.

wages and influence of other labour market opportunities on the labourers and EGS scheme.

Registering for the rights

EGS Act (8,1) requires a job seeker to register with *talati* (village revenue officer) or *Gramsevak* (village level worker) through an elaborate procedure. The purpose of the registration is to verify that the people who participate in EGS are from the poorer sections and also to determine the labour demand in a locality. The EGS officer at the *tehsil* level is expected to obtain such list of registered persons from the village office. The same officer collects list of EGS works in the *tehsil* from the district collector and he directs the implementing agency to provide work for the registered workers (GoM, 2003).

But, many officials feel that self-selection and registration are contrary in principle. As a matter of fact registration does not take place¹³. My survey revealed that 84% of the labourers, among the labourers who had worked in EGS at least once, had not registered. It is also unrealistic to expect people who are poor and illiterate to be aware of their rights and to register themselves for a programme that may take place in future (Bhatia, 2000). However, without some sort of registration, it is not possible to show or legitimise the demand for work¹⁴ in a locality. Therefore, village elites with the help of labour organisers (*mukadam*)¹⁵ produces a list of

¹³ Krishnaraj *et al* (2004:1603) also reports that the registration process is suspended for past 15 years since "these registers failed to provide the correct picture of the local demand".

¹⁴ EGS Act stipulates that EGS work can start if there are 50 workers available.

¹⁵ *Mukadam* literally means supervisor. But *mukadams* are connoted with various names in researches. Labour-brokers, labour-agents are some of them. The reason for these different names is that his responsibilities are more than that of a supervisor. They are very tactful persons with leadership abilities living in the community. They have good knowledge about each household. They know who from each household is capable of doing which work, who is skilled, who is unskilled, who is hard worker, who is lazy, who needs money etc. They also are in constant touch with contractors or landlords. According to the work availability from the contractors and landlords, they contact households with suitable labourer. The labourers also go and ask *mukadam* if there are any jobs for them. There are *mukadam* for different types of jobs (eg. agricultural jobs, sugarcane cutting, road making, digging), caste and gender. It is *mukadam*'s responsibility to reach the labourers at the work site in time, give sufficient rest to labourers, handle emergency, motivate the workers, taking the measurement of the work done by the labourer, to handle disputes amongst workers, and to dispel any disputes that may arise from payment. A *mukadam* may choose to work as a daily wage labourer with other labourers and remain a leader as well as supervisor of them distributing the works. The *mukadams* are given a commission (often five per cent of the wage of the labourer). Daily wageworkers from non-farm sector usually attach themselves with a *mukadam* to ensure continuity of employment. Agricultural daily wageworkers need not be associated with a *mukadam* because regular farm worker for the landlord would inform the availability of the work directly to the labourers. See Rudra and Bardhan (1983), Breman (1993) for similar details on *mukadam* in West Bengal and Gujarat respectively.

labourers 'who seeks' manual labour. The latest available list, when the fieldwork was undertaken, was that of 2001.

In Bajgaon, Sakurao¹⁶, one of the *mukadams*, produced the list. He told the researcher: "I went to each house door by door, who wanted to work in EGS programme and convinced them the need to register. People whose names are in the list are the poorest people of the village". Sakurao sounded as though he was extending a helping hand to other community members to provide jobs for them. He hid his interest of the possibility of obtaining a commission from each labourer when EGS programme starts in the village. When I examined the list, which has 143 names, first nine names were that of different *mukadams* in the village who were economically well placed. This indicates how a process of registration begins. With few names if the list is taken to a poor household, someone is likely to put his/her name as well in the list with the hope that some benefit may come in the future.

The interviews with some of the people whose names were in the list were insightful. One of the respondent told: "When Sakurao asks me to put my name in the list, I will not hesitate. I paid Rs.10 for putting my name in the list. God knows what benefit may come". Another respondent showed the card of EGS registration and told: "Sakurao told that I would get work and free grains if you register. He took Rs.10 as registration fee. But neither I received grains, nor work". These responses reveal that the 'labour demand' in the locality through the list is a creation of enticing and cajolery. Interestingly, the list could not be used to sample for the survey. Because only two people from the list were currently working in the EGS programme!

In fact, the ability to produce a list of names acts as informal criteria at the *tehsil* level to claim for an EGS project. Usually only a person with some political clout can produce a list of names of job seekers. At the time of making payment there is no crosschecking whether the names in the pay rolls are those names, which are registered. Because since the programme is based on self-selection, the implementing agency could justify that the job was provided to a person who demanded the work. Ultimately the 'list making' and registration has the role of a ritual (See for a theoretical discussion on this in Chatterjee, 2004: 78) to be followed to justify the legal requirements of EGS Act and thereby obtaining legitimacy for the programme.

¹⁶ Sakurao is a 53-year-old man and being from Maratha caste he belongs to the caste of of the main village elite. *Sakurao* has strong political connections especially through Congress party. However, for past three years he is not active since the opposition party is in power at *Panchayat Samiti* and he is not able to obtain works.

How does an EGS project start?

Starting and implementing an EGS project is the primary responsibility of the district collector¹⁷. However, since district collector has over all duty of the district, there is a junior collector with the title of 'EGS collector'. It is EGS collector who practically handles all matters on EGS. District collector is helped in this process by officials at local level from two directions: i) *Tehsildar* and EGS officer is responsible to guarantee the work to the people; ii) Junior Engineer (JE) of the respective department¹⁸ is responsible to make sure the quality of the work and its technical aspects. There is an EGS committee at district level and *tehsil* level, (of people's representatives appointed by the state government, with representation for backward castes), which approves the works that district collector presents to the district committee. (The committee at *tehsil* level has only the power to make recommendation.) The approved projects are sent to the Planning Department at state level, and as the demand for work arises, the work is implemented. While day today implementation is carried out by JE, *Tehsildar* does the supervision. The EGS committee also has 'supervisory and review' roles (EGS Act 5, 1-3 and 7, 2 GoM, 2003). cursory reading of this provision of EGS Act gives rise to an important question. How can EGS project start given these administrative structures, where village level officials are not linked with *tehsil* and district levels except for registration of beneficiaries?

Mismatch of policy guidelines of EGS and difficulties of project identification have been reported in previous researches (Gaiha, 1996; Krishnaraj *et al*, 2004). But these studies do not delve upon the politics of identification of EGS projects. Rather, their pre-occupation is along the lines of projects which should create durable assets do not meet such project requirements. I felt that the inquiry into the politics of project identification would be double edged enough to answer the question of inability to identify the projects that create durable assets and to understand the stakeholders of the projects. It is because the local elites become serious stakeholders

¹⁷ District collector has also power to approve EGS works costing up to Rs.5000000.00. Permission from Divisional authority is required if the project is between 50-75 lakhs. The project costing above that requires permission of Planning Department.

¹⁸ Once the nature of the EGS work is decided, a plan is to be prepared with technical aspects about the work. The respective government departments of Irrigation, Public Works, Agriculture and Forest do this. For example, if the work is small irrigation tank, JE of irrigation department is responsible for this project.

of the EGS project through the politics of project identification, the exclusion of the eligible job seekers happens.

When I inquired how a project is selected one of the JE told: "We do not have enough knowledge about the village and where the work to be started. We take the advice of the people's representatives in this matter". This alienation of the official from the communities helps the local elites to have serious stake on the EGS projects. In the flow chart in Appendix II the village level officials are excluded from their counter parts at *tehsil* level. Rather, it is the political elites who complete the web of relations and finally determine which projects have to be started.

In fact, the starting point of an EGS project is a local political elite. Local elite, who knows that he would get political backing at district level to get the project granted, identifies a work site where EGS project could be done. One local elite, who was running an EGS project when the fieldwork was going on, told the process as below:

"Once I identified the suitable farms, where the percolation tank could be built, I approached the owners of those farms. Through a number of visits I convinced them how the percolation tank can be useful to their farm. For example, I told them they could get more water in the well...This is the most difficult and time consuming activity to get EGS project starting. Once they give consent, I went to the JE (of irrigation department) to his home and told him about the project. JE knew I am party worker. I invited the JE for a lunch to my home. I treated him well and showed him the potential site. Then it is JE's duty to prepare suitable project with technical details. Project comes up for decision making at the EGS collector's office. Our party's Member of Legislative Assembly (MLA) pulls the strings to get the project granted. MLA has to do it because when election comes up, it is we the party workers who canvas the votes for him".

Local elite gives only a small technical role for the JE, who is actually the implementing agency¹⁹, in his narration²⁰. He feels he handles two important bottlenecks of the project, namely getting consent from the farm owners²¹ and

¹⁹ In fact, EGS Act does not specify JE as implementing agency. Act 2(d) specifies any government body that is responsible to carry out the scheme as implementing agency. However, for practical reasons JE becomes implementing agency since it is he who is required to go to the work site to direct how the work should be carried out according to the blue print. *Tehsildar* is expected to visit the site for supervision purposes and to complete the periodical evaluation forms. However, it happens rarely.

²⁰ See Baviskar (2004: 36) where a contractor is shown as the real implementer and official agency of watershed programme as cosmetic in Madhya Pradesh.

²¹ JE confirmed this when he compared EGS projects with other Public Works Department projects such as road etc., where there is compulsory acquiring of the necessary land. For EGS project, the farm owners need to give the consent for work to be carried out in their land. There are compensation at the price of local rates and there are corruptions associated with these assessments. For example one of the local elite on whose farms a percolation tank was being constructed was given rupees one lakh for his

political backing from MLA at the decision making on the project. He knows JE cannot handle these bottlenecks. Thus, it is basically a project on which local elite has good stake.

In fact, the EGS committees, at *tehsil* and district level, have the role and duty to sense the people's development needs and to encourage such projects since they are constituted of people's representatives. Rather, the committee members use their power in order to grant the projects for their intermediaries – local elites - in the villages, to strengthen a process that can be termed as 'proxy politics'. These local elites at village level do not have power to directly reach the decision making process at district level (Weiner, 1962: 13; Mitra, 1992; Corbridge *et al*, 2003). They depend upon Members of Legislative Assembly (MLA) or Member of Parliament (MP), ex-MLA or ex-MP who operate at district and state level. On the other hand MLAs and MPs are also powerless without these local elites since vote banks are directly with the local elite.

EGS committee at district level includes not only the MLAs elected from the respective constituencies but also the guardian ministers. So, if the MLA of a given district belongs to the opposition party, there will be a tussle with the guardian minister, who is from ruling party, to obtain the projects²². Guardian minister wants to give the project to the local elites supporting the ruling party while the MLA of the opposition party wants to satisfy his intermediaries with projects and to strengthen his own party at local level.

On such a tussle, it is district collector (often EGS collector) who mediates the conflict. One of the state level EGS committee members described such resolution of conflicts as "district collectors bartering peace by exchanging the EGS projects". If the MLAs are dissatisfied with administration or district collector in the allocation process, they have the opportunity to point out the implementation of the project as legally wrong and to take file case against the state in his/her capacity as committee member. This powerlessness of the official adds on to the reason why officials cannot check the corruption by the politicians. One of the *tehsildars* told: "It is good to obey and go according to what the elites say. Because the system is so complicated and they could easily trap you by pointing out a small mistake. On the other hand, if you

well, which would be submerged, within the percolation tank. He told he was happy for the project because the well was shallow and dry.

²² See the Newspaper report of such a tussle in *Sakal* dated 22nd November, 2003.

give in to their demands, they do not make troubles, further you can share the benefits (money)". The politicians are emboldened by the fact that the officials are from outside the district and do not 'know the locality' (see also Weiner, 1962; Kohli, 1987) and therefore the officials do not have the authority to make decisions on matter that affect the lives of the people on whose votes he (politician) has gained authority.

This 'granting' of the projects as demanded by local elites have not only symbolic value of approval to the local leadership but also involves monetary benefit²³. But, to our paper it is important to recognise here that process of decision-making as described above gives an informal ownership of the project to the local elite. It has been shown by micro-economists that it is the ownership structure that ultimately decides the efficiency of allocation (Mkandawire, 2004: 16), and in the case of EGS who should be included as labourers. We will see this in the next section.

Implementation of the project

EGS project has to be directly implemented by the respective department and government body (JE being responsible to particular project reporting to Senior Engineer and co-ordinating with *tehsildar*) according to the statutes of the EGS Act 2(d). Subcontracting is not allowed²⁴. But a natural question arises as to how could the officials (especially JE) implement the project when the local elite has good stake over the project, as we have seen above in the process of identification of project. Besides, a JE will have a number of EGS projects with him especially in the lean agricultural season when EGS works are carried out in large numbers.

In practice, what takes place is a division of responsibilities between JE and local elite while implementing the project. Organising the labourers, managing the labourers, distribution of works to labourers and supervision of works are done by the local elite. Keeping the attendance register of labourers, measurement of the work done, obtaining the money from government department and distribution of money to the people are the responsibility of the JE. But there is no hard and fast division of the

²³ A typical percolation tank may cost between 15 to 20 lakh rupees. *Mukadam*/contractor makes a profit of 10-15 per cent by undertaking such a work.

²⁴ In similar Public Works Programmes in South Africa it was noticed that implementing agency was Non-Governmental Organisations and government officials merely supervised whether guidelines are observed. However, the reasons for not allowing subcontracting of EGS are: a) If the job is subcontracted, the contractor may not provide a good number of facilities, which are stipulated in the EGS Act; b) Labour market imperfections, which exist in the private sector cannot be mitigated if the public work programmes are subcontracted; c) Poorest sections of the workers may not be given the job by the contractors.

duties. Often, local elite does not allow JE to do his share of responsibilities (especially keeping the attendance register²⁵; This will be discussed in detail later) without the presence of the elite.

In the process of obtaining the labour force to carry out the EGS project, the local elite may approach the people from the village and tell them about the work. But if he is attached with a *mukadam*, the labourers may come through *mukadam*. In such case *mukadam*'s commission is deducted from the wage of the labourers. The entry of the *mukadam* into the project is totally dependent on the local elite. The type of contacts elite has (especially if the elite's network includes a *mukadam*), how much profit the elite wants to make from the project (to avoid the benefit sharing with *mukadam*²⁶), whether elite wants directly to be perceived as job provider to the people (by avoiding *mukadam*) and whether elite is a *mukadam*/contractor himself are some of the determinants here.

Mukadam's entry has significant impact on the poorest people. *Mukadam* tends to contact only those people whom he likes or in touch with. Often *mukadams* are associated with castes. Leader of a small occupational caste may be considered as *mukadam* organising the labour force within that caste. One of the *mukadams*, who was running an EGS project, told me when I asked why he did not give job to few eligible persons: "there are some people who start the work and leave the work half-way. It is a nuisance to give the jobs to them". This is correct. Daily wage labourers are on constant look for jobs. They go to the job which is light and which brings more money. Though EGS works are not light, it offers continued work for few months, once the work is in the village. So, they can go and do some other work, if available, and when they come back they can still do the EGS work. But from *mukadam*'s perspective, labourers should continuously remain on EGS works without going for other works. *Mukadam* finds it easy to keep accounts (attendance and measurement of person's work) if the person continuously comes for job. This is against the ethos of self-selection. Because a person is prevented from participating in non-EGS works and forced by the *mukadam* to work in EGS on the implied threat that he would lose the job.

²⁵ Some studies consider State can appoint a middle person to keep musters (Krishnaraj *et al.*, 2004). However, the officials at *tehsil* level whom I interviewed told this practice as illegal. EGS Act does not make any mention of this issue.

²⁶ However, if the elite has a *mukadam* who is able to bring labourers from far away village, this will result in significant lower wages and more profit.

Sometimes, the contractor/*mukadam* who implements the EGS project brings people from other regions. Often this is not because there is scarcity of labour in the locality, but rather it is easy to exploit the labour of the migrants who have no roots in the locality (Radhakrishnan and Sharma, 1998; Breman, 2003). It is here the question of who would come to such hard work of digging and shifting earth arises. Castes largely emerge from division of labour. As Harriss-White (2003) elaborates how labour market is enmeshed with the social structures, certain castes are specialised to do certain works. For example, *Vadar* is a caste specialising on stone breaking. They would easily do the job of EGS since EGS is very much like their caste job. The community leader of the *Vadar* would negotiate with a *mukadam* and the whole caste would engage in the EGS work. In another village, *Vadar* caste had captured the work and other castes were virtually prevented to work. *Laman* and *Banjara* castes, which find traditional caste jobs in recession, and no more profitable, has found EGS as very attractive option. These castes have been neglected by the main stream politics of the village since they have small numbers. Inclusion of them into EGS is a political strategy to win their support to newly formed parties of BJP and NCP. Out of the eight EGS sites the researcher visited many of the works were being carried out by these castes (see the table 1). Of course, the labourers of *Laman*, *Banjara* and *Vadar* are not rich people. But EGS work does not allow them to improve their situation either. Often their labour is exploited by the *mukadam* and the children from these households are also involved in EGS work, indicating the possibility of illiteracy and poor quality of life to be perpetuated generation after generation even after being included in EGS.

This also raises the question of type of work being provided by government as 'guarantee' and its social acceptance. There were households (especially Muslim households –some of them are scheduled castes living in very poor conditions - which are mostly doing the works of recycling the waste goods, trade and not used with farm related work; Other castes which did not find EGS as attractive were carpenters and oil seller), which responded that "even if we starve to death, we can not do EGS work, because we have never done it (digging the earth) in the life. How can we do that?" Therefore, the choice of different labour opportunities, though State's capacity for this may be limited, under guarantee is essential if guarantee has to be meaningful according to sociological explanation of rights.

Table 1 Stakeholders and types of workers in Eight EGS sites

<u>District</u>	<u>Type of work</u>	<u>In charge</u>	<u>Relationship of in charge to village</u>	<u>Type of workers</u>
District A with BJP MLA's constituency	Percolation tank	BJP worker	Wife's village	44 Tribal workers from different district (300 kms) brought by <i>mukadam</i>
-as above-	Percolation tank	Shiv Sena worker	Neighbouring village	53 labourers of Banjara caste from 60 kms away brought by <i>mukadam</i>
-as above-	Land development	BJP worker	Called in by another BJP worker of village to execute the project	<i>Vadar</i> caste of the village captured work. 15-20 workers in total.
-as above-	Bunds to prevent soil erosion	BJP worker (professional <i>mukadam</i>)	Own village	Work is divided amongst <i>Laman</i> , <i>Kaykadi</i> and <i>Vadar</i> castes of neighbouring villages. Few Marathas also work. <i>Mahars</i> of the village were prevented. 30-35 workers in total.
District B with NCP MLA's constituency	Road	NCP worker-JE	<i>Surpanch</i> village (elected council president)	All castes of village, but mostly <i>Marathas</i> which is numerically largest caste of village (some complaints of exclusion from non-NCP labourers). About 150 workers.
-as above-	Percolation tank	NCP worker	Own village	<i>Laman</i> from 30 kms away and few villagers especially from <i>Mahar</i> and neo-buddhists. 28 workers.
-as above-	Road	NCP worker-JE	<i>Neighbouring village</i>	<i>Vadar</i> caste brought by <i>mukadam</i> from neighbouring market village. 20-25 workers.
-as above-	Percolation tank	Congress worker	<i>Neighbouring village</i>	<i>Laman</i> and <i>Banjara</i> castes from nearby villages divided the work. Some <i>Marathas</i> and <i>Mahar</i> also work. 38 workers.

A note on source: These sites were randomly visited in two districts where field work was carried out. Some 3-5 hours were spent at each site to talk to workers, *mukadam*, village community and leaders. Most of the figures are reported by *mukadam*. Some are from muster rolls. These figures need not be accurate.

Each labourer has to give five per cent of his earning to the *mukadam*. One labourer told: “if you protest or refuse to give the per cent, next day *mukadam* would say there are no works for you. So, all of us give the per cent. Any way, he is doing some job of supervising us.” This response clearly carries the message that people are aware of their rights and the per cent they are paying the *mukadam* is not legal. However, there are no other means to obtain the job. *Mukadam* can deny the job citing various reasons: he may say that he has to consult with JE, and JE would come only a week after. He may also deny the job in subtle manner asking the job seeker to come next day. Often the EGS work sites are 4-5 kms away from people’s residence in the farms. Travelling a few times to the EGS site to seek job and being turned down leads them to stop going for the work.

The above narration shows that there is ample scope for the people to be denied of the opportunity to work in EGS. In the survey in two villages 32 per cent of respondents told they were denied the work some time or another. However, my own observation was that denial of work was not a big problem. Bigger problem was people’s implicit understanding of the possibility of whether they would be given the work, and deciding not to go for the work, if they perceive the chances of denial are high. We will examine this aspect in a later section.

Payment of wages

Out of the labour opportunities available to the poor people in Marathwada, EGS is the opportunity, which brings money slowest (see the table 2). Often this payment delay is two to three months. There were two versions from the officials. A good number of officials including the JE, who was suspicious of researcher’s motives, told that money comes in time and there is no delay. But, the District collector, who was more frank with the researcher, told: “A delay of the two months for payment is a natural given the government officialdom. Every one thinks the collector has lot of powers. But, it is so difficult to get the files from the subordinates professionally. The lower level officials have their own union and political backing from local area. It is not easy to put pressures on them and to get the work done. They do more work if I am good to them”. The district collector’s (who is drawn from Indian Administrative Service) particular reference was about the EGS collector (who

is drawn from Maharashtra Public Service Commission)²⁷. My own observation during my visits to meet EGS collector was that EGS collector's office was busy with local politicians, each of them spending their time to get particular EGS projects sanctioned for their party workers.

In the context of delay of wages, *mukadam*'s presence is beneficial to the people. *Mukadam* makes sure that some advance money is given to the people every week on the 'market day'. This is an important strategy to keep the workers in his fold and to gain the loyalty from the labourers. JE is aware of the practice and told: "people like to deal with *mukadam*, because he is one among them and they get the money in time. People know that to get money from government is not easy. But to obtain money from their own people, it is comparatively easy". Sometimes, *mukadam* goes to the extent to take money on interest from moneylenders to pay the labourers (Of course, interest would be calculated on the wages of labourers). This is the commitment to the labourers. Because, *mukadam*'s efficiency is in his ability to get labourer whenever he wants, and the means to that is to pay them in time. On the other hand an official is not worried about getting labourer. He merely wants to complete the work if the labourers are available and the work will be stopped if the labourers are not available²⁸. *Mukadam* does not settle the account of labourers when the work is finished. He tells the labourers that he would settle the account when the money has been received from the government office.

Often there is a delay of two to three months to obtain the EGS funds from government treasury to *tehsil* office, and finally to *mukadam*. The people who participate in the EGS programme cannot wait for three months. They live on the daily wage. It is here the other options in labour market crucially affect EGS.

Other options in the labour market

When a poor household needs money, there are a few other opportunities in the labour market. Table 2 shows advantages and disadvantages of each of the option.

²⁷ Appointment of District Collector from All India cadre and other officials from MPSC is very important for the federal nature of the Indian state. But, the relationship between these institutions are not without problems. Commenting on the income maintenance programmes of central government, an official with the grade of Deputy Collector commented: "IAS officials come from Delhi. They are educated in English medium schools and they plan schemes sitting in the glasshouses. We are implementing the schemes and we know how unviable the schemes are". A greater co-ordination is a pre-condition for effective implementation of the schemes. Often, this gap is utilised by the local elites to get their plans implemented and to fail the objectives of the scheme.

²⁸ As a matter of fact labour attendance is decreasing as the years go by and there are large number of works, which are incomplete (GoM, 2002).

For the households, which are chronically poor, it is the urgency of the money, which becomes the critical factor. Illustrative is the case of Rushmabai: “It is difficult to obtain rice and wheat from Public Distribution Shop (PDS). Some one says that rice has come in the shop. It is then I start going to friends/relatives for borrowing some money. If I am lucky, it may take some 3-4 days to get sufficient money for the purchase of grains. By the time I reach PDS shop with money, rice would be over”. Rushmabai’s account indicates the urgency of the need and desperate attempts at different sources to get credit. The intensity of this desperation becomes high when the amount is high and in needs such as marriage or ill health. A person can’t wait to work in EGS project and wait for the money to come after 2-3 months.

Table 2 Advantages and disadvantages of different labour opportunities for the poor people in Marathwada

	Advantage	Disadvantage
Daily wage labour in the farm sector	i) Work is close to home ii) Money is paid weekly iii) Better social life since one can interact (and get information) with other community members.	i) Irregular/seasonal work ii) Gender wage inequality iii) One can offer labour only if contacted by landlord or regular farm worker
Non-farm sector	i) Money is paid weekly ii) Better pay than farm sector (especially for women). iii) Work is in nearby villages	i) Very Irregular work ii) One can offer labour only if contacted by contractor or <i>mukadam</i> .
Sugar-cane cutting	i) Money comes in advance ii) Lump sum money is useful for investment iii) Continued work for certain period is ensured iv) One can go and ask for money to <i>mukadam</i> in need and offer his labour	i) Hard work day and night ii) Poor quality of life during work iii) Education of the children and other social life is affected iv) Falls into the vicious trap of debt.
Employment Guarantee Scheme	i) Gender wage equality ii) Work is in the village/nearby villages iii) Since part of payment is in the form of grain, there is food security. iv) Since it piece-rate hard worker can earn more money quickly.	i) Money does not come in time ii) Little work is available iii) Information about work depends on the contacts with officials or leaders/ <i>mukadam</i> .

Source: Survey conducted in the villages

On such occasions a *mukadam* who is ready to provide some credit becomes big consolation. It is here *mukadams* with sugar cane cutting²⁹ comes to the aid of the

²⁹ This was particular in Marathwada region. In Western Maharashtra poorer people were given advances to work in Brick kilns (Krishnaraj *et al.*, 2004).

chronic poor. The poorest in the village make a pledge that they would be available for next season's sugar cane cutting. If the *mukadam* finds this pledge as trustworthy³⁰, he takes a photograph of the person and money will be given to him in two or three days. A person gets an advance up to Rs. 5000. This is a mechanism to tie up the labour with the next season of sugarcane cutting, which would begin in November every year. Entering into tied transactions is also a strategy deployed by the poor households to ensure continued labour availability (Stiglitz, 1986; Ellis, 1988; Basu, 1989). The *mukadams* are given advances by the sugar co-operatives³¹ to bring the labourers in groups³². See details of this transaction in Berman (2003).

The people who have taken money will be taken to the sugar cane factories in trucks from sugar factories coming to the village. This exodus takes place sometime in November, and they would come back in March or April. It is estimated that there are about one million sugarcane cutters in Maharashtra and eighty per cent of it comes from Marathwada. They go to Western Maharashtra and neighbouring state of Karnataka for sugarcane cutting. By the time they come back EGS work would have started in the village (EGS-year is 1st October to 30th September of every year). The work is captured by less poor households in the village, who has other assets to pledge such as land or gold in their emergency. These households, which are less poor, can afford not to migrate for money and could wait for the government funds come from EGS work. The exodus from the village in fact may increase the scarcity of labour in the villages, making the *mukadam* to pay higher wages to labourers. Rather, *mukadam*

³⁰ These are mostly unwritten contracts. As a matter of fact, if the *mukadam* will give money to a person only if he is introduced by a known friend or relative. But increasingly the *mukadams* are employing lots of strategies to make the labourer feel that they are legal contracts. Some of these strategies are: write them on a paper and get him signed or take his thumb impression, give the money in front of a third party or take the photograph of the advance being given to the labourer. But, above all what helps the *mukadam* to enforce these contracts are his muscle and money power. If a new person demands money, the *mukadam* asks him to bring a pledge of a friend, whom *mukadam* knows. Even if the person who takes money fails to turn up, the *mukadam* can force his friend to do the work. In the region where the fieldwork was conducted, one *mukadam* had caught a labourer who disappeared after taking the money. The gang men of the *mukadam* traced and brought the labourer who disappeared. He was killed and hung on the tree on the road side to make it a lesson for the labourers who try to cheat the *mukadam*. However, this is an exceptional case with a *mukadam* who had lot of political power.

³¹ There are 177 sugar co-operatives in Maharashtra. Politics of Maharashtra is connected with the sugar lobby of the state and these sugar co-operatives have high subsidies and other privileges.

³² 10 people often five couples form a group. How these groups are organised is another important area to be studied. Researcher observed on various occasions there are caste *mukadams* or family *mukadam*. If a family has 6-8 adults, by including two other persons from neighbourhood or relatives they make a group. There are also established *mukadams* who have political linkages.

uses such scarcity of labour as a justification to bring workers of *Laman*, *Banjara* and other tribal workers.

The work of the sugarcane labourers in the season is extremely hard and it takes place near the sugar factories to which they travel between 200-1000 kms. Often, the whole family with children move to the work site for 3-5 months, depending how good the harvest is. Biggest losers in this are children whose education is lost, because children go along with the family. Elder children either take care of the younger members of family and some of them start working with parents in sugar farms at the age of eight. Often, the family is not able to work to earn sufficient money, which was given to them as credit. That means they would have to payback the difference of amount with interest, or commit their labour in the next harvest season. Thus, they fall into the cycle of debt trap. The researcher could see families working 20 years in the debt trap³³ with *mukadams*.

Though neo-classical economists have argued tied-transaction is beneficial to the efficiency of allocation (Stiglitz, 1986), empirical studies among Indian farmers in agricultural markets have shown these transactions to be exploitative. Bhaduri (1973, 1977, 1983, 1986; see also Olsen, 1991, See Harriss-White, 2003 for understanding coercive elements of contracts) have called them 'forced commerce' where the poor household is forced to sell off their agricultural products at lower price as a condition to the consumption loan he gained in lean season. Labour market is no different in the case of tied-transaction. The poorest households of Marathwada lack power to keep away from the forces of labour market and enter into exploitative labour of sugarcane cutting, and get excluded from EGS work, which could have enabled them to remain in the locality and to earn better wages. As described above a number of factors force the labourers to sell off their labour: uncertainty of availability of EGS work in their village, uncertainty of inclusion of the them even if the work is available, delay in payment of EGS work even if they work, and finally no other opportunities for credit other than the *mukadam*.

³³ In practical sense it is bonded labour. However, this is not bonded labour in the sense that worker is free to leave the *mukadam* if he/she could pay the money. In many cases labourers take the money from a different *mukadam* and pay the earlier debt to avoid the interest. On many occasions *mukadams* cheat the labourers with false accounts. Thus, the labourers get disgruntled and they continuously change the *mukadam*.

‘No exit, little voice and tainted loyalty’

“Oh! That is a programme which takes place only on records”, this was the response by an EGS official at *tehsil* level when I told him that researcher was studying the EGS project. It is only the ability of officials to challenge and check the manipulation in muster rolls by politicians that can check corruption. Given the subordination of officials to politicians, as narrated above, the attendance muster rolls of EGS works are mostly inflated and fabricated with false thump impressions. This becomes necessary given the process of implementation as described above. Local newspapers report the work being done using bulldozers and machines at night³⁴. This kind of corruption is not new in any development programmes in India. But, how do they go unnoticed and unpunished, especially for the programmes like EGS where squads are appointed to spot corruption? First we will examine how and why record fabrication takes place. Then we will examine the possibility of voice by people against corruption.

As a matter of fact, *mukadam* in co-operation with local elite feels that he has the right to fabricate the muster rolls since his job is only to complete the work with the available labourers. *Mukadam* employs five labourers, while on the attendance-record there may be more than 60 labourers. Labourers on the work would not object to this fabrication. Because doing the work of 100 labourers by 10 persons ensures a continued job for them. If an excluded member protests, he may either be included in the work or he may be threatened (more details in the following section).

Mukadam’s sense of the right to fabricate records can be seen from what he says: “Junior Engineer does not pay full cash amount of the work to be carried out. He pays only 60-65 per cent of the totally sanctioned amount. I make a profit of 10-15 per cent of the total amount. But I make this profit after the hard work of co-ordinating a number of people such as farmers, labourers, engineer etc. But where is the rest of 35-40 per cent of the money? Junior Engineer and rest of the officials divide the money among themselves without doing any job”. This sense of ‘injustice done’ by the higher officials, who are legally responsible for the same project, to *mukadam*, who is not legal implementation agency of the project, is the moral basis to fabricate the records. Baviskar (2004: 35) provides a similar experience in MP. *Mukadam* becomes a link between legal implementation body with the beneficiaries

³⁴ The profit of getting work done by the machines was two times than that of being done by the labourers.

of the project. While the legal body cheats *mukadam*, he in turn cheats the labourers with an implied consent from them – that of providing continued labour to them.

Instances of exposing the corruption may be seen only when the opposition party raises a particular instance and makes it an issue for local mobilisation. The confidence and backup by the central party leadership to local leaders to fight on such issues of corruption are very less. One party worker who was disappointed for exposing corruption told: “Bribe money is paid from village to State capital at all levels. All of them co-operate to conceal the corruption. Once I tried to point out the corruption involved in EGS. But I was instructed by the district level leader of our party not to make troubles”. While local level party worker perceives exposing corruption as an instrument for local mobilisation, the wider principle of ‘peace’ with ruling party to gain benefits at district level is the aim of the party leaders at district level. This also has the implications for the project selection at EGS collector’s office. EGS collector would ask concerned political leader ‘to keep his intermediary (local elite fighting against corruption in the village) quiet’ and offer an EGS project.

Maharashtra’s press is very alive and corruptions do not go unnoticed and unquestioned even at local level. Review of the two leading local newspapers (*Lokmat* and *Sakal*) brought out cases of corruption, collective protest demanding work, cases of exclusion of the poor people, and few cases of punishment of officials involved in corruption. These reports further indicate that there has been no response to the complaints, let alone the redressal.

If the matter of malpractices becomes seriously reported in the media and the *tehsildar* is given a written complaint, there may be an inquiry. If such an inquiry were ordered regarding a particular work, the nexus between officials and local elite becomes active. The instance of bringing down the actual numbers in muster rolls during the visit of inquiry team is one usual strategy³⁵. While this ‘adjusting’ of the records is a help done by the official in favour of local elite, the local elite does his own bit. He would ask the poorer people to report that they had actually done the job by themselves³⁶. They would be given some cash as incentive to report so. Such instances are very rare, because starting an inquiry is very difficult since it is a

³⁵ See how numbers were pulled down at district level from 94000 workers to 74000 workers when supervisory committee was visiting the district on corruption charges (*Lokmat*, 18, May 2004).

³⁶ Even during my field visits to EGS sites, I could see *mukadam* (thinking that I was a government official/squad, sometimes even as press reporter) would ask the labourers from different villages to tell me that they were from the locality. However, they had no hesitation to disclose the truth when they knew I had no intention of harming them.

challenge on the legitimacy of local elite (even that of the local EGS committee) as well as local implementing agency of *Tehsildar*³⁷.

Can't the excluded persons approach the opposition party leaders at local level and ensure their inclusion? My survey showed that in Bajgaon many job seekers from *mahar* caste were denied the work in EGS. This prompted me to ask why they had not approached the elite of *mahar* community³⁸ for redressal. The responses were very enlightening. People knew where the boundaries of the elites were drawn. They pointed out that the EGS work was being carried out by BJP worker and *mahar* community leader supported Congress-NCP combine and had nothing to do with EGS work. This confirms how local community had given the informal ownership status about the EGS work to certain local elites. First, they suspect whether their leader would go and demand works for them to an opposition party leader. Further, they hesitate to pursue their own case, because violence may be the result if two leaders were ignited against each other. The poor household does not want to be termed as an instrumental cause for this violence. Rather they decided to be happy to receive some benefit which *mahar* local elite was able to offer to them in his own capacity.

Another hard option would be to relinquish the relationship with *mahar* elite and to express solidarity with the party which carries out EGS work at present. However, this is an unrealistic option given the context of caste politics at local level, as the costs of exist may be very high for the poor households to bear. Given these limited options Wood's (2004:50) phrase of 'No exit, little voice and tainted loyalty' seems to be very suitable to describe the situation of the poorest labourers.

Section 3

Conclusion

Self-selection method of EGS (as described above) is one of the features of EGS, which has been lauded as successful. Outwardly, self-selection seems to be very straightforward compared with other methods, especially that of targeting where the official's could use his discretion. Self-selection principle is universal in a meaningful sense and appeals to a rational planner. In this context the theory of real options assume that "the decision maker holds one or more "options", i.e., rights, but not

³⁷ No recent data is available on the extent of corruption. Till the end of 1983 there were 341 cases of corruption (Dev, 1995).

³⁸ As shown earlier *mahar* community is politically mobilized. Besides the state policies of reservation helping this, they have their own leaders and some sort of backup at district level. Often *mahar* community leaders go along with Congress-NCP combine. In Bajgaon too this was the case.

obligations, to undertake certain actions whose outcomes are uncertain” (Scandizzo et al., 2003: 10). However, the findings of my fieldwork suggest that the labour of the poorest in Marathwada is not a commodity without obligations (See other theoretical works on this in Akerlof, 1982; Solow, 1990). The poorest people find themselves caught up as well as supported by informal web or relations. The landless poor, having only their labour as their asset, need to use their precious asset of labour to keep this web functioning. In other words, labour is not free often.

Most of the writings on the right for employment neglect the sociology of right (for example, see Dandekar, 1991), which is very relevant to developing countries since the labour is not fully commodified (Gough, 2004). This vacuum allows local elites and political leaders to influence the legal provisions through the prevailing political economy. This results in elites benefiting to great extent while the state’s legitimacy goes unquestioned since the legal provisions have been fulfilled.

About 50 per cent of people who are working in EGS told they prefer EGS work because it is profitable since it is piece rate basis. Therefore, the conclusion of the econometric model of the theory of real options, the workers seeking higher wages switch into EGS, can’t be rejected totally. However, where the application of theory of option falters in the case of EGS is that it is not able to incorporate the excluded majority’s lack of options into its models. As a result, large numbers of labourers who are poorer than the current participants in EGS are not considered.

This paper finds the non-participants are blocked from the scheme in three ways: 1) they are too poor that they sold off their labour before they could enjoy the possibility of entering the EGS. Their options are foregone, and tied with larger market forces of sugar industry. 2) Informal ownership of the EGS schemes by the local elite, acquired at stages of registering the beneficiaries and project identification, determines who should work in EGS. Some are denied entry into EGS because of their political affiliation. Exercising the choice for participating in EGS activity means incurring heavy costs of changing political affiliation. 3) The way guarantee is designed is biased towards some castes. These castes capture the opportunities of work by negotiating economic and political costs with local elites. The castes against whom the scheme is biased are unable to express their preferences to the state because their intermediaries lack access to the policy making process of the state.

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Appendix 1

Quantitative dimensions of the EGS: 1972/73 to 2002/03

Year	Total Exp (Rs.Crore)	% of wage Exp	Employment Gene. (person days in crore)	Nominal cost per day (Rs.)	Nominal wage per day (Rs.)	Real cost per day	Real wage day (Rs.)
1973	1.9	N.A.	0.5	4.2	N.A.	3.6	N.A.
1974	2.0	N.A.	0.5	3.7	N.A.	2.7	N.A.
1975	13.7	N.A.	4.8	2.9	N.A.	1.7	N.A.
1976	34.6	91.0	11.0	3.2	N.A.	2.0	N.A.
1977	51.1	75.0	13.7	3.7	2.8	2.2	1.8
1978	51.5	74.0	11.7	4.4	3.3	2.5	2.0
1979	74.2	79.6	16.4	4.5	3.6	2.5	2.2
1980	109.2	81.9	20.5	5.3	4.4	2.6	2.3
1981	122.1	75.9	17.2	7.1	5.4	3.0	2.6
1982	126.2	77.7	15.6	9.09	6.3	3.2	2.6
1983	130.9	76.2	12.8	10.2	7.8	3.9	3.3
1984	185.0	75.3	16.5	11.2	8.4	3.9	3.2
1985	232.0	63.7	17.8	13.0	8.3	4.3	3.1
1986	272.2	66.9	19.0	14.4	9.6	4.2	3.4
1987	243.4	63.5	18.8	13.0	8.2	3.6	2.7
1988	288.3	53.2	13.3	19.1	9.1	4.9	2.8
1989	254.2	50.0	8.1	31.3	15.0	7.5	4.1
1990	239.3	53.3	7.8	30.7	15.5	6.9	4.0
1991	238.9	57.4	9.0	26.2	15.0	5.3	3.8
1992	308.5	65.8	11.9	25.8	16.9	4.5	3.3
1993	421.0	60.0	14.8	30.6	18.5	4.9	3.0
1994	310.0	52.7	9.7	35.3	18.5	N.A.	-
1995	453.2	69.9	9.4	40.7	28.5	N.A.	-
1996	313.8	63.0	9.7	45.7	28.8	N.A.	-
1997	413.2	70.0	9.4	40.7	28.5	N.A.	-
1998	450.0	73.0	9.0	39.2	28.6	-	-
1999	418.3	71.0	9.2	49.7	35.3	-	-
2000	360.0	75.0	9.5	52.3	39.0	-	-
2001	489.0	76.0	11.1	52.5	39.5	-	-
2002	495.2	80.0	16.1	56.6	45.3	-	-
2003	667.03	80.0	15.4	57.5	46.0	-	-

Source: GoM, 2003

